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Securities Code: 8248
February 23, 2012

To Those Shareholders with Voting Rights

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

NOTICE OF THE 42nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 42nd Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or electromagnetic means (over the Internet). Please review the Reference Documents for the General Meeting of Shareholders, and either return the Voting Rights Exercise Form with your selections by mail or vote via the website (<http://www.evotep.jp/>) by no later than 5:30 p.m., Thursday, March 15, 2012.

* Please refer to the items stipulated in "Information on Exercising Voting Rights" on pages 61 to 62 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Friday, March 16, 2012
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 42nd Fiscal Term (from December 21, 2010 to December 20, 2011) 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 42nd Fiscal Term (from December 21, 2010 to December 20, 2011)

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 Two Corporate Auditors
- 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, 2010 to December 20, 2011)

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 temporarily suffered a severe blow in the wake of the Great East Japan Earthquake which struck on March 11, 2011. Thereafter, signs of a mild recovery were seen in production activities which had declined, along with demand for reconstruction projects. Despite such signs, uncertainties mounted about the future economy due to such factors as the overseas economic downswing stemming from the European debt crisis and prolonged yen appreciation, in addition to constraints on the electric power supply and the impact of the nuclear disaster.

In 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 medium-term management plan, which is in its second year, 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, in an effort to achieve the medium-term management plan, the Nissen Group actively undertook sales promotion activities, such as launching a new catalog, and strengthened its customer base. Also, the Nissen Group converted a logistics affiliate into a wholly owned subsidiary with a view to realizing the overall optimization of the supply chain, including delivery and customer service, and invested in a backbone system to support the direct marketing business. In addition, the Nissen Group is steadily taking initiatives in accordance with priority measures, such as providing highly convenient interfaces in accordance with the trends of information terminals compatible with new devices, such as smartphones and tablet terminals, as well as forging a capital and business alliance with the Venus Veil Group, which engages in the direct marketing business in China, as a first step toward undertaking operations in earnest in the Chinese market.

With respect to the Nissen Group’s corporate activities, the number of active customers reached a record high as a result of proactive sales promotion activities, and sales of the Nissen Group as a whole increased year on year in spite of the impact of the earthquake on the directing marketing business of Nissen Co., Ltd., the principal business of the Nissen Group.

In terms of profitability, operating income fell year on year due to the impact of soaring material prices and an increase in the catalog-related costs, in spite of higher profits resulting from an increase in sales as well as an improvement in the cost percentage due to the strong yen and continuous cost reductions.

Meanwhile, at GE Nissen Credit Co., Ltd., an equity method affiliate of the Company, ordinary income rose year on year thanks to a substantial improvement in operating results.

Effective from the current fiscal year, the “Accounting Standard for Asset Retirement Obligations” has been adopted. As a result, the prior year adjustment at the beginning of the term of 161 million yen was recorded as an extraordinary loss. At the same time, “loss on disaster” of 91 million yen, including equipment damage, relocation expenses and fixed expenses during the suspension of operations of the Sendai Communication Service Center, and “disaster reconstruction assistance expenses” of 432 million yen, including the provision of relief supplies, donations and Nissen shopping vouchers for customers in the affected areas, were recorded as an extraordinary loss due to the impact of the Great East Japan Earthquake.

As a result, net sales for the current fiscal year increased 2.4% year-over-year to 140,715 million yen (+3,322 million yen), operating income decreased 15.3% year-over-year to 2,708 million yen (-488 million yen), ordinary income increased 1.3% year-over-year to 2,882 million yen (+36 million yen), net income decreased 20.8% year-over-year to 2,377 million yen (-624 million yen).

2) Results by business segment of the corporate group

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

Direct marketing business segment

With respect to the direct marketing business industry, the business environment is becoming more complex as media and distribution channels became diversified with the widespread use of smartphones, the expansion of social networks and the integration with actual stores, and as consumers increasingly tend to seek convenience in shopping associated with the increasing popularity of card transactions and digital money.

In the direct marketing business segment, the number of active customers increased. In addition, strategically priced furniture and interior products were the driving force behind net sales. As a result, net sales increased year on year.

In terms of profitability, segment income declined year on year despite an improvement in the cost percentage due to the strong yen. This decrease was attributable to a rise in the purchase cost due to the greater-than-expected rise in material prices and an increase in processing costs at contract factories. Furthermore, expenses rose as a result of the substantial increase in the number of catalogs issued for the purpose of acquiring new customers, and sales of apparel products were sluggish because of undesirable weather during the peak of the season after the winter/autumn catalogs were distributed. Owing to these factors, the cost efficiency of catalog-related costs deteriorated.

As a result, segment sales in the current fiscal year increased 2.6% year-over-year to 134,342 million yen (+3,390 million yen), and segment income decreased 9.8% year-over-year to 3,731 million yen (-404 million yen).

Financial services business segment

In the financial services business segment, net sales decreased year on year due in part to the impact of temporarily refraining from solicitation activities by n Insurance Service Co., Ltd., a consolidated subsidiary of the Company, following the earthquake even though it actively acquired new customers through the reinforcement of telemarketing and the enhancement of new website/mobile site contents.

Meanwhile, segment income/loss rose year on year because of a decrease in doubtful debts related expenses at GE Nissen Credit Co., Ltd., an equity method affiliate of the Company, due to the improvement in the amount of allowance for doubtful receivables recorded in the current fiscal year in spite of the fact that the reversal of deferred tax assets temporarily pushed down income in the previous year.

As a result, segment sales in the current fiscal year decreased 6.3% year-over-year to 1,881 million yen (-126 million yen), and segment loss was 61 million yen (segment loss in the same period of the previous year was 351 million yen).

Direct sales business segment

Net sales in the direct sales business segment rose year on year as a result of proactive measures by the Company to acquire new customers and promote sales through the introduction of IT systems for marketing despite the challenging market environment for jewelry and precious metals.

In terms of profitability, segment income/loss rose year on year thanks to the further enhancement of cost management through the continuous reform in business structures.

As a result, segment sales in the current fiscal year increased 2.3% year-over-year to 4,823 million yen (+106 million yen), and segment loss was 113 million yen (segment loss in the same period of the previous year was 259 million yen).

3) Status of capital investments

The total capital investments of the corporate group during the fiscal year under review amounted to 3,475 million yen, mainly as a result of the replacement of equipment related to the direct marketing backbone system and software.

4) Status of funding

The Company acquired short-term borrowing of 2,200 million yen and long-term borrowing of 9,500 million yen.

The Company and its consolidated subsidiaries (Nissen Co., Ltd. and Mail & e Business Logistics Service 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	25,000 million yen
Credit used	2,200 million yen
Credit available	22,800 million yen

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

The Company made Mail & e Business Logistics Service Co., Ltd., an affiliate of the Company accounted for under the equity method, a wholly owned subsidiary by acquiring 50.5% of its shares on May 20, 2011.

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

		Fiscal term ended December 20, 2008 (39th Term)	Fiscal term ended December 20, 2009 (40th Term)	Fiscal term ended December 20, 2010 (41st Term)	Fiscal term ended December 20, 2011 (42nd Term)
Net sales	(millions of yen)	155,489	141,469	137,392	140,715
Ordinary income	(millions of yen)	2,242	2,696	2,846	2,882
Net income (loss)	(millions of yen)	(9,353)	1,540	3,001	2,377
Net income (loss) per share	(yen)	(157.58)	30.33	59.10	46.81
Total assets	(millions of yen)	69,996	58,174	60,407	76,019
Net assets	(millions of yen)	9,924	17,099	23,954	25,843
Net assets per share	(yen)	195.38	336.68	471.71	508.75

(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.
Mail & e Business Logistics Service Co., Ltd.	980 million yen	100.0%	Storage, shipments, inspections, etc.
n Beauty Science Co., Ltd.	63 million yen	100.0%	Development and sales of cosmetics and quasi-drugs
Kurashino Design, Inc.	300 million yen	100.0%	Advertising business, and planning, development, production, editing and sales 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

Notes: 1. Mail & e Business Logistics Service Co., Ltd., which was an affiliate of the Company, became a wholly owned subsidiary of the Company after the Company purchased all shares of Mail & e Business Logistics Service Co., Ltd. held by TOYOTA INDUSTRIES CORPORATION on May 20, 2011.

2. BUDOU Labo Co., Ltd. changed its trade name to n Beauty Science Co., Ltd. on April 1, 2011.

3. n Insurance Service Co., Ltd. changed its trade name to Nissen Life Co., Ltd. on December 21, 2011.

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.

Notes: 1. Mail & e Business Logistics Service Co., Ltd., which was an affiliate of the Company, became a wholly owned subsidiary of the Company after the Company purchased all shares of Mail & e Business Logistics Service Co., Ltd. held by TOYOTA INDUSTRIES CORPORATION on May 20, 2011. As a result, the company was excluded from the scope of application of the equity method.

2. InfoDeliver Corporation, which was an affiliate of the Company, was excluded from the scope of application of the equity method because the Company's influence became insignificant.

(4) Key issues

In the next fiscal year which is the third year of the "Nissen Vision 2012," the medium-term management plan of the Nissen Group, the Nissen Group will be striving to increase net sales and profit through continuous reform in business structures primarily in the direct marketing business, 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 expectations of a further sharp rise in labor costs in China in the future, we will be pursuing an "only one" direct marketing model that enables a reasonable and safe shopping experience for consumers by "polishing up" development capabilities that can accelerate the diversification of production locations and provide high value-added products through SPA, and also by reinforcing "product quality," "service quality," and "user friendliness" which can earn customer support, in an effort to promote steady management under stagnant consumption and growth strategies into the future. Meanwhile, we will be striving to further improve net sales and profitability by expanding overseas operations through the acceleration of store opening and partnerships as well as engaging in the senior business in earnest, 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

Insurance Service Co., Ltd. intends to strengthen its product lineup and face-to-face channels in proposing insurance products with a view to boosting the number of insurance policyholders.

Meanwhile, GE Nissen Credit Co., Ltd. will expand shopping transaction volume by strengthening Internet channels to increase the number of new card members amid a contraction of the market size following full enforcement of the revised Money Lending Business Act, and continue pursuing higher operational efficiency through cost management to cope with a decline in interest income.

Direct sales business

oriental diamond inc., TRECENZI Co., Ltd., and other group companies will strive to generate profit as early as possible through the efforts to stabilize revenues by the continuous reform in business structures to further enhance cost management.

(5) Significant business activities (as of December 20, 2011)

- 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, 2011)

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, Dacca, others
	Directly managed stores	Amagasaki, Sendai, Kawasaki
Mail & e Business Logistics Service Co., Ltd.	Head office	Kyoto
	Headquarters	Awara, Fukui Prefecture
	Domestic centers	Awara, Fukui Prefecture, Inabe, Mie Prefecture, Muko, Kyoto Prefecture

Note: Mail & e Business Logistics Service Co., Ltd. relocated its head office to Awara, Fukui Prefecture on January 11, 2012.

(7) Employees (as of December 20, 2011)

1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
868	64 (increase)

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
34	43 (decrease)	44 years, 5 months	13 years, 9 months

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

(8) Principal lenders (as of December 20, 2011)

Lenders	Outstanding amount of loan (millions of yen)
Resona Bank, Limited	6,608
Bank of Kyoto, Ltd.	4,554
Mizuho Bank, Ltd.	1,781
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	865
Development Bank of Japan Inc.	210

(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, 2011)

- | | | |
|---|---------------|--------------------|
| 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 | | 13,340 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.	3,550	6.99
Japan Trustee Services Bank, Ltd. (Trust account)	2,934	5.78
Resona Bank, Limited	1,630	3.21
Nissen Kyoekai	1,582	3.12
Bank of Kyoto, Ltd.	1,556	3.07
Nihon Unisys, Ltd.	1,501	2.96
Tetsuo Kawashima	1,316	2.59
The Master Trust Bank of Japan, Ltd. (Trust account)	1,276	2.51
Brastsheave Co., Ltd.	1,155	2.27

- Notes: 1. The Company holds 12,635 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, 2011)

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

Name of issue (Date of resolution)	No. 1 Stock acquisition rights (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	163,300 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

Note: Stock acquisition rights allotted to the Corporate Auditors were allotted before they assumed the offices of Corporate Auditors.

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

Name of issue (Date of resolution)	No. 6 Stock acquisition rights (June 3, 2011)
Number of persons to whom rights were allotted and number of rights allotted	
Employees of the Company (including seconded staff)	42 persons 850 rights
Employees of the Company's subsidiaries	346 persons 5,290 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	614,000 shares
Amount paid in upon the exercise of the stock acquisition rights	523 yen
Exercise period for the stock acquisition rights	From June 21, 2013 to June 20, 2014

Note: Two Directors who are concurrently employed as employees have not been counted as employees of the Company.

3) Other significant matters related to stock acquisition rights
Not applicable

(3) Status of shares held by the Company (as of December 20, 2011)

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	25
Total value recorded in the balance sheet	1,086 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	328	For maintenance and reinforcement of business relationship, etc.
Bank of Kyoto, Ltd.	149,589	100	For maintenance and reinforcement of business relationship, etc.
Dai Nippon Printing Co., Ltd.	47,000	34	For maintenance and reinforcement of business relationship, etc.
Nippon Paper Group, Inc.	21,700	34	For maintenance and reinforcement of business relationship, etc.
Resona Holdings, Inc.	93,200	31	For maintenance and reinforcement of business relationship, etc.
KYOTO TOOL CO., LTD.	131,000	28	For maintenance of favorable relationship with local companies
Mitsubishi UFJ Financial Group, Inc.	69,000	22	For maintenance and reinforcement of business relationship, etc.
OHSHO FOOD SERVICE CORP.	10,000	18	For maintenance of favorable relationship with local companies
The Fukui Bank, Ltd.	39,000	8	For maintenance and reinforcement of business relationship, etc.
YAGI & CO.,LTD.	6,589	7	For maintenance and reinforcement of business relationship, etc.
ONWARD HOLDINGS CO., LTD.	9,000	4	For maintenance and reinforcement of business relationship, etc.
Mizuho Financial Group, Inc.	31,100	3	For maintenance and reinforcement of business relationship, etc.
Sumitomo Mitsui Financial Group, Inc.	1,300	2	For maintenance and reinforcement of business relationship, etc.
Nomura Holdings, Inc.	10,300	2	For maintenance and reinforcement of business relationship, etc.
Daiwa Securities Group Inc.	5,463	1	For maintenance and reinforcement of business relationship, etc.

Note: Values in balance sheet in the first stock name 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	4	-	26	-
Shares other than the above	2	0	-	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, 2011)

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, Corporate Control
		Outside Corporate Auditor, GE Nissen Credit Co., Ltd.
		Corporate Auditor, Mail & e Business Logistics Service Co., Ltd.
		Director, Nissen Co., Ltd.
Director	Toshiya Tsukushi	Managing Executive Officer, Chief Financial Officer, and General Manager of Strategy Planning Office
		Director, n Insurance Service Co., Ltd.
		Chairman and Representative Director, GE Nissen Credit Co., Ltd.
		Director, Nissen 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.
		Outside Director, CCS Inc.
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	Scott Trevor Davis	Outside Director, Seven & i Holdings Co., Ltd.
		Professor, College of Business, Rikkyo University
		Outside Director, BRIDGESTONE CORPORATION
Corporate Auditor	Osamu Yamada	Advisor, AOYAMA Capital Partners 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 Scott Trevor Davis and Osamu Yamada 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. The Corporate Auditor Osamu Yamada has accounting experience acquired in a large listed company and considerable knowledge concerning finance and accounting.

4. Mr. Osamu Yamada was newly appointed and assumed the office of Corporate Auditor at the 41st Ordinary General Meeting of Shareholders held on March 17, 2011.

5. Mr. Yoshiharu Takahashi retired as Corporate Auditor due to the expiration of his term of office at the close of the 41st Ordinary General Meeting of Shareholders held on March 17, 2011.

6. There was no change in the positions of Directors during the fiscal year under review.

7. Changes in the positions of Directors as of December 21, 2011 are as follows:

Name	Title(s) after change	Title(s) before change
Toshio Katayama	Chairman and Representative Director	President and Representative Director
Shinya Samura	President and Representative Director	Director, Senior Vice President

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 four 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)	153 million yen	153 million yen
Of which, Outside Directors (4)	30 million yen	30 million yen
Corporate Auditors (4)	44 million yen	44 million yen
Of which, Outside Corporate Auditors (3)	19 million yen	19 million yen
Total	198 million yen	198 million yen

Notes: 1. In addition to the above, 33 million yen is paid to two Directors who are concurrently employed as employees as remuneration for employees.

2. In addition to the above, 39 million yen is paid to three Directors concurrently serving as Directors 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 Outside Director concurrently serving as an Outside Corporate Auditor of a consolidated subsidiary of the Company as basic remuneration for the fiscal year under review payable by such consolidated subsidiary.

4. In addition to the above, 33 million yen is paid to two Directors of a consolidated subsidiary of the Company who are concurrently employed as employees of such consolidated subsidiary as remuneration for employees for the fiscal year under review payable by such consolidated subsidiary.

5. 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).

6. It was resolved at the 37th Ordinary General Meeting of Shareholders held on March 14, 2007 that the remuneration for Corporate Auditors should be within the limit of 50 million yen per year.

3) Matters related to Outside Officers

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	-
		CCS Inc.	Outside 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	Scott Trevor Davis	Seven & i Holdings Co., Ltd.	Outside Director	-
		BRIDGESTONE CORPORATION	Outside Director	-
Corporate Auditor	Osamu Yamada	AOYAMA Capital Partners Co., Ltd.	Advisor	-

ii) Major activities during the fiscal year under review

Title	Name	Major Activities
Director	Takeshi Isokawa	He has participated in all 21 Board of Directors' meetings (including three 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. He has also served as Chairman of the Risk Management Committee, a member of the Corporate Governance Committee and a member of the Nominating and Compensation Committee.
Director	Akira Iwamoto	He has participated in all 21 Board of Directors' meetings (including three 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. He has also served as a member of the Business Risk Review Committee.
Director	Toshio Komada	He has participated in all 21 Board of Directors' meetings (including three 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. He has also served as Chairman of the Nominating and Compensation Committee and Chairman of the Business Risk Review Committee.
Director	Kaori Sasaki	She has participated in 18 out of 21 Board of Directors' meetings (including three 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. She has also served as Vice Chairman of the Compliance Committee and as a member of the Nominating and Compensation Committee.
Corporate Auditor	Scott Trevor Davis	He has participated in all 21 Board of Directors' meetings (including three special Board of Directors' meetings) and all 13 Auditors Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, based on his advanced expertise and insight as a scholar of business with seasoned knowledge of CSR. He has also served as Chairman of the Corporate Governance Committee.

Corporate Auditor	Osamu Yamada	Of the 21 Board of Directors' meetings (including three special Board of Directors' meetings) held during the fiscal year under review, he has participated in all 16 (including three special Board of Directors' meetings) that were held since his appointment. In addition, of the 13 Auditors Committees held during the fiscal year under review, he has participated in all 9 that were held since his appointment. In doing so, he has commented on the agenda for discussion as necessary, based on his experience of business management acquired in a large listed company and holding company, and further experience and insight accumulated while he served as an Outside Corporate Auditor for a listed company. He has also served as a member of the Corporate Governance Committee.
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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	39 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	65 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 1. above shows the total remuneration for both audits.

3) Non-auditing services
Not applicable

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

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

5) Audits of financial statements of the Company's subsidiaries as conducted by certified public accountants or audit corporations that are not the Company's Accounting Auditor

Not applicable

(6) Systems and Policies of the Company

1) Systems to ensure appropriate execution of duties

The Company, 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 Personnel Committee, Group ES Improvement Conference, Group CSR Promotion Conference and each section in charge through the Organizational Rules 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. The internal audit section will investigate the details of reports 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 Organizational Rules 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.

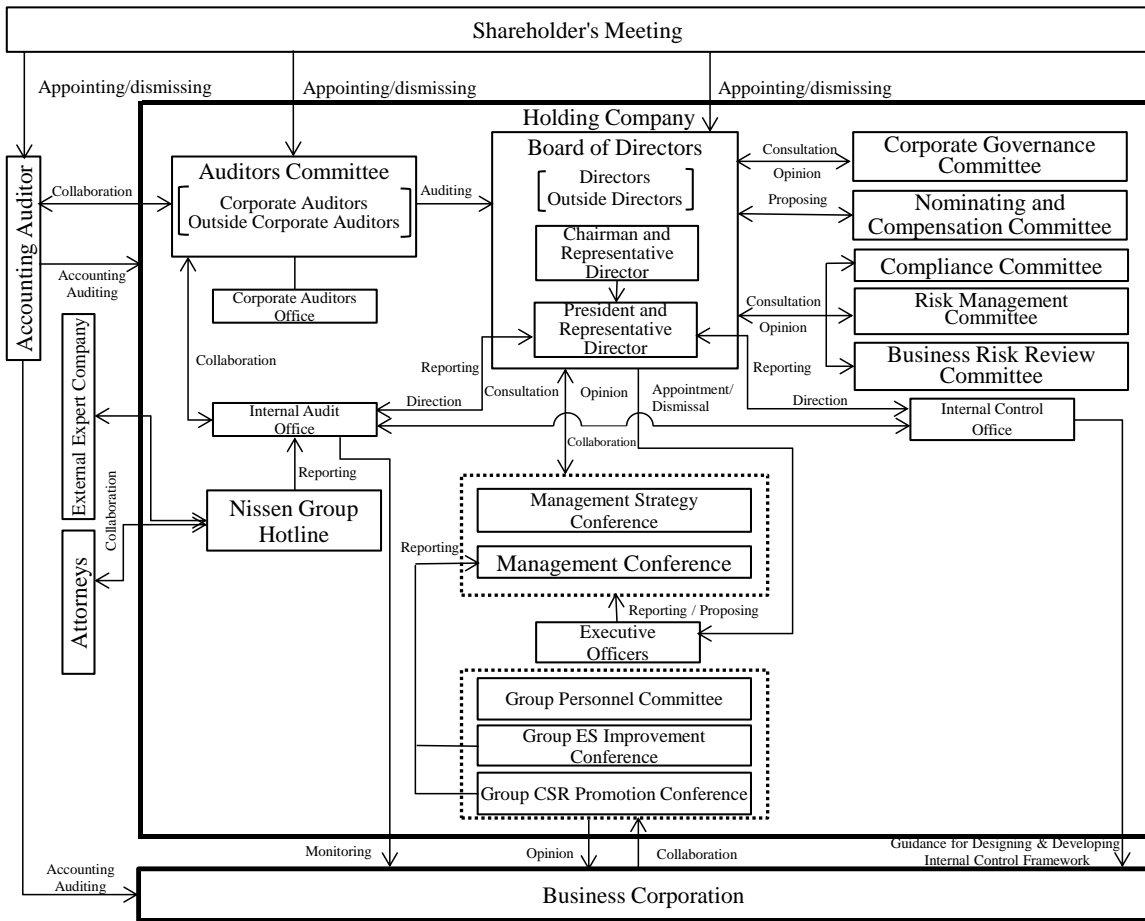
2) The Company's basic policies on the Corporate Governance of the Company

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 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.

(Reference) Governance Organization Chart



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

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

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

B. Special efforts to achieve the basic policies

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 Corporate Governance Committee and Nominating and Compensation 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, foster and secure managerial human resources, 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 efforts will contribute to the common interests of shareholders.

Notes: Fractional units of monetary amounts and numbers of shares indicated in this Business Report are rounded down.

Percentages are rounded to the nearest digit indicated.

Consolidated Balance Sheet

(As of December 20, 2011)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	48,014	Current liabilities	38,103
Cash and deposits	5,100	Notes and accounts payable-trade	20,759
Notes and accounts receivable-trade	9,407	Short-term bank loans	6,693
Securities	10	Lease obligations	872
Inventories	15,779	Accounts payable-other	6,468
Prepaid expenses	7,842	Income taxes payable	72
Deferred tax assets	1,403	Forward exchange contracts	14
Accounts receivable-other	8,007	Allowance for returned goods unsold	284
Others	627	Allowance for returned goods damaged	34
Allowance for doubtful receivables	(163)	Allowance for loss on business liquidation	69
Fixed assets	28,005	Others	2,832
Property, plant and equipment	17,759	Long-term liabilities	12,073
Buildings and structures	10,789	Long-term loans from banks	7,766
Machinery equipment and vehicles	700	Lease obligations	3,818
Tools, furniture, and fixtures	354	Deferred tax liabilities	41
Land	3,251	Asset retirement obligations	253
Lease assets	2,660	Others	193
Construction in progress	2	Total liabilities	50,176
Intangible assets	5,200	Net assets	
Goodwill	902	Shareholders' equity	25,946
Lease assets	3,139	Common stock	11,218
Others	1,158	Capital surplus	11,240
Investments and other assets	5,046	Retained earnings	10,669
Investment in securities	4,129	Treasury stock	(7,180)
Others	1,455	Accumulated other comprehensive income	(112)
Allowance for doubtful receivables	(537)	Net unrealized holding gain (loss) on other securities	(97)
		Deferred hedge gain (loss)	(14)
		Stock acquisition rights	8
		Total net assets	25,843
Total assets	76,019	Total liabilities and net assets	76,019

Consolidated Statement of Income
(From December 21, 2010 to December 20, 2011)

(Millions of yen)

Item	Amount	
Net sales		140,715
Cost of sales		67,050
Gross profit		73,665
Provision of allowance for returned goods unsold		293
Reversal of allowance for returned goods unsold		221
Gross profit-net		73,592
Selling, general and administrative expenses		70,884
Operating income		2,708
Non-operating income		
Interest and dividend income	81	
Commission income	185	
Foreign exchange gain	28	
Equity in earnings of affiliates	19	
Purchase discounts	55	
Miscellaneous income	156	527
Non-operating expenses		
Interest expenses	182	
Commission fee	72	
Miscellaneous expenses	97	352
Ordinary income		2,882
Extraordinary income		
Gain on sales of fixed assets	2	
Gain on sales of investments in securities	26	
Gain on step acquisitions	87	
Gain on reversal of stock acquisition rights	0	115
Extraordinary loss		
Loss on sale or disposal of fixed assets	64	
Loss on write-down of investments in securities	61	
Loss on disaster	91	
Disaster reconstruction assistance expenses	432	
Loss on adjustment for changes of accounting standard for asset retirement obligations	161	810
Income before income taxes and minority interest		2,188
Current income taxes		10
Deferred income taxes		(199)
Income before minority interests		2,377
Net income		2,377

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2010 to December 20, 2011)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2010	11,218	11,240	8,869	(7,179)	24,148
Change in the fiscal year					
Dividend of surplus	—	—	(558)	—	(558)
Net income	—	—	2,377	—	2,377
Purchase of treasury stocks	—	—	—	(1)	(1)
Disposal of treasury stocks	—	—	(0)	0	0
Change of scope of equity method	—	—	(19)	—	(19)
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	—	—	1,799	(1)	1,798
Balance as of Dec. 20, 2011	11,218	11,240	10,669	(7,180)	25,946

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Translation adjustment	Total accumulated other comprehensive income		
Balance as of Dec. 20, 2010	(1)	(187)	(4)	(193)	—	23,954
Change in the fiscal year						
Dividend of surplus	—	—	—	—	—	(558)
Net income	—	—	—	—	—	2,377
Purchase of treasury stocks	—	—	—	—	—	(1)
Disposal of treasury stocks	—	—	—	—	—	0
Change of scope of equity method	—	—	—	—	—	(19)
Changes (net) in items other than shareholders' equity	(95)	172	4	81	8	90
Total changes in the fiscal year	(95)	172	4	81	8	1,888
Balance as of Dec. 20, 2011	(97)	(14)	—	(112)	8	25,843

Notes to Consolidated Financial Statements

1. Basis of preparation of consolidated financial statements

(1) Basis of Consolidation

1) Consolidated subsidiaries

Consolidated subsidiaries: 8

Consolidated subsidiaries

Nissen Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

n Beauty Science Co., Ltd.

Kurashino Design, Inc.

n Insurance Service Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

Nissen Shape Founde Co., Ltd.

Mail & e Business Logistics Service Co., Ltd., which was an affiliate accounted for under the equity method in the previous fiscal year, became a wholly owned subsidiary after the Company acquired its remaining shares on May 20, 2011. As a result, the subsidiary has been included in the scope of consolidation from the current fiscal year. As the Company deems the date for the acquisition of the subsidiary as June 20, 2011, the Company consolidated the statement of income for the six months from June 21, 2011 to December 20, 2011.

In addition, BUDOU Labo Co., Ltd. changed its trade name to n Beauty Science Co., Ltd on April 1, 2011.

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 ten non-consolidated subsidiaries, because these entities are small-scale businesses whose combined total assets, net sales, net income/loss (equity in earnings/loss), and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

(2) Application of the equity method of accounting

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

The company name:

GE Nissen Credit Co., Ltd.

Mail & e Business Logistics Service Co., Ltd., which was an affiliate accounted for under the equity method in the previous fiscal year, has been accounted for as a consolidated subsidiary from the current fiscal year due to the acquisition of its remaining shares. Therefore, the subsidiary was excluded from the scope of application of the equity method. The subsidiary's income/loss until June 20, 2011 (the deemed acquisition date) were accounted for as equity in earnings/losses of affiliates.

InfoDeliver Corporation, which was an affiliate accounted for under the equity method in the previous fiscal year, was excluded from the scope of application of the equity method from the current fiscal year, as the Company's influence became insignificant.

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 excluded from the scope of application of the equity method of accounting, 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
Mail & e Business Logistics Service Co., Ltd.	Dec. 20
n Beauty Science Co., Ltd.	Dec. 20
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 used the actual closings for the subsidiaries oriental diamond inc. and TRECENTI Co., Ltd. in preparing consolidated financial statements, 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.

In addition, the Company has assumed a provisional closing of September 30 for its consolidated subsidiary n Beauty Science Co., Ltd., and made appropriate adjustments for significant transactions during the year from its balance sheet date to the balance sheet date of the consolidated financial statements. However, due to the change in balance sheet date of the subsidiary (from December 31 to December 20) effective as of April 1, 2011, the Company consolidated the subsidiary's financial statements for the 15 months between October 1, 2010 and December 20, 2011, following the provisional closing employed in preparation of the consolidated financial statements for the previous fiscal year.

(4) Accounting principles

1) Valuation criteria and methods for principal assets

A. Securities

Other securities

Securities with market quotations

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

Securities without market quotations

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

B. Derivatives

Market value method

C. Inventories

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: 2-12 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

Lease assets concerning capitalized finance leases

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

Lease assets concerning non-capitalized finance leases

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

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

1) Application of the Accounting Standard for Asset Retirement Obligations

Effective from the current fiscal year, the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are adopted. As a result, operating income decreased by 16 million yen, ordinary income decreased by 44 million yen, and income before income taxes and minority interest decreased by 205 million yen.

2) Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the current fiscal year, the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (Practical Issue Task Force (PITF) No. 24, March 10, 2008) are adopted. These changes have a very minor effect on ordinary income and income before income taxes and minority interest.

(6) Change of presentation

Goodwill, which was included in others in intangible assets in the previous fiscal year, has exceeded 1 percent of total assets. For that reason, it is separately listed effective from the current fiscal year. The amount of goodwill, which was included in others in intangible assets in the previous fiscal year, was 17 million yen.

Purchase discounts, which was included in miscellaneous income in non-operating income in the previous fiscal year, has exceeded 10 percent of non-operating income. For that reason, it is separately listed effective from the current fiscal year. The amount of purchase discounts, which was included in miscellaneous income in non-operating income in the previous fiscal year, was 52 million yen.

2. Notes to consolidated balance sheets

(1) Breakdown of inventories:		
Merchandise and finished goods		15,705 million yen
Raw materials		74 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	606 million yen	(606 million yen)
Land	731 million yen	(731 million yen)
Total	1,338 million yen	(1,338 million yen)
2) Liabilities regarding the collateral		
Short-term bank loans		60 million yen
Long-term loans from banks		150 million yen
Total		210 million yen
(3) Accumulated depreciation of property, plant and equipment:		10,800 million yen
(4) Loan guarantees:		24 million yen

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

(5) Overdraft

The Company and its consolidated subsidiaries, Nissen Co., Ltd. and Mail & e Business Logistics Service 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	25,000 million yen
Credit used	2,200 million yen
Credit available	22,800 million yen

3. Notes to consolidated statement of income

(1) Details of loss on disaster are as follows:		
Fixed expenses during the shutdown and suspension of operations due to the disaster		50 million yen
Disaster consolation money for employees and disaster restoration assistance expenses		16 million yen
Relocation expenses for stores, etc. affected by the disaster		13 million yen
Loss on damage of fixed assets and inventories		7 million yen
Others		3 million yen
Total		91 million yen
(2) Details of disaster reconstruction assistance expenses are as follows:		
Donation of the Company's gift certificates to disaster victims		338 million yen
Contribution		60 million yen
Relief supplies		32 million yen
Others		1 million yen
Total		432 million yen

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

(1) Outstanding shares and treasury stocks

	As of Dec. 20, 2010	Increase	Decrease	As of Dec. 20, 2011
Outstanding shares				
Common shares (Shares)	63,416,332	—	—	63,416,332
Total	63,416,332	—	—	63,416,332
Treasury stock				
Common shares (Shares)	12,633,317	2,718	60	12,635,975
Total	12,633,317	2,718	60	12,635,975

(Details of changes)

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

Purchase of odd-lot shares: 2,718 shares

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

Request for additional purchase of odd-lot shares: 60 shares

(2) Dividends of surplus

1) Dividends payment

Resolution	Type of share	Total amount of dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on March 17, 2011	Common shares	253	5.00	Dec. 20, 2010	March 18, 2011
Board meeting on July 25, 2011	Common shares	304	6.00	June 20, 2011	Sep. 5, 2011

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 16, 2012, as follows.

Type of share	Total amount of dividend (millions of yen)	Source of funds	Dividends per share (yen)	Record date	Effective date
Common shares	304	Retained earnings	6.00	Dec. 20, 2011	March 19, 2012

(3) Stock Acquisition Rights as of December 20, 2011

	Portion resolved at annual shareholders' meeting on March 18, 2003
Type of shares	Common shares
Number of shares	445,900

Note: Shares for which the first day of the exercise period has not come are excluded.

5. Notes to financial instruments

(1) Status of financial instruments

1) Policy for financial instruments

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

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

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

Securities and 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 seven months, following the consolidated balance sheet date.

Bank loans are used for the purpose of financing business investments and operating funds. Part of these funds bears floating interest rates and is exposed to the risk of interest rate fluctuations, but the Group uses derivative instruments (i.e. interest rate swap contracts) to hedge against the risk as necessary. These derivative instruments conducted by the Group involve taking market risks attached to the fluctuations in foreign exchange rates and market interest rates. For details on hedging method and the risk hedged, hedging policy and the method for assessing the effectiveness of a hedge concerning hedge accounting, please refer to the aforementioned "Basis of preparation of consolidated financial statements, (4) Accounting principles, 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, 2011 are as follows. Financial instruments whose fair values are not readily determinable are excluded (see (Note 2)).

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
1) Cash and deposits	5,100	5,100	—
2) Notes and accounts receivable-trade	9,407		
Allowance for doubtful receivables (*1)	(70)		
Notes and accounts receivable-trade (net)	9,337	9,337	—
3) Accounts receivable-other	8,007	8,007	—
4) Securities and investment in securities	666	666	—
Total assets	23,110	23,110	—
1) Notes and accounts payable-trade	20,759	20,759	—
2) Short-term bank loans	2,290	2,290	—
3) Accounts payable-other	6,468	6,468	—
4) Long-term loans from banks (including those due within one year)	12,170	12,182	12
5) Lease obligations (including those due within one year)	4,690	4,869	178
Total liabilities	46,378	46,569	190
Derivative transactions (*2)	(14)	(14)	—

- (*1) Allowance for doubtful receivables provided individually on notes and accounts receivable-trade is deducted.
- (*2) Net debts and credits arising from derivative instruments are stated at their net amounts, and items for which the total become net debts are presented in parentheses.

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) Securities and 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	8,053	—	(14)
Short-cut method applied to forward exchange contracts, etc.	Forward foreign exchange contracts Purchased U.S. dollar	Accounts payable-trade	440	—	(*)

- (*) 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	6,573	4,370	(*)

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

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

Unlisted shares Consolidated balance sheet amount 3,473 million yen

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

6. Notes to real estate for rent, etc.

(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, 2011, the rent income/loss related to such rental properties was 50 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, 2011
Balance as of Dec. 20, 2010	Change in the fiscal year	Balance as of Dec. 20, 2011	
515	(129)	386	694

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 main decreasing factors are decrease of rental area (89 million yen) and depreciation expenses (56 million yen).

3. Market value as of Dec. 20, 2011 is mainly based on the appraisal of properties by an outside real estate appraiser. However, certain appraised amounts and relevant indexes which are deemed to properly reflect the market price had not undergone a significant change since the last appraisal date; therefore the reported amounts represent the amounts adjusted by the relevant appraised amounts and indexes.

7. Notes to per share information

(1) Net asset per share

508.75 yen

(2) Net income per share

46.81 yen

8. Notes to significant subsequent events

Not applicable

Independent Auditors' Report

February 10, 2012

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Ryu Ichida, 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, 2010 to December 20, 2011. 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 42nd fiscal year from December 21, 2010 to December 20, 2011, 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, 2011.

2. Results of Audit

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

February 17, 2012

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Osamu Yamada (Seal)
Outside Corporate Auditor

Non-consolidated Balance Sheet

(As of December 20, 2011)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	4,715	Current liabilities	14,984
Cash and deposits	3,267	Notes payable-trade	5
Securities	10	Short-term bank loans	9,798
Short-term loans receivable from affiliates	930	Long-term loans due within one year	4,403
Accounts receivable from affiliates	618	Lease obligations	266
Others	146	Accounts payable-other	424
Allowance for doubtful receivables	(257)	Accounts expenses	35
Fixed assets	41,518	Income taxes payable	12
Property, plant and equipment	3,911	Others	38
Buildings	862	Long-term liabilities	9,478
Structures	5	Long-term loans from banks	7,766
Automotive equipment and vehicles	2	Lease obligations	1,468
Tools, furniture, and fixtures	166	Allowance for loss on business of affiliates	39
Land	1,187	Asset retirement obligations	164
Lease assets	1,686	Others	38
Intangible assets	151	Total liabilities	24,462
Investments and other assets	37,455	Net assets	
Investment in securities	1,116	Shareholders' equity	21,860
Affiliates stock	22,961	Common stock	11,218
Long-term loans receivable from affiliates	12,365	Capital surplus	11,260
Deferred tax assets	2,261	Additional paid-in capital	11,260
Others	449	Retained earnings	6,562
Allowance for doubtful receivables	(1,699)	Legal reserves	256
		Other retained earnings	6,305
		Special reserves	15,493
		Retained earnings carried forward	(9,187)
		Treasury stock	(7,180)
		Valuation and translation adjustments	(97)
		Net unrealized holding gain (loss) on other securities	(97)
		Stock acquisition rights	8
		Total net assets	21,771
Total assets	46,233	Total liabilities and net assets	46,233

Non-consolidated Statement of Income
(From December 21, 2010 to December 20, 2011)

(Millions of yen)

Item	Amount	
Net sales		4,513
Cost of sales		2,988
Gross profit		1,524
Selling, general and administrative expenses		1,258
Operating income		265
Non-operating income		
Interest and dividend income	160	
Commission income	32	
Miscellaneous income	29	222
Non-operating expenses		
Interest expenses	211	
Provision of allowance for doubtful receivables	35	
Provision for loss on business of affiliates	29	
Miscellaneous expenses	1	278
Ordinary income		209
Extraordinary income		
Gain on sales of investment in securities	26	
Gain on sales of investment in affiliates	1	
Gain on reversal of stock acquisition rights	0	27
Extraordinary loss		
Loss on disposal of fixed assets	54	
Loss on write-down of investment in securities	61	
Disaster reconstruction assistance expenses	10	
Loss on adjustment for changes of accounting standard for asset retirement obligations	114	239
Loss before income taxes		2
Current income taxes		3
Deferred income taxes		290
Net loss		297

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

(From December 21, 2010 to December 20, 2011)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal reserves	Retained earnings		Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings	Retained earnings carried forward	
					Special reserves		
Balance as of Dec 20, 2010	11,218	11,260	11,260	256	15,747	(8,586)	7,418
Change in the fiscal year							
Dividend of surplus	—	—	—	—	—	(558)	(558)
Net loss	—	—	—	—	—	(297)	(297)
Reversal of special reserves	—	—	—	—	(253)	253	—
Purchase of treasury stocks	—	—	—	—	—	—	—
Disposal of treasury stocks	—	—	—	—	—	(0)	(0)
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	—	—	—	—	(253)	(601)	(855)
Balance as of Dec. 20, 2011	11,218	11,260	11,260	256	15,493	(9,187)	6,562

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Total valuation and translation adjustments		
Balance as of Dec 20, 2010	(7,179)	22,716	(1)	(1)	—	22,715
Change in the fiscal year						
Dividend of surplus	—	(558)	—	—	—	(558)
Net loss	—	(297)	—	—	—	(297)
Reversal of special reserves	—	—	—	—	—	—
Purchase of treasury stocks	(1)	(1)	—	—	—	(1)
Disposal of treasury stocks	0	0	—	—	—	0
Changes (net) in items other than shareholders' equity	—	—	(95)	(95)	8	(86)
Total changes in the fiscal year	(1)	(856)	(95)	(95)	8	(943)
Balance as of Dec. 20, 2011	(7,180)	21,860	(97)	(97)	8	21,771

Notes to Non-consolidated Financial Statements

1. Significant accounting policies

(1) Valuation standard and method for securities

1) Equity in subsidiaries and affiliated companies

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

2) Other securities

Securities with market quotations

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

Securities without market quotations

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

(2) Standards and method of derivative instruments

Derivative instruments are stated at market value.

(3) Depreciation and amortization method for tangible fixed assets

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

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

Lease assets concerning non-capitalized finance leases

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

1) 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.

2) Hedging instrument and the risk hedged

Hedging method:

Interest rate swap contracts

Risk hedged:

Bank loans

3) Hedging policy

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

4) Assessing the effectiveness of a hedge

Effectiveness is assessed by rate analysis of the sum total of cash flow fluctuation involving hedged transactions and the sum total of cash flow fluctuation involving the hedge method. When the principal, interest, period, and other terms and conditions of assets or liabilities hedged are identical to the terms and conditions of derivative instruments, the effectiveness of a hedge is significantly high. In these cases, the assessment of effectiveness is omitted.

(6) Accounting for consumption taxes

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

(7) Changes in accounting policy

Application of the Accounting Standard for Asset Retirement Obligations

Effective from the current fiscal year, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) are adopted. As a result, operating income and ordinary income decreased by 14 million yen, respectively, and income before income taxes decreased by 128 million yen.

(8) Change of presentation

Provision for loss on business of affiliates, which had been included in miscellaneous expenses in non-operating expenses up to the previous fiscal year, has exceeded 10 percent of total non-operating expenses. For that reason, it is separately listed effective from the current fiscal year.

Incidentally, the amount of provision for loss on business of affiliates in the previous fiscal year was 6 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	606 million yen	(606 million yen)
Land	731 million yen	(731 million yen)
Total	1,338 million yen	(1,338 million yen)

2) Liabilities regarding the collateral

Long-term loans due within one year		60 million yen
Long-term loans from banks		150 million yen
Total		210 million yen

(2) Accumulated depreciation of property, plant and equipment: 4,030 million yen

(3) Loan guarantees:

Guarantees for loans taken out by Group employees from financial institutions 24 million yen

Guarantee for debts arising from transactions between the following consolidated subsidiaries and financial institutions
Nissen Co., Ltd. 5 million yen

Guarantee for payment obligation of the following consolidated subsidiaries
Nissen Co., Ltd. 5,297 million yen

Guarantee for lease obligation of the following consolidated subsidiaries
Nissen Shape Founde Co., Ltd. 39 million yen

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

1) Short-term receivables	1,564 million yen
2) Long-term receivables	12,366 million yen
3) Short-term payables	7,616 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	21,500 million yen
Credit used	2,200 million yen
Credit available	19,300 million yen

3. Notes to non-consolidated statement of income

(1) Operating transactions with subsidiaries and affiliates:

1) Operating transactions with subsidiaries and affiliates 4,618 million yen

2) Transaction with subsidiaries and affiliates other than operating transactions 226 million yen

(2) Detail of disaster reconstruction assistance expenses is as follows:

Contribution 10 million yen

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

Number of treasury stocks

Type of shares	As of Dec. 20, 2010	Increase	Decrease	As of Dec. 20, 2011
Common shares (shares)	12,633,317	2,718	60	12,635,975
Total	12,633,317	2,718	60	12,635,975

(Details for changes)

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

Purchase of odd-lot shares: 2,718 shares

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

Request for additional purchase of odd-lot shares: 60 shares

5. Deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

	(Millions of yen)
(Deferred tax assets)	
Adjustment for stocks of majority-owned subsidiaries upon demerger	2,293
Loss on write-down of investment in affiliates	1,827
Allowance for doubtful receivables	696
Loss on write-down of investment in securities	290
Loss carried forward	150
Asset retirement obligations	58
Amortization of intangible assets in excess of tax allowance maximum	57
Amortization of telephone subscription right	42
Disallowed accrued bonuses	15
Allowance for loss on business of affiliates	14
Others	33
Deferred tax assets (subtotal)	<u>5,480</u>
Valuation reserve	<u>(3,095)</u>
Total deferred tax assets	<u>2,385</u>
(Deferred tax liabilities)	
Asset retirement cost corresponding to the asset retirement obligation	(19)
Net unrealized holding gain (loss) on other securities	<u>(12)</u>
Total deferred tax liabilities	<u>(32)</u>
Deferred tax assets-net	<u>2,353</u>

(2) Correction of deferred tax assets and deferred tax liabilities according to the changes in the effective statutory tax rate

On December 2, 2011, the “Law for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Law No. 114, 2011) and the “Law on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Law No. 117, 2011) were promulgated. As a result, the corporate income tax rate will be changed from the fiscal years beginning on and after April 1, 2012.

In conjunction with these changes, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be changed as follows depending on the period when the temporary differences are expected to be resolved.

Until December 20, 2012: 40.6%

From December 21, 2012 to December 20, 2015: 38.0%

After December 21, 2015: 35.6%

As a result of this change, the net amount of deferred tax assets (less the amount of deferred tax liabilities) has decreased by 318 million yen, and the amounts of deferred income taxes and net unrealized holding gain (loss) on other securities have increased by 320 million yen and 1 million yen, respectively.

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	Borrowing of funds (Note 1)	—	Short-term borrowings	6,664
				Payment of interest (Note 1)	45	—	—
				House rent income	295	Accounts receivable from affiliates -other	25
				Commission income of operation consignment	1,074	Accounts receivable from affiliates -other	93
				Receipt of system fees	2,241	Accounts receivable from affiliates -other	185
				Commission income	27	Accounts receivable from affiliates -other	10
				Guarantee liability (Note 4)	5,302	—	—
				Guaranteed liability (Note 5)	5,520	—	—
	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and combination of offices of Directors or Corporate Auditors	Lending of funds (Note 2)	9,550	Short-term loans receivable from affiliates	680
				Recovery of funds (Note 2)	390	Long-term loans receivable from affiliates	8,480
				Receipt of interest (Note 2)	75	Accrued income	7
				Borrowing of funds (Note 1)	—	Short-term borrowings	344
				Payment of interest (Note 1)	1	—	—
				Receipt of system fees	481	Accounts receivable from affiliates -other	38
	n Beauty Science Co., Ltd.	Direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 2)	12	Short-term loans receivable from affiliates (Note 7)	250
				Recovery of funds (Note 2)	32	Long-term loans receivable from affiliates (Note 7)	450
				Receipt of interest (Note 2)	11	—	—
	Kurashino Design, Inc.	Direct ownership 100.0%	Borrowing and lending	Recovery of funds (Note 2)	60	Long-term loans receivable from affiliates (Note 7)	700
				Receipt of interest (Note 2)	11	—	—
	n Insurance Service Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and combination of offices of Directors or Corporate Auditors	Repayment of funds (Note 3)	200	Short-term borrowings	500
				Payment of interest (Note 3)	5	—	—
	oriental diamond inc.	Direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 2)	785	Long-term loans receivable from affiliates (Note 7)	2,500
				Recovery of funds (Note 2)	785	—	—
Receipt of interest (Note 2)				40	Accrued income	7	

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 Shape Founde Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and guarantee liability	Lending of funds (Note 2)	70	—	—
				Recovery of funds (Note 2)	95	—	—
				Receipt of interest (Note 2)	0	—	—
				House rent income	12	Accounts receivable from affiliates –other (Note 7)	1
				Receipt of system fees	13	Accounts receivable from affiliates –other (Note 7)	0
Guarantee liability (Note 6)	39	—	—				

Trade conditions and related policies

- Notes:
1. The Company has introduced the Cash Management System (CMS) to conduct unified management of funds within the Group. However, since it is practically difficult to add up the transaction amounts for each transaction with respect to fund transactions using CMS, only the balance as of the end of the fiscal term is presented. Interest is reasonably determined based on the market rate.
 2. Interest on loans receivables is reasonably determined based on the market rate.
 3. Interest on loans payables is reasonably determined based on the market rate.
 4. The Company guarantees liability for transactions with financial institutions and the payment obligations of Nissen Co., Ltd. The Company does not receive any guarantee fee for these guarantees.
 5. The Company receives a guarantee from Nissen Co., Ltd. for borrowing from financial institutions. The Company does not pay any guarantee fee for this guarantee.
 6. 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.
 7. The Company records an allowance for doubtful receivables totaling 1,957 million yen for doubtful accounts from subsidiaries. The Company also records provisions of allowance for doubtful receivables totaling 49 million yen in the current fiscal year.
 8. The amount for transactions excludes consumption taxes, and the balance as of the end of the fiscal term includes consumption taxes.

8. Notes to per share information

(1) Net asset per share	428.56 yen
(2) Net loss per share	5.84 yen

9. Significant subsequent events

Not applicable

Independent Auditors' Report

February 10, 2012

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Ryu Ichida, 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 42nd fiscal term from December 21, 2010 to December 20, 2011, 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 42nd fiscal term from December 21, 2010 to December 20, 2011, prepared this Audit Report and hereby submits it as follows:

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

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

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

With respect to the establishment of the system for ensuring that the Directors' duties are performed in conformity with laws, regulations, and the Articles of Incorporation of the Company, which is described in the business reports, and the other system required to ensure the proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law, each Corporate Auditor periodically received reports from Directors and employees, requested explanations as necessary, and expressed his or her opinions on the contents of the resolutions adopted by the Board of Directors thereon and the status of the establishment and operation of the systems (Internal Control System) to be established in accordance with the resolution of the Board of Directors. Each Corporate Auditor also reviewed the basic policy stipulated in Item 3 (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, 2011.

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, 2011, together with the supplementary schedules for the same year.

2. Results of Audit

(1) Results of the audit of business reports

1. The business reports and supplementary schedules present fairly the financial condition of the Company in

conformity with related laws, regulations, and the Articles of Incorporation of the Company;

2. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company; and

3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the details stated in the business reports or the execution of duties by Directors relating to such internal control system.

4. There are no matters to be pointed out with respect to the basic principles on the parties who are to control the decision of the Company's financial and operational policies described in the business reports. Activities described in the business reports in accordance with Item 3 (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 17, 2012

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Osamu Yamada (Seal)
Outside Corporate Auditor

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus and payment of a year-end dividend for the 42nd 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 ¥6.00 per share of Nissen Holdings common stock.

In this case the total amount to be paid out in the form of dividends comes to ¥304,682,142.

(3) Effective date for payment of dividend of surplus

March 19, 2012

2. Appropriation of surplus

(1) Items to be decreased and amount of decrease

Special reserves

304,682,142 yen

(2) Items to be increased and amount of increase

Retained earnings carried forward

304,682,142 yen

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

1. Reason for the proposition

- (1) The Company proposes to add the following provisions to the Articles of Incorporation in response to new business activities in the Nissen group.
- (2) With a view to further enhancement of the Company's corporate governance, the Company aims to clearly separate the Board of Directors' management supervisory function and business execution function by assigning the post of "Chairman of the Board of Directors" who shall be appointed from among Outside Directors.

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) Sale of clothing, jewelry and precious metal goods, food products, non-alcoholic beverages, furniture, fittings, fixtures, household articles, daily miscellaneous goods, business supplies, electronic appliances, amusement supplies, sporting goods, toys, books, cosmetics, animals and plants, print materials and package materials, various media content and other commodities, and the manufacture, processing, wholesaling, conciliation, import, export, and leasing of goods related to these products;	(1) Sale of clothing, jewelry and precious metal goods, food products, non-alcoholic beverages, furniture, fittings, fixtures, household articles, daily miscellaneous goods, business supplies, electronic appliances, amusement supplies, sporting goods, toys, <u>newspapers, magazines and books</u> , cosmetics, animals and plants, print materials and package materials, various media content and other commodities, and the manufacture, <u>production</u> , processing, wholesaling, conciliation, <u>agency</u> , import, export, and leasing of goods related to these products;
(2) to (7) (Omitted)	(2) to (7) (Unchanged)
(8) Advertising agency business;	(8) Advertising agency business <u>and display business</u> ;
(9) to (31) (Omitted)	(9) to (31) (Unchanged)
(New)	<u>(32) Provision of payment service in connection with e-commerce and other transactions</u>
(New)	<u>(33) Production of image, audio and textual information, commercial photography business and rental photography studio business</u>
<u>(32)</u> All businesses incidental to any of the above businesses	<u>(34)</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 24. (Omitted)	Articles 3. to Article 24. (Unchanged)
(Convener of the Board of Directors and Chairman)	(Convener of the Board of Directors and Chairman)
Article 25 (New)	Article 25. <u>The Board of Directors shall appoint the Chairman of the Board of Directors from among Outside Directors.</u>

Existing Articles of Incorporation	Proposed Amendments
<p>Except as otherwise provided by laws and regulations, the <u>President and Director</u> shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>2. When the <u>President and Director</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>Article 26. to Article 42. (Omitted)</p>	<p>2. Except as otherwise provided by laws and regulations, the <u>Chairman of the Board of Directors</u> shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>3. When the <u>Chairman of the Board of Directors</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>Article 26. to Article 42. (Unchanged)</p>

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 Toshio Katayama, Shinya Samura, Nobuyuki Ichiba, Toshiya Tsukushi, Takeshi Isokawa, Toshio Komada, and Kaori Sasaki (three of whom are Outside Directors) to the position of Director for the coming term of office, and the election of Tamaki Wakita (as a newly appointed candidate) to the position of Director for the coming term of office, for the purpose of strengthening the management system.

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)	<p>August 1973 Joined Nissen Holdings Co., Ltd.</p> <p>December 1981 Elected Director</p> <p>March 1986 Elected Managing Director</p> <p>November 1999 Elected Representative Executive Director</p> <p>December 2000 Elected President and Representative Director</p> <p>June 2007 Elected President and Representative Director of Nissen Co., Ltd. (demerged from Nissen Holdings Co., Ltd.)</p> <p>December 2011 Elected Chairman and Representative Director (current position)</p>	124,400 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>March 2010 Elected Director and Senior Vice President</p> <p>December 2011 Elected President and Representative Director (current position)</p>	82,900 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>	46,300 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
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 Nissen Life 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>	15,500 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>	2,400 shares
6	Toshio Komada (March 18, 1937)	<p>April 1959 Joined ITOCHU Corporation</p> <p>June 1990 Elected Director of ITOCHU Corporation</p> <p>June 1992 Elected Representative Managing Director of ITOCHU Corporation</p> <p>April 1995 Elected Senior Managing Director of ITOCHU Corporation</p> <p>June 1996 Elected Senior Vice President and Representative Director of Takiron Co., Ltd.</p> <p>June 2001 Elected Chairman and Representative Director of Takiron Co., Ltd.</p> <p>June 2003 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 Japan Corporate Governance 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
7	Kaori Sasaki (May 12, 1959)	<p>July 1987 Elected President and Representative Director of UNICUL International Inc. (current position)</p> <p>March 2000 Elected President and Representative Director of ewoman, Inc. (current position)</p> <p>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>April 2011 Elected Member of the Information and Communications and Posts Administrative Council, Ministry of Internal Affairs and Communications (current position)</p>	0
8	Tamaki Wakita (May 12, 1972)	<p>April 1995 Joined Nichimen Corporation (current Sojitz Corporation)</p> <p>February 2002 Joined General Electric International Inc.</p> <p>February 2003 Joined Nissen Holdings Co., Ltd.</p> <p>June 2005 Appointed Group Leader of Corporate Planning Group</p> <p>June 2006 Elected Executive Officer, serving concurrently as Manager, Corporate Planning Office</p> <p>June 2008 Elected Director of Nissen Co., Ltd.</p> <p>March 2009 Elected Director of GE Nissen Credit Co., Ltd.</p> <p>November 2009 Elected Director and Executive Officer, serving concurrently as General Manager, Strategy Planning Department of Nissen Co., Ltd.</p> <p>December 2010 Elected Executive Officer, serving concurrently as Manager, Public Relations Planning Office</p> <p>November 2011 Elected Director and Executive Officer, serving concurrently as General Manger, Marketing Department of Nissen Co., Ltd. (current position)</p> <p>December 2011 Elected Executive Officer, Corporate Marketing Control (current position)</p> <p>December 2011 Elected Director of u & n Co., Ltd. (current position)</p>	29,100 shares

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

2. Tamaki Wakita is a new candidate for Director.

3. Takeshi Isokawa, 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.

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

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

Standards for the Election of Outside Directors

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

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

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

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

(2) Takeshi Isokawa is a lawyer familiar with corporate legal work. The Company believes that, based on his advanced expertise and knowledge, he will continue to actively contribute to the sustainability and development of the Company's compliance management, along with the promotion of the creation of a proper risk management structure. He has also served as chairman of the Risk Management Committee, a member of the Corporate Governance Committee and a member of the Nominating and Compensation Committee. His term of office as an Outside Director will have been five years at the end of this General Meeting of Shareholders.

(3) Toshio Komada has held posts as corporate director and has extensive career experience of international business. The Company believes that he will continue to contribute to the Company's portfolio management by drawing fully on his global viewpoint. He has also served as chairman of both the Nominating and Compensation Committee and Business Risk Review Committee. His term of office as an Outside Director will have been four years at the end of this General Meeting of Shareholders.

(4) 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 deliver business judgments from the consumer viewpoint. She has also served as vice chairman of the Compliance Committee and a member of the Nominating and Compensation Committee. Her term of office as an Outside Director will have been four years at the end of this General Meeting of Shareholders.

5. 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 Two Corporate Auditors

Two Corporate Auditors of the Company (Yasoji Mori and Scott Trevor Davis) will complete their terms of office at the closing of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of the above two Corporate Auditors (one of whom is Outside Corporate Auditor) 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 candidates for 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	Yasoji Mori (October 19, 1947)	<p>October 1974 Joined Nissen Holdings Co., Ltd.</p> <p>April 1987 Appointed Administrative Manager, Direct Sales Division</p> <p>December 2000 Elected Executive Officer, serving concurrently as Administrative Manager</p> <p>December 2005 Elected Executive Officer in charge of Legal and Compliance, Corporate Center</p> <p>March 2006 Elected Full-time Corporate Auditor (current position)</p> <p>June 2007 Elected Corporate Auditor of Nissen Co., Ltd.</p>	38,400 shares
2	Scott Trevor Davis (December 26, 1960)	<p>April 2001 Appointed Professor of International Business Administration Department, The International School of Economics and Business Administration, Reitaku University</p> <p>May 2004 Elected Director of Ito-Yokado Co., Ltd.</p> <p>June 2004 Appointed Management Advisory Member of Integrex Inc.</p> <p>September 2005 Elected Director of Seven & i Holdings Co., Ltd. (current position)</p> <p>March 2006 Elected Corporate Auditor of Nissen Holdings Co., Ltd. (current position)</p> <p>April 2006 Appointed Professor of College of Business, Rikkyo University (current position)</p> <p>March 2011 Elected Director of BRIDGESTONE CORPORATION (current position)</p>	0

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

2. Scott Trevor Davis is a candidate for Outside Corporate Auditor. 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) Scott Trevor Davis is a scholar of business with seasoned knowledge of CSR. 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 chairman of the Corporate Governance

Committee. His term of office as an Outside Corporate Auditor will have been six 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 Corporate Auditors, 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 (in case that Proposal No. 4 is approved and passed in its original form), Corporate Auditor, and Shinichiro Kawazoe as a candidate Substitute Corporate Auditor to substitute for Scott Trevor Davis (in case that Proposal No. 4 is approved and passed in its original form) and Osamu Yamada, Outside Corporate Auditors. The Board of Corporate Auditors has previously given its approval.

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

Candidate Number	Name (Date of Birth)	Career summary, Position, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
1	Hidekazu Tamada (July 10, 1952)	<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</p> <p>February 2012 Elected Corporate Auditor of Nissen Co., Ltd. (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 candidate for Substitute Outside Corporate Auditor are as follows.

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

Standards for the Election of Outside Corporate Auditors

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

- conducted from neutral and objective viewpoints.
- 2) Upon the election of new Outside Corporate Auditors, the Company pays attention to the assurance of its independency, in order to meet the original purposes of the election of Outside Corporate Auditors.
 - (2) Shinichiro Kawazoe has career experience in domestic and overseas companies and job experience as a Corporate Auditor. The Company believes that he will make use of his experience for the Company's audit.
 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 Thursday, March 15, 2012. 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 AM – 9:00 PM Free-dial)
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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