

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. Ernst & Young ShinNihon 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 23, 2011

To Those Shareholders with Voting Rights

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

NOTICE OF THE 41ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 41st 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.evote.jp/>) by no later than 5:30 p.m., Wednesday, March 16, 2011.

* Please refer to the items stipulated in "Information on Exercising Voting Rights" on pages 56 to 57 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Thursday, March 17, 2011
2. **Place** Hotel Granvia Kyoto, 3F, Genji Ballroom
901 Higashi-Shiokoji-cho, Shiokoji Sagaru, Karasuma-Dori, Shimogyo-ku, Kyoto
(In the JR Kyoto Station building)
3. **Agenda of the Meeting:**
Matters to be reported:
 - (1) Business Report, Consolidated Financial Statements for the 41st Fiscal Term (from December 21, 2009 to December 20, 2010) 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 41st Fiscal Term (from December 21, 2009 to December 20, 2010)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Eight Directors
- Proposal No. 4:** Election of One Corporate Auditor
- Proposal No. 5:** 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 when you arrive at the venue.

- (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, 2009 to December 20, 2010)

1. Current Status of the Company Group

(1) Business Status for the Current Year

1) Business performance and results

The Japanese economy in the current fiscal year remained uncertain due to downside risks including the concern over slowing-down in the European and American economies and the impact of the further yen appreciation on corporate earnings, despite signs of slow recovery thanks to the turnaround in demand in the emerging economies and the government's economic measures. In the retail industry in which the Nissen Group operates, management environment remained severe, as the competition is becoming severe on a cross-sector basis beyond the barriers defining the business domains of companies, while consumers, given stagnant household income, are increasingly selective about goods and services they purchase, still opting persistently for lower price and budget saving.

Within this business environment, the Nissen Group has endeavored to implement the four key management strategies for enhancing its corporate values over the medium-to-long term, based on the management policies set out under the "Nissen Vision 2012," the Nissen Group's new medium-term management plan, namely 1. a "polishing up" of the direct marketing business model, 2. the development of a new business in the peripheral area of the core direct marketing, 3. structural reform and enhancement of synergy of the group business, and 4. the strengthening of a financial structure that can handle growth and risk. In the current fiscal year, the Nissen Group has already started to demonstrate the rigid improvements in profitability as well as financial position towards solid growth in the face of the current stagnant consumption, through the implementation of the measures focused on achieving the medium-term management plan.

With respect to the Nissen Group's corporate activities, its customer base expanded steadily thanks to the favorable growth of net sales via the internet, and the increased number of active customers compared to the previous year. Net sales are on a recovery track as sales from the latest winter issue significantly rose year on year. On the other hand, net sales of the Nissen Group as a whole slightly fell year on year due primarily to the adverse impacts of the organizational reduction of direct sales business and the stagnant consumption of high-end products.

In terms of profitability, operating income significantly rose year on year, thanks to the reduction in the catalog-related costs, as well as improvement in the order-to-delivery cost efficiency through the ongoing earnings structure reform. Meanwhile, with respect to the items in non-operating income and expenses, sizable loss on equity in earnings of affiliates accrued due to reversal of deferred tax assets by financial services affiliates accounted for by equity method, which, however, was more than offset by the increase in the profit from direct marketing business. As a result, ordinary income significantly rose year on year.

With respect to the items in extraordinary income and loss, loss on business withdrawal was recorded as an extraordinary loss in line with the withdrawal of unprofitable business conducted as structural reform of the group business, while reversal of allowance for loss on business liquidation which had been recorded in fiscal term ended December 20, 2008, was recorded as an extraordinary income.

As a result, net sales for the current fiscal year decreased 2.9% year-over-year to 137,392 million yen (-4,077 million yen), operating income increased 80.6% year-over-year to 3,196 million yen (+1,426 million yen), ordinary income increased 5.5% year-over-year to 2,846 million yen (+149 million yen), net income increased 94.9% year-over-year to 3,001 million yen (+1,461 million yen).

2) Results by business segment of the corporate group

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

Direct marketing business segment

Direct marketing business industry as a whole keeps expanding, thanks to the upward trend in diversification of distribution channels actively involving Internet and mobile direct marketing along with TV shopping, as well as to the consumer trend more and more seeking convenience in shopping associated with the increasing popularity of card transactions and digital money.

In the direct marketing business segment, net sales via the Internet grew favorably compared to the previous year, in line with the Company's proactive measures to enhance Internet and mobile direct marketing, a field in which medium-to-long term market expansion is expected. Meanwhile, the Company's customer base has steadily expanded as seen currently in the record number of active customers as boosted by a significant increase in the number of new customers via the Internet. However, net sales for the current fiscal year slightly fell year on year due primarily to the impact of stagnant order intake as adversely affected by the freak weather, although the latter half of the year alone recorded solid net sales, achieving more than 3% increase year-over-year, which mitigated the annual decline.

In terms of profitability, both operating income and ordinary income significantly rose year on year, thanks to the reduction in the catalog-related costs and the improvement in the order-to-delivery cost efficiency as a result of the ongoing earnings structure reform since the previous fiscal year.

As a result, segment sales in the current fiscal year decreased 0.8% year-over-year to 130,951 million yen (-1,049 million yen), operating income increased 55.9% year-over-year to 4,647 million yen (+1,665 million yen), and ordinary income increased 49.7% year-over-year to 5,384 million yen (+1,787 million yen).

Financial services business segment

In financial services business segment, n Insurance Service Co., Ltd., a consolidated subsidiary of the Company has been firmly paving the way towards the future growth by implementing various measures including the launch of insurance products such as those under relaxed acceptance criteria that accommodate customers with health concern including those in treatment or on medication, enhancement/expansion of call center capabilities that allow customers to take out insurance over the phone with peace of mind, and full-scale renewal of website/mobile site capabilities that provide assistance to customers in their choice and/or review of insurance products from individual customer's lifestyle point of view. Both net sales and operating income rose year on year, admittedly thanks largely to the advance investment including sales promotion expenses.

Meanwhile, GE Nissen Credit Co., Ltd., an equity method affiliate of the Company has been focused on increasing the card membership through various collaborative strategies involving credit card businesses, such as the launch in November 2010 of an internationally-branded "Magical Club Card JCB" charging neither joining fee nor annual membership fee. However, ordinary income/loss in the financial services business segment fell year-on-year due to decrease in income/loss on equity in earnings of affiliates from the previous year, as a result of the reversal of deferred tax assets necessitated in view of the unpredictable market environment such as decrease in the new loans business triggered by the full enforcement in June 2010 of the revised Money Lending Business Act, and a leading consumer finance company's filing for protection under Corporate Reorganization Act.

As a result, segment sales in the current fiscal year increased 2.2% year-over-year to 2,007 million yen (+42 million yen), operating income increased 13.2% year-over-year to 637 million yen (+74 million yen), and ordinary loss was 264 million yen (ordinary income in the same period of the previous year was 1,460 million yen).

Direct sales business segment

The direct sales business segment has been engaged in organizational consolidation and reduction as part of the structural reform of the business commenced in the previous fiscal year, in which part of the direct sales business segment was reorganized into the direct marketing business segment. However, business performance in the segment was adversely affected by the customers' reluctance in buying high-end products such as jewelry due to a decline in consumer confidence on the back of the current economic uncertainty. As a result of thoroughgoing cost management effort including further reduction of selling, general and administrative expenses, in an effort to cope with the current severe management environment, net sales decreased significantly year-on-year while the deficits in operating income/loss and ordinary income/loss were kept slightly above the levels of the previous year.

Nissen PREMIUM Co., Ltd., a company accounted for as consolidated subsidiary in the previous year, has been excluded from the scope of consolidation due to its dissolution as a result of the merger on December 21, 2009 with Nissen Co., Ltd., another consolidated subsidiary and the surviving company. Thanks primarily to the post-merger consolidation of common operations centered on catalog planning and administration, the business

Nissen Co., Ltd. succeeded from Nissen PREMIUM Co., Ltd. has been included in the direct marketing business segment from the current fiscal year.

As a result, segment sales in the current fiscal year decreased 40.5% year-over-year to 4,716 million yen (-3,212 million yen), operating loss was 207 million yen (operating loss was 53 million yen in the same period of the previous year), and ordinary loss was 225 million yen (ordinary loss in the same period of the previous year was 118 million yen).

3) Status of capital investments

The total capital investments of the corporate group during the fiscal year under review amounted to 1,104 million yen as a result of capital investments in software and other segments. There are no matters of particular significance related to capital investments.

4) Status of funding

The Company acquired long-term borrowing of 700 million yen.

The Company and its consolidated subsidiary (Nissen Co., Ltd.) have signed overdraft agreements with seven 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	18,650 million yen
Credit used	— million yen
Credit available	18,650 million yen

5) Status of succession of rights and obligations in respect of other corporation's business as a result of absorption-type merger or absorption-type demerger

Nissen PREMIUM Co., Ltd., a consolidated subsidiary of the Company, has been excluded from the scope of consolidation due to its dissolution as a result of the merger on December 21, 2009 with Nissen Co., Ltd., another consolidated subsidiary and the surviving company.

6) Acquisition or disposal of shares, other interest, or the stock acquisition rights of other companies

The Company sold all of its shares held in Navibird, Inc., a consolidated subsidiary of the Company. This company has been excluded from the scope of consolidation.

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

	Fiscal term ended December 20, 2007 (38th Term)	Fiscal term ended December 20, 2008 (39th Term)	Fiscal term ended December 20, 2009 (40th Term)	Fiscal term ended December 20, 2010 (41st Term)
Net sales (millions of yen)	152,997	155,489	141,469	137,392
Ordinary income (loss) (millions of yen)	(2,022)	2,242	2,696	2,846
Net income (loss) (millions of yen)	(3,144)	(9,353)	1,540	3,001
Net income (loss) per share (yen)	(53.03)	(157.58)	30.33	59.10
Total assets (millions of yen)	72,371	69,996	58,174	60,407
Net assets (millions of yen)	35,186	9,924	17,099	23,954
Net assets per share (yen)	578.23	195.38	336.68	471.71

(3) Major parent company and subsidiaries

1) Relationship with the parent company

Not applicable

2) Major subsidiaries

Name of Company	Capital	Percentage of Voting Rights	Major Activities
Nissen Co., Ltd.	100 million yen	100.0%	Direct marketing business through catalogs and the Internet, plus store retailing of apparel.
BUDOU Labo Co., Ltd.	63 million yen	100.0%	Development and sales of cosmetics using materials derived from grapes, and quasi-drugs

Name of Company	Capital	Percentage of Voting Rights	Major Activities
Kurashino Design, Inc.	300 million yen	100.0%	Planning, editing, and issuance of a catalog information magazine.
n Insurance Service 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 of diamonds for jewelry, and development and sales of diamond jewelry
TRECENTI Co., Ltd.	200 million yen	100.0%	Sales of precious metals and jewelry
Nissen Shape Founde Co., Ltd.	50 million yen	100.0%	Sales of women's body-shaping undergarments and other apparel, and cosmetics, dietary supplements

3) Other major affiliated companies

Name of Company	Capital	Percentage of Voting Rights	Major Activities
GE Nissen Credit Co., Ltd.	4,050 million yen	50.0%	Consumer credit card business, finance business, non-life insurance agency business, etc.
Mail & e Business Logistics Service Co., Ltd.	980 million yen	49.5%	Storage, shipments, inspections, etc.
InfoDeliver Corporation	491 million yen	15.0%	Backoffice Business Process Outsourcing (BPO) services using centers in China

(4) Key issues

In the next fiscal year which is the second year of the “Nissen Vision 2012,” the medium-term management plan of the Nissen Group, the Nissen Group will be striving to materialize the medium-term management plan through continuously improving the financial position while focusing on the development of robust growth-sustaining business infrastructure and organizational structure to put its net sales on the path of full-scale growth, based on the management policies under the medium-term management plan, in order to build a system capable of achieving steady and sustainable growth even in this lackluster economy.

Direct marketing business

In the direct marketing business, the principal business of the Nissen Group, amid a market environment expected to remain tough in the next fiscal year, we will be pursuing an “only one” direct marketing model that enables a reasonable and safe shopping experience for consumers through channels suited to individual customers such as catalogs, Internet and mobile, or smartphones by continuously tackling various measures to “polish up” the direct marketing business model, including price competitiveness through SPA, development capabilities that can provide high value-added products, marketing strength that can increase purchase frequency, compatibility with the new devices for the Internet channels not least the smartphones, in an effort to promote steady management under the stagnant consumption and growth strategies into the future.

Meanwhile, we will be further increasing net sales as well as improving profitability by promoting development of new businesses including expansion of direct marketing business for overseas residents and participation in the senior market, along with active investments in the peripheral domains surrounding the core business such as untapped marketing zone in an effort to expand our business base, while implementing continuous reform of our earnings structure by rigorous cost management.

Financial services business

n Insurance Service Co., Ltd. intends to enhance its net solutions including an increase in call center staffing and deployment of Nissen Online in order to make active investments to boost the number of policyholders.

GE Nissen Credit Co., Ltd. is expecting the current severe business environments to continue due to the uncertainty in the market environment after the full enforcement of the revised Money Lending Business Act. It will make efforts to restructure its business model while strengthening its coordination with the joint venture partner GE (General Electric Company) in pursuit of higher operational efficiency through ongoing reform of cost structure, closely watching the latest development in respect of the claim for the refund of excess interest.

Direct sales business

oriental diamond inc., TRECENTI Co., Ltd., and other group companies are expecting severe market

environment due primarily to the ongoing consumers' reluctance to purchase high-end products such as jewelry. They will be striving to generate profit in the next fiscal year through the efforts to stabilize revenues by the continuous reform in business structures to further enhance cost management, while striving to strengthen their marketing activities.

(5) Significant business activities (as of December 20, 2010)

- 1) Direct marketing business, sales representation business, and store retailing business for apparel, home interior goods, miscellaneous daily goods, electric machinery and apparatuses, foodstuffs and beverages, and other service businesses.
- 2) Life insurance solicitation business and non-life insurance agency business, credit card business, finance and loan business, and any and all services related thereto.
- 3) Development, store retailing of jewelry, and precious metals, and other related service businesses.

(6) Main Offices (as of December 20, 2010)

Offices		Location
Nissen Holdings Co., Ltd.	Head office	Kyoto
	Headquarters	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	Amagasaki, Sendai

(7) Employees (as of December 20, 2010)

- 1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
804	5 (decrease)

Note: 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
77	6 (decrease)	42 years, 8 month	13 years, 2 months

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

(8) Principal lenders (as of December 20, 2010)

Lenders	Outstanding amount of loan (millions of yen)
Resona Bank, Limited	1,650
Bank of Kyoto, Ltd.	1,560
Mizuho Bank, Ltd.	1,010
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	660
The Norinchukin Bank	300

(9) Other significant matters related to the corporate group

Not applicable

2. Status of the Company

(1) Information on shares to be issued by the Company (as of December 20, 2010)

- | | | |
|---|---------------|--------------------|
| 1) Number of shares authorized to be issued | | 140,000,000 shares |
| 2) Number of shares issued | Common shares | 63,416,332 shares |
| 3) Number of shareholders | | 12,976 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 (%)
THN, LLC	5,560	10.95
THN Cayman, Inc. (Standing proxy: Nikko Cordial Securities Inc.)	3,550	6.99
Japan Trustee Services Bank, Ltd. (Trust account)	2,902	5.72
Resona Bank, Limited	1,630	3.21
Nissen Kyoekai	1,546	3.05
Nihon Unisys, Ltd.	1,501	2.96
Tetsuo Kawashima	1,313	2.59
Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	1,214	2.39
Brastsheave Co., Ltd.	1,155	2.27
Dai Nippon Printing Co., Ltd.	1,020	2.01

- Notes: 1. The Company holds 12,633 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.

(2) Stock acquisition rights, etc. of the Company (as of December 20, 2010)

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

Date of resolution of Ordinary General Meeting of Shareholders	March 18, 2003
Number of rights holders and number of rights allotted	
Director of the Company (excluding Outside Directors)	3 persons 1,518 rights
Corporate Auditor of the Company	1 person 115 rights
Class of shares to be issued or transferred upon exercise of the stock acquisition rights	Common shares
Number of shares to be issued or transferred upon exercise of the stock acquisition rights	446,900 shares
Amount paid in upon the exercise of the stock acquisition rights	1,090 yen
Exercise period for the stock acquisition rights	From April 1, 2005 to March 15, 2013

- 2) Stock acquisition rights allotted to employees in consideration of the performance of duties during the fiscal year under review.
Not applicable
- 3) Other significant matters related to stock acquisition rights
Not applicable

(3) Status of shares held by the Company (as of December 20, 2010)

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	23
Total value recorded in the balance sheet	1,077 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	407	For maintenance and reinforcement of business relationship, etc.
Bank of Kyoto, Ltd.	149,589	116	For maintenance and reinforcement of business relationship, etc.
Dai Nippon Printing Co., Ltd.	47,000	51	For maintenance and reinforcement of business relationship, etc.
Resona Holdings, Inc.	93,200	47	For maintenance and reinforcement of business relationship, etc.
Nippon Paper Group, Inc.	21,700	44	For maintenance and reinforcement of business relationship, etc.
Mitsubishi UFJ Financial Group, Inc.	69,000	30	For maintenance and reinforcement of business relationship, etc.
KYOTO TOOL CO., LTD.	131,000	20	For maintenance of favorable relationship with local companies
OHSHO FOOD SERVICE CORP.	10,000	19	For maintenance of favorable relationship with local companies
The Fukui Bank, Ltd.	39,000	9	For maintenance and reinforcement of business relationship, etc.
ONWARD HOLDINGS CO., LTD.	9,000	6	For maintenance and reinforcement of business relationship, etc.
YAGI & CO.,LTD.	5,302	5	For maintenance and reinforcement of business relationship, etc.
Nomura Holdings, Inc.	10,300	5	For maintenance and reinforcement of business relationship, etc.
Mizuho Financial Group, Inc.	31,100	4	For maintenance and reinforcement of business relationship, etc.
Sumitomo Mitsui Financial Group, Inc.	1,300	3	For maintenance and reinforcement of business relationship, etc.
Daiwa Securities Group Inc.	5,463	2	For maintenance and reinforcement of business relationship, etc.

Note: Values in balance sheet in the top two stock names above are 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	12	-	23	(6)
Shares other than the above	2	0	11	0

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, 2010)

Position	Name	Responsibility or representation in other corporations
President and Representative Director	Toshio Katayama	-
Director Senior Vice President	Shinya Samura	President and Representative Director, Nissen Co., Ltd.
		Director, Mail & e Business Logistics Service Co., Ltd.
Director	Nobuyuki Ichiba	Managing Executive Officer and General Manager of Administrative Department
		Outside Corporate Auditor, GE Nissen Credit Co., Ltd.
		Corporate Auditor, Mail & e Business Logistics Service Co., Ltd.
Director	Toshiya Tsukushi	Managing Executive Officer, Chief Financial Officer, and General Manager of Business Development Office
		Director, n Insurance Service Co., Ltd.
		Chairman and Representative Director, GE Nissen Credit Co., Ltd.
Director	Takeshi Isokawa	Partner/attorney, Global law office
		Outside Corporate Auditor, Nissen Co., Ltd.
		Outside Corporate Auditor, IMJ Corporation
Director	Akira Iwamoto	Partner, Advantage Partners LLP
		Representative Director, Advantage Advisors, Inc.

Position	Name	Responsibility or representation in other corporations
Director	Toshio Komada	Director, Japan Independent Directors Network (a non profit organization)
Director	Kaori Sasaki	President and Representative Director, UNICUL International Inc.
		President and Representative Director, ewoman, Inc.
		Outside Corporate Auditor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Full-time Corporate Auditor	Yasoji Mori	Corporate Auditor, Nissen Co., Ltd.
Corporate Auditor	Yoshiharu Takahashi	President and Representative Director, Y's Stage Co., Ltd.
Corporate Auditor	Scott Trevor Davis	Outside Director, Seven & i Holdings Co., Ltd.

Notes: 1. The Directors Takeshi Isokawa, Akira Iwamoto, Toshio Komada and Kaori Sasaki are Outside Directors, as prescribed by Article 2 Item 15 of the Corporation Law. 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. and Osaka Securities Exchange Co., Ltd.

2. The Corporate Auditors Yoshiharu Takahashi and Scott Trevor Davis are Outside Corporate Auditors, as prescribed by Article 2 Item 16 of the Corporation Law. 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. and Osaka Securities Exchange Co., Ltd.

3. Changes in the positions of Directors during the fiscal year under review are as follows:

Name	Title(s) after change	Title(s) before change
Toshiya Tsukushi	Director, Managing Executive Officer, Chief Financial Officer, and General Manager of Business Development Office	Director, Executive Officer, Chief Financial Officer, and General Manager of Business Development Office

4. Changes in the positions of Directors as of December 21, 2010 are as follows:

Name	Title(s) after change	Title(s) before change
Nobuyuki Ichiba	Director, Managing Executive Officer, Corporate Control	Director, Managing Executive Officer, General Manager of Administrative Department
	Director, Executive Officer, Corporate Control, Nissen Co., Ltd.	
Toshiya Tsukushi	Director, Managing Executive Officer, Chief Financial Officer, and General Manager of Strategy Planning Office	Director, Managing Executive Officer, Chief Financial Officer, and General Manager of Business Development Office
	Director, Executive Officer, General Manager of Business Development Office, Nissen Co., Ltd.	

2) Total remuneration for Directors and Corporate Auditors

i) Outline of the Company's executive remuneration system

Transparency and objectivity of the Company's remuneration system as a whole including remuneration standards and decision-making process of remuneration are ensured by the arrangement in which final decisions are taken by the Nominating and Compensation Committee chaired by an Outside Director with the majority of committee members being also Outside Directors. Executive remuneration under the system is paid according to the remuneration table decided by the Nominating and Compensation Committee.

Executive remuneration (basic remuneration) for two Directors with special titles consists of the three items namely fixed remuneration, performance-linked remuneration and stock-based remuneration, and is paid based on the certain mix ratio among the three items as decided by the Nominating and Compensation Committee. The amount of performance-linked remuneration is decided by the Nominating and Compensation Committee, 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 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 the shares in the Company through the executive shareholding association.

Remuneration for two Directors who are concurrently employed as employees consists of executive remuneration (basic remuneration) and remuneration for employees payable to Directors who are concurrently employed as employees.

Other executive remuneration (basic remuneration) for four Outside Directors and three Corporate Auditors exclusively consists of preliminary decided fixed remuneration.

ii) 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 (8)	180 million yen	180 million yen
Of which, Outside Directors (4)	30 million yen	30 million yen
Corporate Auditors (3)	45 million yen	45 million yen
Of which, Outside Corporate Auditors (2)	19 million yen	19 million yen
Total	226 million yen	226 million yen

Notes: 1. In addition to the above, 82 million yen is paid to two Directors who are concurrently employed as employees as remuneration for employees.

2. In addition to the above, 51 million yen is paid to one Director concurrently serving as a Director of a consolidated subsidiary of the Company as basic remuneration for the fiscal year under review payable by such consolidated subsidiary.

3. In addition to the above, 2 million yen is paid to one Corporate Auditor concurrently serving as a Corporate Auditor of a consolidated subsidiary of the Company as basic remuneration for the fiscal year under review payable by such consolidated subsidiary.

4. 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).

5. 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.

iii) Total amount by remuneration type for Director who received total remuneration of more than 100 million yen for the fiscal year under review

Title	Name	Company	Total remuneration	Total amount by remuneration type
				Basic remuneration
President and Representative Director	Toshio Katayama	Nissen Holdings Co., Ltd.	103 million yen	103 million yen

3) Matters related to Outside Officers

i) 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	Takeshi Isokawa	Global law office	Partner/attorney	-
		Nissen Co., Ltd.	Outside Corporate Auditor	Nissen Co., Ltd. is a consolidated subsidiary of the Company.
		IMJ Corporation	Outside Corporate Auditor	-

Title	Name	Name of legal entity in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	Akira Iwamoto	Advantage Partners LLP	Partner	Advantage Partners LLP is a company that offers services to the fund to which the Company carried out a third-party allocation in February 2007.
		Advantage Advisors, Inc.	Representative Director	-
Director	Toshio Komada	Japan Independent Directors Network (a non profit organization)	Director	-
Director	Kaori Sasaki	UNICUL International Inc.	President and Representative Director	-
		ewoman, Inc.	President and Representative Director	-
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	Outside Corporate Auditor	-
Corporate Auditor	Yoshiharu Takahashi	Y's Stage Co., Ltd.	President and Representative Director	-
Corporate Auditor	Scott Trevor Davis	Seven & i Holdings Co., Ltd.	Outside Director	-

ii) Major activities during the fiscal year under review

Title	Name	Major Activities
Director	Takeshi Isokawa	He has participated in all 20 Board of Directors' meetings (including two special Board of Directors' meetings) held during the fiscal year under review. During these meetings he has commented on the agenda for discussion, as necessary, based on his advanced expertise and knowledge as an attorney familiar with corporate legal work.
Director	Akira Iwamoto	He has participated in all 20 Board of Directors' meetings (including two special Board of Directors' meetings) held during the fiscal year under review. During these meetings he has commented on the agenda for discussion, as necessary, based on his actual experience acquired from working on corporate revitalization and his extensive knowledge and experience in general.
Director	Toshio Komada	He has participated in all 20 Board of Directors' meetings (including two special Board of Directors' meetings) held during the fiscal year under review. During these meetings he has commented on the agenda for discussion, as necessary, based on his career experience as a corporate director and his thorough knowledge and global viewpoint nurtured through his extensive experience in international business.
Director	Kaori Sasaki	She has participated in 15 out of 20 Board of Directors' meetings (including two special Board of Directors' meetings) held during the fiscal year under review. During these meetings she has commented on the agenda for discussion, as necessary, based on her considerable knowledge and the consumer perspective she has acquired over her career as a corporate director and her active experience as a member of an administrative committee related to people's daily lives.
Corporate Auditor	Yoshiharu Takahashi	He has participated in 19 out of 20 Board of Directors' meetings (including two special Board of Directors' meetings) and all 11 Auditor Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on personnel systems.
Corporate Auditor	Scott Trevor Davis	He has participated in 18 out of 20 Board of Directors' meetings (including two special Board of Directors' meetings) and all 11 Auditors Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on CSR.

iii) Outline of agreement on limitation of liability

The Company stipulates in its Articles of Incorporation that the Company may conclude an agreement to limit liability for damages under Article 423 Paragraph 1 of the Corporation Law pursuant to the provision of Article 427 Paragraph 1 of the Corporation Law. Therefore, the Company has concluded an agreement on limitation of liability with each of the Outside Directors and Outside Corporate Auditors. Under the agreement, the liability for damages shall be limited to the minimum amount specified in Article 425 Paragraph 1 of the Corporation Law, provided that the relevant Outside Director or Outside Corporate Auditor has performed his duties in good faith and without gross negligence.

(5) Accounting Auditor

1) Name of Accounting Auditor: Ernst & Young ShinNihon LLC

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	38 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	60 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 Law from the amount of remuneration for audit under the Financial Instruments and Exchange Law, the amount under I above shows the total remuneration for both audits.

3) Non-auditing services

Non-auditing services that are charged to the Company and carried out by the Accounting Auditor consist primarily of financial due diligence services.

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

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

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

B. Systems and rules related to loss danger management

- i) The Company will create risk management rules to provide for the systematic management of risk of the Company and the affiliated companies, designate a section in charge of risk management by risk categories, and establish a Risk Management Committee as an advisory body to the Board of Directors with regard to the overall risk management activities of the Company. Chairman and vice chairman of the Risk Management Committee will be appointed by the Board of Directors, the former from among Directors and Corporate Auditors, while the latter from among Directors, Corporate Auditors, and Executive Officers, to be designated as Personnel in Charge of Risk Management.
- ii) The Risk Management Committee will regularly receive reports on the state of risks from the section in charge of dealing with risks, and review, report, and make decisions on matters related to the risk management of the Company in general. Personnel in Charge of Risk Management will report the information on risk management to the Board of Directors and make proposals as necessary.
- iii) Personnel in Charge of Risk Management will formulate a risk management activity plan each term and present the Board of Directors with a report on the plan and the state of risk management activities of the previous term.

- iv) The Risk Management Committee will check the performance of risk management systems and report the review of the systems, etc. to the Board of Directors in accordance with the occurrence of new risks.
- C. System to ensure the efficient execution of the Directors' duties
- i) Clarify the role of the Board of Directors, Management Strategy Conference, Management Conference, Corporate Governance Committee, Nominating and Compensation Committee, Group Human Resources Development Conference, Group ES Improvement Conference, Group CSR Promotion Conference and each section in charge through rules on the segregation of duties, rules on job authority, rules on document approval, and other rules, to enhance the efficiency of operations.
 - ii) Adopt an executive officer system, simplify the procedures and systems for transferring the authority for the execution of duties, and endeavor to realize speedier and fairer decision-making by management.
- D. Systems to ensure that the execution of duties by the Directors and employees will conform to the laws and Articles of Incorporation
- i) Establish a Code of Conduct to ensure that Officers and employees will act in compliance with the laws and the various regulations.
 - ii) Establish compliance rules, properly understand how the system of compliance is implemented in the Company, and establish a Compliance Committee as an advisory body to the Board of Directors, responsible for overall compliance enforcement efforts within the Company. Chairman and vice chairman of the Compliance Committee will be appointed by the Board of Directors, the former from among Directors and Corporate Auditors, while the latter from among Directors, Corporate Auditors, and Executive Officers, to be designated as Personnel in Charge of Compliance.
 - iii) Personnel in Charge of Compliance will report on the actual state of compliance enforcement to the Board of Directors, and make proposals as necessary. The section in charge of internal audits will supervise the state of compliance enforcement in collaboration with the Compliance Committee.
 - iv) As a means for the Company's Officers and employees to directly provide information on acts in violation of law, fraudulent acts, and any questionable acts that may be in violation of laws, a consultation office with an external expert as a contact person will be established outside the Company. The internal audit section will be charged with management of the consultation office, and upon receipt of a report, the consultation office will report the details of the report to the internal audit section. The internal audit section will investigate the details of the report and take measures to prevent recurrence.
 - v) The Compliance Committee will provide education on compliance to the Officers and employees.
- E. Systems to ensure the propriety of duties in the corporate group comprising the Company and the subsidiaries
- i) Efforts for the proper management of affiliated companies by the Company will be made by applying the Affiliated Companies Management Rules, and Personnel in Charge of the Corporate Control in the Company will be in charge of management services of the affiliated companies.
 - ii) Affiliated companies will be required to report to the responsible organization or section before engaging in certain material matters, according to the Rules on authority of management and the Affiliated Companies Management Rules.
 - iii) The internal audit section will conduct internal audits of the affiliated companies.
 - iv) Shareholders' rights will be exercised in accordance with the group strategies to ensure the proper execution of duties.
- F. System for employees when the Corporate Auditor requests the appointment of employees for assistance, and matters related to the independence of such employees from Directors
- i) Staff of the Auditors Committee will be dedicated to assisting with the duties of the Corporate Auditor.
 - ii) Staff of the internal audit section will assist with the duties of the Corporate Auditor.
 - iii) The Auditors Committee will approve matters on the transfer, employee evaluation, and disciplinary measures applicable to the persons assisting.
- G. System for reporting to the Corporate Auditors by the Directors or employees, and other systems regarding reports to Corporate Auditors
- i) The Directors will report the following matters to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors
 - a. Matters resolved at management conferences
 - b. Matters that may cause material damage to the Company

- c. Significant matters on monthly management
 - d. Significant matters on the state of internal auditing and risk management
 - e. Material violations of laws or the Articles of Incorporation
 - f. State of reporting related to the Whistleblower system and related details
 - g. Other significant matters on compliance enforcement
 - ii) If an employee becomes aware of any matter stated in b, e, or g, he or she will report the matter to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors.
- H. Other systems to ensure that auditing by Corporate Auditors is carried out effectively
Corporate Auditors will maintain ongoing communication with the Directors and employees, while the Corporate Auditors and Auditors Committee will hold meetings regularly with the Representative Director and Accounting Auditor.
- I. Basic policies on eliminating anti-social forces and the status of maintenance
- i) The Nissen Group will cut off all relationships with anti-social forces that may harm social order or sound corporate activities, and the member companies of the Nissen Group will work together as a group to confront such forces. The Nissen Group will work to avoid any contact with anti-social forces. If any member company receives any possible unjustified demands by anti-social forces, the Nissen Group will cooperate with police agencies against the anti-social forces and take a resolute stance by resorting to legal measures.
 - ii) The Company sets the general affairs section as the principal section responsible for handling all problems in the Nissen Group related to anti-social forces. Together with the internal audit section and the legal section, the Company will cooperate with external organizations, including police agencies, the Center for the Elimination of Boryokudan, attorneys, etc., to collect information and enhance enlightenment activities within the Nissen Group with regard to antisocial forces.

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 heighten the soundness and transparency of management and improve corporate values over the medium and long term, through measures such as the appointment of outside directors, the introduction of an executive officer system, and a shift to a group management structure under a pure holding company system. 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 direct marketing 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. In order 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 continue with its corporate governance reforms.

It has been approved by the ESG Committee (current Corporate Governance Committee) with the chairman and the majority of membership being outside officers, that the policy on "separation of management and execution between pure holding company and business corporations," would be relaxed for a certain period, in order to ensure materialization of the growth strategies and structural reform within the Group focused on the direct marketing business as its core business, in response to the changes in market conditions and competitive environment in the future.

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

As part of its efforts to reinforce the infrastructure for group management for the purpose of enhancing corporate values on a medium-to-long-term term, the Company has implemented the following reforms: established a pure holding company system, ensured that the number of independent directors comprises one third or more of the board members, reduced the number of internal directors to as low a number as possible, prevented the full-time directors of the pure holding company from occupying the same positions at business corporations, and established the Nominating and Compensation Committee and Corporate Governance Committee, appointing outside officers to chair the Committees and taking steps to ensure that each Committee is made up of a majority of outside officers. The Company continuously aims to strengthen its financial base in order to reform its existing businesses in pursuit of further growth and improved profitability, create new businesses in pursuit of scale expansion and stability, and ensure the solid growth of the Group and risk management.

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

A proposal on the "Introduction of a Policy on the Treatment of Large-scale Acquisitions of Nissen Shares" (hereinafter the "Policy") was approved by the shareholders at the 37th General Meeting of Shareholders held on March 14, 2007. At the 38th General Meeting of Shareholders held on March 18, 2008, however, the Company decided not to propose the agenda for the "Policy." This decision was made in consideration of various changes in circumstances, including the establishment of the Financial Instruments and Exchange Law at about the time the Policy was originally discussed, and the enforcement of the law thereafter by stage. The Company has decided not to propose the agenda for the "Policy" in the future unless special circumstances compel it to do so.

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 issues should be addressed on an ongoing basis.

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, 2010)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	46,310	Current liabilities	31,226
Cash and deposits	6,853	Notes and accounts payable-trade	19,701
Notes and accounts receivable-trade	9,305	Short-term bank loans	2,553
Inventories	14,849	Lease obligations	273
Prepaid expenses	5,483	Accounts payable-other	5,829
Deferred tax assets	1,120	Income taxes payable	187
Accounts receivable-other	8,694	Forward exchange contracts	187
Others	215	Allowance for returned goods unsold	243
Allowance for doubtful receivables	(212)	Allowance for returned goods damaged	32
Fixed assets	14,096	Allowance for loss on business liquidation	93
Property, plant and equipment	4,576	Others	2,124
Buildings and structures	1,103	Long-term liabilities	5,225
Machinery equipment and vehicles	18	Long-term loans from banks	3,320
Tools, furniture, and fixtures	386	Lease obligations	1,774
Land	1,187	Deferred tax liabilities	38
Lease assets	1,878	Others	91
Construction in progress	1	Total liabilities	36,452
Intangible assets	2,547	Net assets	
Lease assets	150	Shareholders' equity	24,148
Others	2,397	Common stock	11,218
Investments and other assets	6,973	Capital surplus	11,240
Investment in securities	6,003	Retained earnings	8,869
Others	1,620	Treasury stock	(7,179)
Allowance for doubtful receivables	(650)	Valuation and translation adjustments	(193)
		Net unrealized holding gain (loss) on other securities	(1)
		Deferred hedge gain (loss)	(187)
		Translation adjustments	(4)
		Total net assets	23,954
Total assets	60,407	Total liabilities and net assets	60,407

Consolidated Statement of Income
(From December 21, 2009 to December 20, 2010)

(Millions of yen)

Item	Amount	
Net sales		137,392
Cost of sales		66,767
Gross profit		70,625
Provision of allowance for returned goods unsold		293
Reversal of allowance for returned goods unsold		239
Gross profit-net		70,571
Selling, general and administrative expenses		67,375
Operating income		3,196
Non-operating income		
Interest and dividend income	90	
Commission income	171	
Penalty income	40	
Reversal of allowance for interest repayment compensation	3	
Miscellaneous income	305	610
Non-operating expenses		
Interest expenses	172	
Foreign exchange loss	16	
Equity in losses of affiliates	707	
Miscellaneous expenses	63	961
Ordinary income		2,846
Extraordinary income		
Gain on sales of fixed assets	1	
Gain on sales of investments in securities	154	
Enterprise tax refund	35	
Gain on liquidation of subsidiaries and affiliates	13	
Reversal of allowance for loss on business liquidation	321	525
Extraordinary loss		
Loss on sale or disposal of fixed assets	61	
Loss on sale of investments in securities	22	
Loss on write-down of investments in securities	59	
Loss on liquidation of subsidiaries and affiliates	11	
Provision of allowance for loss on business liquidation	14	
Loss on business withdrawal	54	224
Income before income taxes and minority interest		3,146
Current income taxes		294
Deferred income taxes		(162)
Income before minority interests		3,015
Minority interests in income		13
Net income		3,001

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2009 to December 20, 2010)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2009	11,218	11,240	6,248	(7,177)	21,529
Change in the fiscal year					
Dividend of surplus	—	—	(380)	—	(380)
Net income	—	—	3,001	—	3,001
Purchase of treasury stocks	—	—	—	(2)	(2)
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	—	—	2,620	(2)	2,618
Balance as of Dec. 20, 2010	11,218	11,240	8,869	(7,179)	24,148

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Translation adjustment	Total of valuation and translation adjustments	
Balance as of Dec. 20, 2009	12	(4,441)	(0)	(4,429)	17,099
Change in the fiscal year					
Dividend of surplus	—	—	—	—	(380)
Net income	—	—	—	—	3,001
Purchase of treasury stocks	—	—	—	—	(2)
Changes (net) in items other than shareholders' equity	(14)	4,254	(4)	4,236	4,236
Total changes in the fiscal year	(14)	4,254	(4)	4,236	6,854
Balance as of Dec. 20, 2010	(1)	(187)	(4)	(193)	23,954

Notes to Consolidated Financial Statements

1. Basis of preparation of consolidated financial statements

(1) Basis of Consolidation

1) Consolidated subsidiaries

Consolidated subsidiaries: 7

Consolidated subsidiaries

Nissen Co., Ltd.

BUDOU Labo Co., Ltd.

Kurashino Design, Inc.

n Insurance Service Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

Nissen Shape Founde Co., Ltd.

Nissen PREMIUM Co., Ltd., a company accounted for as consolidated subsidiary in the previous fiscal year, was merged with Nissen Co., Ltd., another consolidated subsidiary, during the first quarter of the current fiscal year. This merger was an absorption-type merger with Nissen Co., Ltd., being a surviving company, and Nissen PREMIUM Co., Ltd., being dissolved.

The Company sold all of its shares held in Navibird, Inc., a company accounted for as consolidated subsidiary in the previous fiscal year. Therefore, this company has been excluded from the scope of consolidation from the end of the third quarter of the current fiscal year. The companies eliminated from the scope of consolidation were accounted for in the consolidated statement of income until they were eliminated from consolidation.

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 nine 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: 3

The company name:

GE Nissen Credit Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

InfoDeliver Corporation

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

Shanghai Nissen Garments & Inspection Co., Ltd.

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

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

(3) Fiscal years of consolidated subsidiaries

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

Subsidiaries	Year-end Balance sheet dates
Nissen Co., Ltd.	Dec. 20
BUDOU Labo Co., Ltd.	Dec. 31
Kurashino Design, Inc.	Dec. 20
n Insurance Service Co., Ltd.	Dec. 20
oriental diamond inc.	Sep. 30
TRECENTI Co., Ltd.	Sep. 30
Nissen Shape Founde Co., Ltd.	Dec. 20

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

(4) Accounting principles

1) Valuation criteria and methods for principal assets

A. Securities

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

Other securities

Securities with market quotations

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

Securities without market quotations

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

B. Derivatives

Market value method

C. Inventories

Merchandise:

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

(The carrying amount of the balance sheet is computed by the write-down method due to a decrease in profitability.)

2) Depreciation and amortization method for principal depreciable assets

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

Buildings (excluding fixtures):

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

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

Others:

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

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

Useful life of principal assets is as follows:

Buildings and structures: 2-49 years

Machinery equipment and vehicles: 5-12 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 by the straight-line method.

C. Lease assets

Depreciation is computed by the straight-line method.

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

Non-capitalized finance leases started before the fiscal year in which the Accounting Standard for Leases was first applied are accounted for by a method similar to that applicable to ordinary operating leases.

3) Recognition of significant allowances

A. Allowance for doubtful receivables

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

B. Allowance for returned goods unsold

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

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

C. Allowance for returned goods damaged

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

D. Allowance for loss on business liquidation

To prepare for a loss from the business liquidation of affiliates, the Company booked an allowance for an estimated loss to be incurred in the future.

4) Translation of principal currency-dominated assets and liabilities

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

5) 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 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.

6) 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.

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

Accounting for consumption taxes:

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

(5) Changes in accounting policy

Application of accounting standard for business combinations, etc.

Effective from the current fiscal year, the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) are adopted.

(6) Change of presentation

With the application of the “Ministry of Justice Ordinance for Partial Revisions of the Ordinance for Enforcement of the Companies Act, the Ordinance on Accounting of Companies” (Ministry of Justice Ordinance No. 7, March 27, 2009) under the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008) from the beginning of fiscal year starting April 1, 2009 onwards, income before minority interests is included in the statement of income for the current fiscal year.

2. Notes to consolidated balance sheets

(1) Breakdown of inventories:

Merchandise and finished goods	14,787 million yen
Raw materials	61 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	626 million yen	(626 million yen)
Land	731 million yen	(731 million yen)
Total	1,357 million yen	(1,357 million yen)

2) Liabilities regarding the collateral

Short-term bank loans	60 million yen
Long-term loans from banks	210 million yen
Total	270 million yen

(3) Accumulated depreciation of property, plant and equipment: 5,047 million yen

(4) Loan guarantees: 28 million yen

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

(5) Overdraft

The Company and its consolidated subsidiary, Nissen Co., Ltd. have signed overdraft agreements with seven 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	18,650 million yen
Credit used	– million yen
Credit available	18,650 million yen

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

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

	Number of shares as of Dec. 20, 2009 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2010 (Shares)
Outstanding shares				
Common shares	63,416,332	–	–	63,416,332
Total	63,416,332	–	–	63,416,332
Treasury stock				
Common shares	12,627,317	6,000	–	12,633,317
Total	12,627,317	6,000	–	12,633,317

Note: The increase of 6,000 common shares of treasury stock resulted from the purchase of odd-lot shares.

(2) Dividends of surplus

1) Dividends payment

Resolution	Type of share	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 18, 2010	Common shares	177 million yen	3.50 yen	Dec. 20, 2009	March 19, 2010
Board meeting on July 26, 2010	Common shares	203 million yen	4.00 yen	June 20, 2010	Sep. 6, 2010

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

The Company proposes the appropriation of surplus at the Ordinary General Meeting of Shareholders on March 17, 2011, as follows.

Type of share	Total amount of dividend	Source of funds	Dividends per share	Record date	Effective date
Common shares	253million yen	Retained earnings	5.0 yen	Dec. 20, 2010	March 18, 2011

(3) Stock Acquisition Rights as of December 20, 2010

Resolution date of the Ordinary General Meeting of Shareholders	March 18, 2003
Type of shares	Common shares
Number of shares	446,900

4. 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, 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 comprise 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 eight years and three months, following the consolidated balance sheet date.

Bank loans are mainly used to finance 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. 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, 5) 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 execution 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 execution 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, 2010 are as follows:

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
1) Cash and deposits	6,853	6,853	—
2) Notes and accounts receivable-trade	9,305		
Allowance for doubtful receivables (*1)	(43)		
Notes and accounts receivable-trade (net)	9,262	9,262	—
3) Accounts receivable-other	8,694	8,694	—
4) Investment in securities	814	814	—
Total assets	25,624	25,624	—
1) Notes and accounts payable-trade	19,701	19,701	—
2) Short-term bank loans	90	90	—
3) Accounts payable-other	5,829	5,829	—
4) Long-term loans from banks (including those due within one year)	5,783	5,788	4
5) Lease obligations (including those due within one year)	2,047	2,064	16
Total liabilities	33,425	33,473	21
Derivative transactions (*2)	(187)	(187)	—

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

(*2) Net debts and credits arose from derivative instruments are stated at their net amounts.

Notes: 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	10,140	—	(187)
Short-cut method applied to forward exchange contracts, etc.	Forward foreign exchange contracts Purchased U.S. dollar	Accounts payable-trade	1,110	—	(*)

(*) 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	1,850	1,450	(*)

(*) 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.

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

Unlisted shares Consolidated balance sheet amount 5,188 million yen

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.

(Additional Information)

Effective from the current fiscal year, the Company adopted the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 10, 2008).

5. Notes to real estate for rent, etc.

(1) Status of real estate for rent, etc.

The Company owns the office buildings for rent in Kyoto. For the fiscal term ended December 20, 2010, the rent income/loss related to such rental properties was 40 million yen (rent revenue was accounted for in net sales, while principal rent expenses were accounted for in cost of sales).

(2) Market value etc. for real estate for rent, etc.

(Millions of yen)

Consolidated balance sheet amount			Market value as of Dec. 20, 2010
Balance as of Dec. 20, 2009	Change in the fiscal year	Balance as of Dec. 20, 2010	
579	(63)	515	841

Notes: 1. The consolidated balance sheet amount was gained by deducting the accumulated depreciation from the acquisition cost.

2. Of the Change in the fiscal year, the largest decreasing factor is depreciation expenses (63 million yen).

3. Market value as of Dec. 20, 2010 is mainly based on the appraisal of properties by an outside real estate appraiser.

(Additional Information)

Effective from the current fiscal year, the Company adopted the “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (ASBJ Statement No. 20, November 28, 2008) and the “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (ASBJ Guidance No. 23, November 28, 2008).

6. Notes to per share information

(1) Net asset per share	471.71 yen
(2) Net income per share	59.10 yen

7. Notes to significant subsequent events

Not applicable

Independent Auditors' Report

February 10, 2011

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

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

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

Pursuant to Article 444, Paragraph 4, of the Corporation Law, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity etc., and notes to the consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the fiscal year from December 21, 2009 to December 20, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit.

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

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

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

Audit Report on the Consolidated Financial Statements

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each Corporate Auditor concerning the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and notes to consolidated financial statements) for the 41st fiscal year from December 21, 2009 to December 20, 2010, 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, 2010.

2. Results of Audit

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

February 14, 2011

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)
Outside Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Non-consolidated Balance Sheet

(As of December 20, 2010)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	3,178	Current liabilities	7,533
Cash and deposits	2,072	Notes payable-trade	6
Short-term loans receivable from affiliates	300	Short-term bank loans	4,048
Accounts receivable from affiliates	800	Long-term loans due within one year	2,463
Others	228	Lease obligations	261
Allowance for doubtful receivables	(222)	Accounts payable-other	651
Fixed assets	32,186	Accounts expenses	60
Property, plant and equipment	4,329	Accounts payable-equipment	11
Buildings	927	Others	29
Structures	7	Long-term liabilities	5,116
Automotive equipment and vehicles	3	Long-term loans from banks	3,320
Tools, furniture, and fixtures	323	Lease obligations	1,735
Land	1,187	Allowance for loss on business of affiliates	10
Lease assets	1,878	Others	50
Construction in progress	1	Total liabilities	12,649
Intangible assets	246	Net assets	
Investments and other assets	27,610	Shareholders' equity	22,716
Investment in securities	1,127	Common stock	11,218
Affiliates stock	21,147	Capital surplus	11,260
Long-term loans receivable from affiliates	3,915	Additional paid-in capital	11,260
Deferred tax assets	2,594	Retained earnings	7,418
Others	580	Legal reserves	256
Allowance for doubtful receivables	(1,753)	Other retained earnings	7,161
		Special reserves	15,747
		Retained earnings carried forward	(8,586)
		Treasury stock	(7,179)
		Valuation and translation adjustments	(1)
		Net unrealized holding gain (loss) on other securities	(1)
		Total net assets	22,715
Total assets	35,364	Total liabilities and net assets	35,364

Non-consolidated Statement of Income
(From December 21, 2009 to December 20, 2010)

(Millions of yen)

Item	Amount	
Net sales		4,912
Cost of sales		3,267
Gross profit		1,645
Selling, general and administrative expenses		1,734
Operating loss		89
Non-operating income		
Interest and dividend income	107	
Commission income	25	
Miscellaneous income	16	149
Non-operating expenses		
Interest expenses	176	
Provision of allowance for doubtful receivables	85	
Miscellaneous expenses	8	271
Ordinary loss		211
Extraordinary income		
Gain on sales of fixed assets	1	
Gain on sales of investment in securities	56	
Gain on sales of investment in affiliates	107	
Reversal of allowance for doubtful receivables	0	
Enterprise tax refund	35	
Gain on liquidation of subsidiaries and affiliates	13	214
Extraordinary loss		
Loss on sales of fixed assets	2	
Loss on disposal of fixed assets	2	
Loss on sales of investment in securities	0	
Loss on write-down of investment in securities	59	
Loss on write-down of investment in affiliates	54	
Loss on liquidation of subsidiaries and affiliates	11	130
Loss before income taxes		127
Current income taxes		4
Deferred income taxes		(6)
Net loss		125

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

(From December 21, 2009 to December 20, 2010)

(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 20, 2009	11,218	11,260	11,260	256	15,925	(8,257)	7,924
Change in the fiscal year							
Dividend of surplus	—	—	—	—	—	(380)	(380)
Net loss	—	—	—	—	—	(125)	(125)
Reversal of special reserves	—	—	—	—	(177)	177	—
Purchase of treasury stocks	—	—	—	—	—	—	—
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	—	—	—	—	(177)	(328)	(506)
Balance as of Dec. 20, 2010	11,218	11,260	11,260	256	15,747	(8,586)	7,418

	Shareholders' equity		Valuation and translation adjustments		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 20, 2009	(7,177)	23,225	12	12	23,237
Change in the fiscal year					
Dividend of surplus	—	(380)	—	—	(380)
Net loss	—	(125)	—	—	(125)
Reversal of special reserves	—	—	—	—	—
Purchase of treasury stocks	(2)	(2)	—	—	(2)
Changes (net) in items other than shareholders' equity	—	—	(14)	(14)	(14)
Total changes in the fiscal year	(2)	(508)	(14)	(14)	(522)
Balance as of Dec. 20, 2010	(7,179)	22,716	(1)	(1)	22,715

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.

(3) Depreciation and amortization method for tangible fixed assets

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

Buildings (excluding fixtures):

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

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

Others:

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

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

Useful life of principal assets is as follows

Buildings and structures: 2-49 years

Attached structures: 3-20 years

Tools, furniture, and fixtures: 2-15 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

Depreciation is computed by the straight-line method.

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

Non-capitalized finance leases started before the fiscal year in which the Accounting Standard for Leases was first applied are accounted for by a method similar to that applicable to ordinary operating leases.

(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 collectibility 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

A. Hedge accounting method

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

B. Hedging instrument and the risk hedged

Hedging method:

Interest rate swap contracts

Risk hedged:

Bank loans

C. 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.

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. 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.

(7) Change of presentation

Gain on sales of investment in affiliates, which had been included in others in extraordinary income up to the previous fiscal year, has exceeded 10 percent of total extraordinary income. For that reason, it is separately listed effective from the current fiscal year.

Incidentally, the amount of gain on sales of investment in affiliates in the previous fiscal year was 0 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 and structures	626 million yen	(626 million yen)
Land	731 million yen	(731 million yen)
Total	1,357 million yen	(1,357 million yen)

2) Liabilities regarding the collateral

Long-term loans due within one year	60 million yen
Long-term loans from banks	210 million yen
Total	270 million yen

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

4,619 million yen

(3) Loan guarantees:

Guarantees for loans taken out by Group employees from financial institutions 28 million yen

Guarantee for debts arising from transactions between the following consolidated subsidiaries and financial institutions

Nissen Co., Ltd. 109 million yen

Guarantee for payment obligation of the following consolidated subsidiaries

Nissen Co., Ltd. 3,831 million yen

Guarantee for lease obligation of the following consolidated subsidiaries

Nissen Shape Founde Co., Ltd. 51 million yen

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

1) Short-term receivables	1,109 million yen
2) Long-term receivables	3,916 million yen
3) Short-term payables	4,058 million yen

(5) Overdraft

The Company has signed overdraft and commitment line agreements with seven 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	16,650 million yen
Credit used	— million yen
Credit available	16,650 million yen

3. Notes to non-consolidated statement of income

(1) Operating transactions with subsidiaries and affiliates:	
1) Operating transactions with subsidiaries and affiliates	4,937 million yen
2) Transaction with subsidiaries and affiliates other than operating transactions	131 million yen

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

Number of treasury stocks

Type of shares	Number of shares as of Dec. 20, 2009 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2010 (Shares)
Common shares	12,627,317	6,000	—	12,633,317

Note: The increase of 6,000 common shares of treasury stock resulted from the purchase of odd-lot shares.

5. Deferred tax accounting

Significant components of deferred tax assets and liabilities

(Millions of yen)

(Deferred tax assets)

Adjustment for stocks of majority-owned subsidiaries upon demerger	2,615
Loss on write-down of investment in affiliates	2,208
Allowance for doubtful receivables	790
Loss on write-down of investment in securities	271
Loss carried forward	105
Amortization of intangible assets in excess of tax allowance maximum	81
Amortization of telephone subscription right	49
Disallowed accrued bonuses	37
Disallowed accrued social insurance premium	11
Others	36
Deferred tax assets (subtotal)	6,207
Valuation reserve	(3,548)
Total deferred tax assets	2,659

(Deferred tax liabilities)

Enterprise tax receivable	(3)
Net unrealized holding gain (loss) on other securities	(21)
Total deferred tax liabilities	(24)
Deferred tax assets-net	2,635

6. Notes to fixed assets under lease

Details are omitted because leases are insignificant.

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	Recovery of funds (Note 1)	2,500	—	—
				Receipt of interest (Note 1)	17		—
				Repayment of funds (Note 2)	380	Short-term borrowings	3,258
				Borrowing of funds (Note 2)	3,258		
				Payment of interest (Note 2)	1	—	—
				House rent income	290	Accounts receivable from affiliates -other	25
				Commission income of operation consignment	1,224	Accounts receivable from affiliates -other	107
				Receipt of system fees	2,352	Accounts receivable from affiliates -other	214
				Guarantee liability (Note 3)	3,940	—	—
				Guaranteed liability (Note 4)	5,783	—	—
	BUDOU Labo Co., Ltd.	Direct ownership 100.0%	Borrowing and lending	—	—	Short-term loans receivable from affiliates (Note 6)	250
				Lending of funds (Note 1)	10	Long-term loans receivable from affiliates (Note 6)	470
				Receipt of interest (Note 1)	15	—	—
	Kurashino Design, Inc.	Direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 1)	20	Long-term loans receivable from affiliates (Note 6)	760
				Recovery of funds (Note 1)	60		
				Receipt of interest (Note 1)	14	—	—
	n Insurance Service Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and combination of offices of Directors or Corporate Auditors	Borrowing of funds (Note 2)	200	Short-term borrowings	700
				Repayment of funds (Note 2)	150		
				Payment of interest (Note 2)	4	—	—
	oriental diamond inc.	Direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 1)	250	Long-term loans receivable from affiliates (Note 6)	2,500
				Recovery of funds (Note 1)	250		
				Receipt of interest (Note 1)	41	Accrued income	9
	Nissen Shape Founde Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and guarantee liability	Lending of funds (Note 1)	155	Short-term loans receivable from affiliates (Note 6)	25
				Recovery of funds (Note 1)	130		
				Receipt of interest (Note 1)	0	—	—
				Guarantee liability (Note 5)	51	—	—
	Nissen Youbist Tomonokai Co., Ltd.	Direct ownership 100.0%	Borrowing and lending	—	—	Short-term borrowings	90
				Payment of interest (Note 2)	0	—	—

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)
Affiliated company	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 49.5%	Combination of offices of Directors or Corporate Auditors	Receipt of system fees	539	Accounts receivable from affiliates -other	46
				Commission income of operation consignment	19	Accounts receivable from affiliates -other	1

Trade conditions and related policies

- Notes:
1. Interest on loans receivables is reasonably determined based on the market rate.
 2. Interest on loans payables is reasonably determined based on the market rate.
 3. 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.
 4. The Company receives a guarantee from Nissen Co., Ltd. for borrowing from financial institutions. The Company does not pay any guarantee fee for this guarantee.
 5. The Company guarantees liability for the payment obligations of Nissen Shape Founde Co., Ltd. in connection with leasing contracts. The Company does not receive any guarantee fee for this guarantee.
 6. The Company records an allowance for doubtful receivables totaling 1,908 million yen for doubtful accounts from subsidiaries. The Company also records provisions of allowance for doubtful receivables totaling 161 million yen and reversal of allowance for doubtful receivables totaling 68 million yen in the current fiscal year.
 7. 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	447.30 yen
(2) Net loss per share	2.47 yen

9. Significant subsequent events

Not applicable

Independent Auditors' Report

February 10, 2011

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

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

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

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the 41st fiscal term from December 21, 2009 to December 20, 2010, together with the supplementary schedules of the Company for the same term. These non-consolidated financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit.

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

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

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

Audit Report

The Board of Corporate Auditors, following its review and deliberations on the reports made by each Corporate Auditor concerning the methods and results of the audit of execution of duties by the Directors of the Board for the 41st fiscal term from December 21, 2009 to December 20, 2010, prepared this Audit Report and hereby submits it as follows:

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

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

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

With respect to the establishment of the system for ensuring that the Directors' duties are performed in conformity with laws, regulations, and the Articles of Incorporation of the Company, and the other system required to ensure the proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law, Each Corporate Auditor monitored and verified the contents of the resolutions adopted by the Board of Directors thereon and the systems (Internal Control System) to be established in accordance with the resolution of the Board of Directors. Each Corporate Auditor also reviewed the basic policy stipulated in Item 3 (i), Article 118 of the Enforcement Regulations for the Corporation Law and the activities described in the business report as stipulated in Item 3 (ro) 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, 2010.

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, 2010, together with the supplementary schedules for the same year.

2. Results of Audit

(1) Results of the audit of business reports

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

3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control or the execution of duties by Directors.
4. There are no matters to be pointed out with respect to the basic principles on the parties who are to control the decision of the Company's financial and operational policies described in the business reports. Activities described in the business reports in accordance with Item 3 (ro), Article 118 of the Enforcement Regulations for the Corporation Law are in line with such basic principles, do not harm the common interests of the shareholders, and are not undertaken with the intention to maintain the positions of Directors or Corporate Auditors of the Company.

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

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

February 14, 2011

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)
Outside Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus and payment of a year-end dividend for the 41st Business Period as follows, based on the operating results for the business period and future business development.

1. Matters pertaining to the fiscal year-end dividend
 - (1) Dividend asset classification
The dividend will be paid in cash.
 - (2) Matters pertaining to the allocation of dividend assets and total amount
The Company will pay a dividend of ¥5.00 per share of Nissen Holdings common stock.
In this case the total amount to be paid out in the form of dividends comes to ¥253,915,075.
 - (3) Effective date for payment of dividend of surplus
March 18, 2011
2. Appropriation of surplus
 - (1) Items to be decreased and amount of decrease
Special reserves 253,915,075 yen
 - (2) Items to be increased and amount of increase
Retained earnings carried forward 253,915,075 yen

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

The Company proposes to add the following provisions to the Articles of Incorporation in response to new business activities in the Nissen group.

2. Contents of the Amendments

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

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

(Note: Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
Article 1. (Omitted)	Article 1. (Unchanged)
(Purpose)	(Purpose)
Article 2. (Omitted)	Article 2. (Unchanged)
(1) to (29) (Omitted)	(1) to (29) (Unchanged)
(New)	<u>(30) Cargo transportation business</u>
(New)	<u>(31) Laundries business</u>
<u>(30)</u> All businesses incidental to any of the above businesses	<u>(32)</u> All businesses incidental to any of the above businesses
2. (Omitted)	2. (Unchanged)
(1) to (9) (Omitted)	(1) to (9) (Unchanged)
Article 3. to Article 42. (Omitted)	Article 3. to Article 42. (Unchanged)

Proposal No. 3: Election of Eight Directors

All of the eight Directors of the Company (Toshio Katayama, Shinya Samura, Nobuyuki Ichiba, Toshiya Tsukushi, Takeshi Isokawa, Akira Iwamoto, Toshio Komada, and Kaori Sasaki) will complete their terms of office at the closing of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of the above eight Directors (four of whom are Outside Directors) 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	Toshio Katayama (January 6, 1950)	August 1973 Joined Nissen Holdings Co., Ltd. December 1981 Elected Director March 1986 Elected Managing Director November 1999 Elected Representative Executive Director December 2000 Elected President and Representative Director (current position) June 2007 Elected President and Representative Director of Nissen Co., Ltd. (demerged from Nissen Holdings Co., Ltd.)	114,300 shares

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
2	Shinya Samura (May 9, 1955)	<p>April 1978 Joined Nissen Holdings Co., Ltd.</p> <p>March 1986 Elected Director, serving concurrently as General Manager, Catalog, Direct Marketing Division</p> <p>February 2000 Elected Director, serving concurrently as General Manager, Marketing, Direct Marketing Division</p> <p>December 2000 Elected Managing Director, serving concurrently as General Manager, Direct Marketing Division</p> <p>May 2004 Elected Director of Nissen Logistics Service Co., Ltd. (current Mail & e Business Logistics Service Co., Ltd.) (current position)</p> <p>December 2005 Elected Director and Senior Managing Executive Officer, serving concurrently as General Manager, Direct Marketing Division</p> <p>June 2007 Elected Director and Senior Managing Executive Officer, serving concurrently as General Manager, Direct Marketing Division of Nissen Co., Ltd. (demerged from Nissen Holdings Co., Ltd.)</p> <p>June 2007 Elected Director and Senior Managing Executive Officer, serving concurrently as General Manager, Direct Marketing Unit</p> <p>March 2008 Elected Senior Managing Executive Officer, serving concurrently as General Manager, Direct Marketing Unit</p> <p>June 2008 Elected President and Representative Director of Nissen Co., Ltd. (current position)</p> <p>June 2008 Elected President and Representative Director of Kurashino Design, Inc.</p> <p>March 2010 Elected Director and Senior Vice President (current position)</p>	74,800 shares

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	Nobuyuki Ichiba (January 25, 1954)	<p>April 1977 Joined Nissen Holdings Co., Ltd.</p> <p>March 1987 Elected Director</p> <p>January 2000 Resigned as Director</p> <p>February 2000 Elected Executive Officer, serving concurrently as General Manager, Internet Business Promotion, Direct Marketing Division Headquarters</p> <p>March 2001 Elected Director</p> <p>December 2005 Elected Director and Managing Executive Officer</p> <p>June 2006 Elected Corporate Auditor of Mail & e Business Logistics Service Co., Ltd. (current position)</p> <p>August 2006 Elected Corporate Auditor of GE Nissen Credit Co., Ltd. (current position)</p> <p>June 2008 Elected Director and Managing Executive Officer, serving concurrently as General Manager, Administrative Department</p> <p>December 2010 Elected Director and Managing Executive Officer, Corporate Control (current position)</p> <p>December 2010 Elected Director of Nissen Co., Ltd. (current position)</p>	42,000 shares

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	Toshiya Tsukushi (June 23, 1965)	<p>April 1989 Joined Showa Shell Sekiyu K.K.</p> <p>September 1995 Joined Pricewaterhouse Consulting Co., Ltd. (current IBM Business Consulting Co., Ltd.)</p> <p>July 1999 Joined General Electric Capital Consumer Finance Co., Ltd. (current Shinsei Financial Co., Ltd.)</p> <p>December 2005 Elected Executive Officer of General Electric Capital Consumer Finance Co., Ltd.</p> <p>September 2006 Joined Nissen Holdings Co., Ltd. and elected Executive Officer, serving concurrently as Group Leader of Business Development Group</p> <p>June 2007 Elected Executive Officer, serving concurrently as Manager, Financial Planning Office</p> <p>December 2007 Elected Director of n Insurance Service Co., Ltd. (current position)</p> <p>March 2008 Elected Director and Executive Officer, serving concurrently as Manager, Financial Planning Office</p> <p>June 2008 Elected Director and Executive Officer, serving concurrently as General Manager, Financial Department</p> <p>March 2009 Elected Chairman and Representative Director of GE Nissen Credit Co., Ltd. (current position)</p> <p>June 2009 Elected Director and Executive Officer, serving concurrently as Chief Financial Officer and General Manager of Business Development Office</p> <p>March 2010 Elected Director and Managing Executive Officer, serving concurrently as Chief Financial Officer and General Manager of Business Development Office</p> <p>December 2010 Elected Director and Managing Executive Officer, serving concurrently as Chief Financial Officer and General Manager of Strategy Planning Office (current position)</p> <p>December 2010 Elected Director of Nissen Co., Ltd. (current position)</p>	10,500 shares

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
5	Takeshi Isokawa (February 6, 1973)	<p>April 1999 Registered attorney (Osaka Bar Association), Joined Kitahama Partners</p> <p>April 2003 Joined Global Law Office</p> <p>September 2004 Worked at the offices of Allen & Gledhill Advocates & Solicitors (Singapore)</p> <p>June 2005 Registered, New York State Bar Association</p> <p>September 2005 Partner/attorney of Global Law Office (current position)</p> <p>March 2007 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>December 2007 Elected Corporate Auditor of Nissen Co., Ltd. (current position)</p> <p>December 2007 Elected Corporate Auditor of IMJ Corporation (current position)</p>	1,900 shares
6	Akira Iwamoto (October 15, 1962)	<p>April 1986 Joined The Long-term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>August 1998 Joined A.T. Kearney, Inc.</p> <p>August 2001 Joined Advantage Partners Inc. (current Advantage Partners, LLP) Partner (current position)</p> <p>March 2003 Elected Director of Seiden Co., Ltd.</p> <p>May 2005 Elected Director of Daiei, Inc., elected Director of OMC Card, Inc. (current Cedyne Financial Corporation)</p> <p>March 2007 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>October 2007 Elected Representative Director of Advantage Advisors, Inc. (current position)</p>	0
7	Toshio Komada (March 18, 1937)	<p>April 1959 Joined ITOCHU Corporation</p> <p>June 1990 Elected Director of ITOCHU Corporation</p> <p>June 1992 Elected Representative Managing Director of ITOCHU Corporation</p> <p>April 1995 Elected Senior Managing Director of ITOCHU Corporation</p> <p>June 1996 Elected Senior Vice President and Representative Director of Takiron Co., Ltd.</p> <p>June 2001 Elected Chairman and Representative Director of Takiron Co., Ltd.</p> <p>June 2003 Elected Adviser of Takiron Co., Ltd.</p> <p>March 2008 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>October 2008 Elected Director of Japan Independent Directors Network (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	Kaori Sasaki (May 12, 1959)	<p>July 1987 Elected President and Representative Director of UNICUL International Inc. (current position)</p> <p>March 2000 Elected President and Representative Director of ewoman, Inc. (current position)</p> <p>January 2005 Elected Member of the Financial System Council, Financial Services Agency (current position)</p> <p>July 2005 Elected Member of the Social Policy Council, Cabinet Office (current position)</p> <p>March 2008 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>June 2009 Elected Corporate Auditor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)</p> <p>August 2009 Elected Member of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society, Cabinet Office (current position)</p>	0

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

2. Takeshi Isokawa, Akira Iwamoto, Toshio Komada, and Kaori Sasaki are candidates for Outside Directors. Incidentally, the Company has submitted Independent Directors/Corporate Auditors Notification Forms to register each candidate as Independent Director at Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.

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

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

Standards for the Election of Outside Directors

1) The standards for the election of Outside Directors require that elected Outside Director have wide-ranging knowledge and business experience as a corporate manager, as necessary for discussion of proposals at the Board of Directors of a pure holdings company, or have actual experience and a wide variety of knowledge in a specified field necessary for supervision of management.

2) In order to introduce the standpoints of various stakeholders into management, the Company pays attention to the diversification of background upon the election of multiple Outside Directors.

3) In order to meet the original purposes of the election of Outside Directors as spokespersons on behalf of various Shareholder interests, the Company pays attention to the assurance of their independency upon the election of new Outside Directors.

4) When the Company, an enterprise active in a wide range of business fields, elects any business manager as an Outside Director, there is a possibility that conflicts of interest will arise in transactions between the Company and that business manager. The Company responds to conflicts of interest in individual cases through the procedures of the Board of Directors.

(2) Because Takeshi Isokawa is a lawyer familiar with corporate legal work, the Company believes that he will continue to actively express valuable opinions and advice based on his advanced expertise and knowledge. He has also served as a member of the Nominating and Compensation Committee, a member of the ESG Committee (currently, the Corporate Governance Committee), and chairman of the Risk Management Committee. His term of office as an Outside Director will have been four years at the end of this General Meeting of Shareholders.

(3) Because Akira Iwamoto has actual experience acquired from working on corporate revitalization, the Company believes that he will continue to actively express valuable opinions and advice based

on his considerable experience and knowledge. He has expressed his valuable advice for business strategy over the medium and long term. His term of office as an Outside Director will have been four years at the end of this General Meeting of Shareholders.

(4) Because Toshio Komada has held corporate directors' posts and has extensive career experience on international business, the Company believes that he will continue to actively express valuable opinions and advice based on his thorough knowledge and global viewpoint. He has also served as chairman of the Nominating and Compensation Committee. His term of office as an Outside Director will have been three years at the end of this General Meeting of Shareholders.

(5) Because Kaori Sasaki has career experience as a corporate director and activity experience as a member of an administrative committee related to people's daily lives, the Company believes that she will continue to actively express valuable opinions and advice based on her considerable knowledge and way of thinking from perspective as a consumer. She has also served as a member of the Nominating and Compensation Committee and vice chairman of the Compliance Committee. Her term of office as an Outside Director will have been three years at the end of this General Meeting of Shareholders.

4. The Company has entered into a Liability Limitation Agreement with each of the Outside Directors, as follows.

In the event that any Outside Director bears liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Director has performed his/her duties without gross negligence or knowledge of misconduct.

Proposal No. 4: Election of One Corporate Auditor

One Corporate Auditor of the Company (Yoshiharu Takahashi) will complete his term of office at the closing of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of Osamu Yamada (as a newly appointed candidate) to the position of Corporate Auditor for the coming term of office. The Board of Corporate Auditors has previously given its approval to this proposal.

Information on the candidate for Corporate Auditor 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	Osamu Yamada (March 12, 1946)	<p>April 1969 Joined Citizen Watch Co., Ltd. (current Citizen Holdings Co., Ltd.)</p> <p>October 1987 Elected Manager, Planning Office and China Office, Special Sales Division of Citizen Watch Co., Ltd.</p> <p>May 2001 Elected General Manager, Accounting Division of Citizen Watch Co., Ltd.</p> <p>June 2001 Elected Director of Citizen Watch Co., Ltd.</p> <p>March 2002 Elected President and Representative Director of Citizen Financial Service Co., Ltd.</p> <p>June 2002 Elected Director, serving concurrently as General Manager, General Affairs Division of Citizen Watch Co., Ltd. (current Citizen Holdings Co., Ltd.)</p> <p>May 2003 Elected Outside Corporate Auditor of STAR MICRONICS CO., LTD.</p> <p>December 2003 Elected President of Aquablue Insurance Co., Inc.</p> <p>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.)</p> <p>April 2007 Elected President and CEO of Citizen Business Expert Co., Ltd.</p> <p>April 2007 Elected Managing Director, in charge of SR & IR Department of Citizen Holdings Co., Ltd.</p> <p>June 2008 Elected Managing Director, in charge of Public Relations Department of Citizen Holdings Co., Ltd.</p> <p>April 2009 Elected Managing Director, in charge of IR & Public Relations Department of Citizen Holdings Co., Ltd.</p> <p>June 2010 Elected Advisor of Citizen Holdings Co., Ltd. (current position)</p>	0

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

2. Osamu Yamada is a candidate for Outside Corporate Auditor. Incidentally, the Company has submitted Independent Directors/Corporate Auditors Notification Forms to register him as Independent Corporate Auditor at Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.

3. 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) Because Osamu Yamada has management experience in a large listed company and holding company and served as an Outside Corporate Auditor for a listed company, the Company believes that he will actively express valuable opinions and advice based on his considerable experience and knowledge.
4. The Company plans to enter into a Liability Limitation Agreement with Osamu Yamada, as follows.
In the event that Outside Corporate Auditor bears liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Corporate Auditor has performed his duties without gross negligence or knowledge of misconduct.

Proposal No. 5: Election of Two Substitute Corporate Auditors

The election of Hidekazu Tamada and Shinichiro Kawazoe, Substitute Corporate Auditors, both of whom were resolved at the previous Ordinary General Meeting of Shareholders, will be effective until the beginning of this General Meeting of Shareholders. The Company proposes the election of the following two Substitute Corporate Auditors in preparation for cases where the number of Corporate Auditors falls short of the capacity stipulated in laws and regulations. The Company proposes the election of Hidekazu Tamada as a candidate Substitute Corporate Auditor to substitute for Yasoji Mori, Corporate Auditor, and Shinichiro Kawazoe as a candidate Substitute Corporate Auditor to substitute for Scott Trevor Davis and Osamu Yamada (in case that Proposal No. 4 is approved and passed in its original form), Outside Corporate Auditors. The Board of Corporate Auditors has previously given its approval.

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

Candidate Number	Name (Date of Birth)	Career summary, Position, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
1	Hidekazu Tamada (July 10, 1952)	<p>April 1976 Joined The Daiwa Bank, Limited (current Resona Bank, Limited)</p> <p>January 1998 Elected Manager, Roppongi Branch of The Daiwa Bank, Limited</p> <p>April 2003 Elected Manager, General Risk Office of Resona Bank, Limited</p> <p>August 2004 Joined Nissen Holdings Co., Ltd.</p> <p>June 2007 Financial Planning Office in charge of Financial Strategy</p> <p>June 2008 Elected Vice General Manager, Finance Department</p> <p>December 2010 Elected Manager, Internal Audit Office (current position)</p>	0
2	Shinichiro Kawazoe (March 10, 1942)	<p>April 1964 Joined Marubeni-Iida Co., LTD. (current Marubeni Corporation)</p> <p>April 1995 Elected General Manager, Foods Department of Marubeni America Corporation</p> <p>June 1998 Elected Managing Director, serving concurrently as Vice General Manger, Administrative Department of Toyo Sugar Refining Co., Ltd.</p> <p>June 2002 Elected Senior Managing Director, serving concurrently as General Manager, Administrative Department</p> <p>June 2003 Elected Representative Director of Pacific Grain Terminal Co., Ltd.</p> <p>June 2007 Elected full-time Corporate Auditor of Biomaster, Inc.</p> <p>August 2009 Elected Advisor of Biomaster, Inc. (current position)</p>	0

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

2. Shinichiro Kawazoe is a candidate for Substitute Outside Corporate Auditor.

3. The reasons for the election of candidates for Substitute Outside Corporate Auditors are as follows. The election of candidates for Substitute Outside Corporate Auditors meets the requirements set forth in 3.

(1) 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) Because Shinichiro Kawazoe has career experience in domestic and overseas companies and job experience as a Corporate Auditor, the Company proposes his election as a Substitute Outside Corporate Auditor, in order to make use of his experience.
4. The Company has entered into a Liability Limitation Agreement with each of the Outside Corporate Auditors, as follows. Upon the election of new candidates for Substitute Outside Corporate Auditors, the Company will enter into the same agreement with each newly appointed candidate. In the event that any Outside Corporate Auditor shares liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Corporate Auditor has performed his duties without gross negligence or knowledge of misconduct.

END

Information on Exercising Voting Rights

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

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

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

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

3. Procedure for exercising voting rights using the Internet

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

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

- (1) Website for exercising voting rights

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

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

- 2) Depending on your Internet use environment, in some cases you might be unable to exercise your voting rights using a personal computer. This includes when you are using a firewall or other measure for your Internet connection, when you have anti-virus software installed, and when you are using a proxy server.
- 3) To exercise your voting rights using a cellular phone, please use the services of i-mode, EZweb or Yahoo!-Keitai. To ensure security, cellular telephone models that cannot handle encrypted transmissions (SSL transmissions) and cellular phone information transmission cannot be utilized.
- 4) Voting rights exercised using the Internet will be accepted until 5:30PM on Wednesday, March 16, 2011. We encourage you to exercise your votes early, however, and to inquire at the help desk shown on the following page when you have any questions.

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

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

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

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

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

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

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

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

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

4. Platform for exercise of voting rights by institutional investors

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

END