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Securities Code: 8248

February 21, 2013

To Those Shareholders with Voting Rights

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

NOTICE OF THE 43rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 43rd 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 14, 2013.

* Please refer to the items stipulated in "Information on Exercising Voting Rights" on pages 62 to 63 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Friday, March 15, 2013
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 43rd Fiscal Term (from December 21, 2011 to December 20, 2012) 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 43rd Fiscal Term (from December 21, 2011 to December 20, 2012)

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 Nine Directors
- Proposal No. 4:** Election of Two Substitute Corporate Auditors

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

- (1) If you plan to exercise your voting rights by proxy, the proxy can only be another shareholder with voting rights of the Company. In this case, please hand in your letter of proxy together with your Voting Rights Exercise Form at the front desk.

- (2) If you plan to diversely exercise your voting rights, please send the Company a written notice of this plan and your reasons for it by no later than three days prior to the date of this General Meeting of Shareholders.

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

Attached Documents

BUSINESS REPORT (from December 21, 2011 to December 20, 2012)

1. Current Status of the Company Group

(1) Business Status for the Current Year

1) Business performance and results

In the current fiscal year, although the Japanese economy continues to recover on the back of demand related to reconstruction after the Great East Japan Earthquake, the economic outlook remains uncertain due to factors such as the European debt crisis, in addition to weakened growth in the Chinese economy and worsening relations between Japan and China and other factors.

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, as the final 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 is steadily taking initiatives in accordance with priority measures, including forging a capital and business alliance with UCC Holdings Co., Ltd., and making SHADDY CO., LTD. a wholly owned subsidiary. Nissen Group also expanded the store business of smiLeLand which integrates online and actual store business, collaborated with leading Japanese designers to develop products each season as strategic products with a view to higher added value, and formed a comprehensive business alliance with Culture Convenience Club Co., Ltd. in order to pursue business development and enhance competitiveness. Furthermore, a basic agreement was concluded with Amazon.co.jp. regarding logistics for large items in order to further increase customer satisfaction and streamline logistics.

During the current fiscal year, the Company acquired all outstanding shares of SHADDY CO., LTD. and included the company and its subsidiaries in the scope of consolidation. In addition, names of the former “direct marketing business,” “financial services business,” and “direct sales business” segments have been changed to “commerce business,” “finance business,” and “other business” respectively.

With respect to the Nissen Group’s corporate activities, although Nissen Co., Ltd. experienced a drop in sales chiefly owing to sluggish sales reflecting a temporary decline in the sales-to-order ratio, along with challenging conditions for autumn products due to lingering high temperatures and restrained promotion spending, sales of the Nissen Group as a whole increased year on year thanks to the inclusion of results from the three Shaddy-related consolidated companies (SHADDY CO., LTD., and its wholly owned subsidiaries Enicil Co., Ltd., and Three Heart Corporation Co., Ltd.) in the consolidated results from the second half of the fiscal year.

In terms of profitability, operating income fell year-on-year due to factors including a decrease in profits at Nissen Co., Ltd. following a decline in sales, and expenses arising from improvements to QSC (Quality, Service, Clearness) with an emphasis on quality enhancement, as well as a periodic loss associated with the disruption during replacement of the system at the three SHADDY-related consolidated companies. With regard to non-operating income/expenses items, at equity method affiliates in the finance business, a downward trend in requests for interest refunds continued and a significant decrease in doubtful debts related expenses resulted in equity in earnings/losses of affiliates which contributed to profits. However, the negative impact of operating income kept ordinary income below the results of the previous fiscal year.

With regard to extraordinary income/loss items, 216 million yen in gain on negative goodwill associated with making consolidated subsidiaries of SHADDY CO., LTD. and its two subsidiaries was posted as extraordinary income. However, an impairment loss of 151 million yen recorded on the relocation of the Company’s head office, along with a 120 million yen loss on write-down of investments in securities, were recorded as the extraordinary loss. As for net income, results decreased year-on-year due to posting of 468 million yen in deferred income taxes as tax expenses resulting from partial reversal of deferred tax assets.

As a result, net sales for the current fiscal year increased by 25.5% year-over-year to 176,613 million yen (+35,897 million yen), operating income decreased by 77.7% year-over-year to 602 million yen (-2,105 million yen), ordinary income decreased by 65.7% year-over-year to 988 million yen (-1,894 million yen), net income decreased by 89.9% year-over-year to 239 million yen (-2,137 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.

Commerce business segment

The commerce business segment saw a year-on-year increase in net sales backed by a rise due to the consolidation of business results from the three SHADDY-related consolidated companies, which partly offset sluggish sales resulting from a decline in the sales-to-order ratio associated with an increase in order cancellations during the first half of the fiscal year at Nissen Co., Ltd., and, in the second half, restrained promotion spending and the challenging conditions for autumn products due to lingering high temperatures.

In terms of profitability, segment income was down year-on-year, resulting from a decrease in profits at Nissen Co., Ltd. following a decline in sales, along with expenses for enhancement of QSC with a view to improving the repeat purchase rate for the medium term timeline, an increase in depreciation expenses associated with systems investments, and a periodic loss associated with the disruption during replacement of the system at the three SHADDY-related consolidated companies.

As a result, segment sales in the current fiscal year increased by 26.9% year-over-year to 170,532 million yen (+36,190 million), and segment income decreased by 72.7% year-over-year to 1,017 million yen (-2,713 million yen).

Finance business segment

In the finance business segment, at Nissen Life Co., Ltd., net sales and operating income increased year-on-year as the company regularly reviewed channels and methods, cutting back on inefficient media, in order to capture new customers, while also enhancing marketing efficiency through a flexible approach that included strengthening consultation visits for those who request face-to-face service.

Meanwhile, segment income increased year-on-year as a result of ongoing enhancement of the cost structure at GE Nissen Credit Co., Ltd., an equity method affiliate of the Company, as well as a reduction in doubtful debts related expenses due to significantly improved debt collection and other factors.

As a result, segment sales in the current fiscal year increased 2.6% year-over-year to 1,931 million yen (+49 million yen), and segment income was 725 million yen (segment loss for the same period of the previous year was 61 million yen.)

Other business segment

In other business segment, although net sales were down year-on-year due to factors including the sale of Nissen Shape Founde Co., Ltd. in July 2012 and the exclusion of the company from consolidated results, segment result got better, reflecting steady performance resulting from marketing cultivation and sales promotion measures at two consolidated companies. Furthermore, owing to the withdrawing from some businesses as part of reform in business structures, a loss on disposal of stock was posted as loss on business withdrawal under extraordinary loss.

As a result, segment sales in the current fiscal year decreased by 9.5% year-over-year to 4,366 million yen (-456 million yen), and segment loss was 24 million yen (segment loss in the same period of the previous year was 113 million yen).

3) Status of capital investments

The total capital investments of the corporate group during the fiscal year under review amounted to 2,092 million yen, mainly as a result of investment in software and equipment related to systems and logistics facilities.

4) Status of funding

The Company acquired short-term borrowing of 4,739 million yen and long-term borrowing of 10,000 million yen.

The Company and its consolidated subsidiaries (Nissen Co., Ltd., SHADDY CO., LTD., Enicil Co., Ltd., Mail & e Business Logistics Service Co., Ltd., and Three Heart Corporation Co., Ltd.) have signed overdraft agreements with ten correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:

Current account of overdraft	30,050 million yen
Credit used	6,500 million yen
Credit available	23,550 million yen

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

The Company made SHADDY CO., LTD. and its two subsidiaries the Company's consolidated subsidiaries by acquiring all shares in SHADDY CO., LTD. on March 30, 2012.

The Company sold all shares it owned in Nissen Shape Founde Co., Ltd., which was a subsidiary of the Company, on July 27, 2012, and therefore excluded the company from the scope of consolidation.

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

	Fiscal term ended December 20, 2009 (40th Term)	Fiscal term ended December 20, 2010 (41st Term)	Fiscal term ended December 20, 2011 (42nd Term)	Fiscal term ended December 20, 2012 (43rd Term)
Net sales (Millions of yen)	141,469	137,392	140,715	176,613
Ordinary income (Millions of yen)	2,696	2,846	2,882	988
Net income (Millions of yen)	1,540	3,001	2,377	239
Net income per share (Yen)	30.33	59.10	46.81	4.00
Total assets (Millions of yen)	58,174	60,407	76,019	105,866
Net assets (Millions of yen)	17,099	23,954	25,843	29,434
Net assets per share (Yen)	336.68	471.71	508.75	484.60

(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%	Mail-order business through catalogs and the Internet, plus store retailing of apparel.
SHADDY CO., LTD.	3,445 million yen	100.0%	Sales of gift items and lifestyle-related goods through a "bricks-and-clicks business model"
Enicil Co., Ltd.	100 million yen	100.0%	Sales and wholesale of gift items through catalogs and the Internet
Mail & e Business Logistics Service Co., Ltd.	980 million yen	100.0%	Logistics business
Three Heart Corporation Co., Ltd.	300 million yen	100.0%	Logistics business
Kurashino Design, Inc.	300 million yen	100.0%	Advertising business, and planning, development, production, editing and sales of a catalog information magazine.
n Beauty Science Co., Ltd.	63 million yen	100.0%	Planning, development, sales and wholesale of cosmetics and quasi-drugs
Nissen Life Co., Ltd.	100 million yen	100.0%	Life insurance solicitation business and non-life insurance agency business
oriental diamond inc.	100 million yen	100.0%	Import 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

Notes: 1. SHADDY CO., LTD. became a wholly owned subsidiary of the Company after the Company purchased all shares of SHADDY CO., LTD. previously held by UCC Holdings Co., Ltd., on March 30, 2012.

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

3. The Company sold all shares it owned in Nissen Shape Founde Co., Ltd. on July 27, 2012, and therefore excluded the company from the scope of consolidation.

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.

(4) Key issues

The Nissen Group will be striving to increase net sales and profit in the next fiscal year through continuous reform in business structures primarily in the commerce business, in order to respond to an inconsistent economic climate.

Commerce business

In the commerce business, the principal business of the Nissen Group, we will improve operating rates and repeat purchase rate by carrying out ongoing QSC enhancement in order to improve customer satisfaction and business quality, with a view to building a distinct business that makes the most of our strength in data base marketing and our powerful direct marketing logistics infrastructure. Meanwhile, we will be striving to further improve net sales and profitability through initiatives such as making promotion spending more efficient, enhancing usability for smartphones and developing sales measures using AR technology. Furthermore, we will strengthen delivery-related services including introduction of free shipping, generate synergies between Nissen Co., Ltd. and SHADDY CO., LTD., enhance the catalogs for the senior market, and prepare for the introduction of the T-point service operated and provided by T-point Japan Co., Ltd.*

* A new company established to carry on the T-point business when the Culture Convenience Club Co., Ltd. spun off that business into a separate company through a corporate divestiture.

Finance business

Nissen Life Co., Ltd. intends to strengthen its product lineup and face-to-face channels, including consultation visits, with a view to boosting the number of insurance policyholders. Note that contracts related to receipt of revenue from the former mutual aid contract portfolio that was transferred at the time of the revision to the Insurance Business Act are currently under litigation, and we are working to resolve the situation quickly.

Meanwhile, at GE Nissen Credit Co., Ltd., although profit margins shrunk because of a significant decrease in the provision of allowance for doubtful receivables accompanying improvement in doubtful-debt amid better market conditions, we will implement initiatives toward a new growth model.

Other business

Group companies of oriental diamond inc. and TRECENTI Co., Ltd. will strive to stabilize revenues by the continuous reform in business structures to further enhance cost management.

(5) Significant business activities (as of December 20, 2012)

- 1) Mail-order business and sales representation business for apparel, lifestyle-related goods, etc., along with sales and wholesale of gift items through a “bricks-and-clicks business model” combining stores and various media (catalogs, Internet, mobile phones, etc.)
- 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, 2012)

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, Hyogo Prefecture; Sendai, Miyagi Prefecture; Kawasaki, Kanagawa Prefecture; Shibuya, Tokyo; Chiba, Chiba Prefecture
Mail & e Business Logistics Service Co., Ltd.	Head office	Awara, Fukui Prefecture
	Headquarters	Awara, Fukui Prefecture
	Domestic centers	Awara, Fukui Prefecture; Inabe, Mie Prefecture; Muko, Kyoto Prefecture
SHADDY CO., LTD.	Head office	Minato, Tokyo
	Headquarters	Minato, Tokyo
	Domestic centers	Matsubara, Osaka Prefecture; Iwafune-machi, Shimotsugagun, Tochigi Prefecture; Higashioumi, Shiga Prefecture; Eniwa, Hokkaido; Asakura, Fukuoka Prefecture

Note: SHADDY CO., LTD. became a wholly owned subsidiary of the Company after the Company purchased all shares of SHADDY CO., LTD. previously held by UCC Holdings Co., Ltd., on March 30, 2012.

(7) Employees (as of December 20, 2012)

1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
1,476	608 (Increase)

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

2. Major reason for an increase of 608 in the number of employees compared to the end of the previous fiscal year is that the scope of consolidation newly included three subsidiaries - SHADDY CO., LTD., Enicil Co., Ltd. and Three Heart Corporation Co., Ltd.

2) Number of employees of the Company

Number of employees	Increase/decrease from end of previous fiscal year	Average age	Average length of employment
32	2 (Decrease)	45 years, 4 months	14 years, 6 months

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

(8) Principal lenders (as of December 20, 2012)

Lenders	Outstanding amount of loan (Millions of yen)
Resona Bank, Limited	9,174
Bank of Kyoto, Ltd.	7,033
Mizuho Bank, Ltd.	2,994
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,497
Sumitomo Mitsui Banking Corporation	1,550

(9) Other significant matters related to the corporate group

1) Regarding the relocation of Company head office

As of December 21, 2012, the Company relocated its head office to 26 Nishikujoimachi, Minami-ku, Kyoto.

2) Regarding the lawsuit filed claiming payment of surplus funds (unsettled money) from transfer of mutual aid contract portfolio

On November 28, 2012, the Company's subsidiary Nissen Life Co., Ltd. filed a lawsuit against Zurich Life Insurance Company Ltd, seeking payment of surplus funds (unsettled money) from the transfer of the mutual aid contract portfolio.

2. Status of the Company

(1) Information on shares to be issued by the Company (as of December 20, 2012)

- | | | |
|---|---------------|--------------------|
| 1) Number of shares authorized to be issued | | 140,000,000 shares |
| 2) Number of shares issued | Common shares | 63,473,832 shares |
| 3) Number of shareholders | | 14,440 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 (%)
UCC Holdings Co., Ltd.	12,683	20.90
THN, LLC	3,516	5.79
THN Cayman, Inc.	2,244	3.70
Japan Trustee Services Bank, Ltd. (Trust account)	1,742	2.87
Resona Bank, Limited	1,630	2.69
Bank of Kyoto, Ltd.	1,624	2.68
Nissen Kyoekai	1,574	2.60
Nihon Unisys, Ltd.	1,501	2.47
Tetsuo Kawashima	1,321	2.18
Brastsheave Co., Ltd.	1,155	1.90

Notes: 1. The Company holds 2,797 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, 2012)

- 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. 7 Stock acquisition rights (July 20, 2012)
Number of persons to whom rights were allotted and number of rights allotted Employees of the Company (including seconded staff) Officers and Employees of the Company's subsidiaries (including the Company's indirectly-owned subsidiaries)	39 persons 840 rights 482 persons 6,940 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	778,000 shares
Amount paid in upon the exercise of the stock acquisition rights	373 yen
Exercise period for the stock acquisition rights	From August 6, 2014 to August 5, 2015

Note: Three 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, 2012)

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	1,144 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	367	For maintenance and reinforcement of business relationship, etc.
Bank of Kyoto, Ltd.	149,589	108	For maintenance and reinforcement of business relationship, etc.
Resona Holdings, Inc.	93,200	35	For maintenance and reinforcement of business relationship, etc.
KYOTO TOOL CO., LTD.	131,000	34	For maintenance of favorable relationship with local companies
Mitsubishi UFJ Financial Group, Inc.	69,000	30	For maintenance and reinforcement of business relationship, etc.
Dai Nippon Printing Co., Ltd.	47,000	30	For maintenance and reinforcement of business relationship, etc.
Nippon Paper Group, Inc.	21,700	25	For maintenance and reinforcement of business relationship, etc.
OHSHO FOOD SERVICE CORP.	10,000	19	For maintenance of favorable relationship with local companies
YAGI & CO.,LTD.	7,661	10	For maintenance and reinforcement of business relationship, etc.
The Fukui Bank, Ltd.	39,000	6	For maintenance and reinforcement of business relationship, etc.
ONWARD HOLDINGS CO., LTD.	9,000	5	For maintenance and reinforcement of business relationship, etc.
Mizuho Financial Group, Inc.	31,100	4	For maintenance and reinforcement of business relationship, etc.
Nomura Holdings, Inc.	10,300	4	For maintenance and reinforcement of business relationship, etc.
Sumitomo Mitsui Financial Group, Inc.	1,300	3	For maintenance and reinforcement of business relationship, etc.
Daiwa Securities Group Inc.	5,463	2	For maintenance and reinforcement of business relationship, etc.

Note: Values in balance sheet in the 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	0	-	13	-
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, 2012)

Position	Name	Responsibility or representation in other corporations
Chairman and Representative Director	Toshio Katayama	-
President and Representative Director	Shinya Samura	President and Representative Director, Nissen Co., Ltd.
		Director, SHADDY CO., LTD.
		Director, Mail & e Business Logistics Service Co., Ltd.
Director	Nobuyuki Ichiba	Managing Executive Officer, Corporate Control of the Company
		Director, Nissen Co., Ltd.
		Chairman and Representative Director, SHADDY CO., LTD.
		Director, Enicil Co., Ltd.
		Corporate Auditor, Mail & e Business Logistics Service Co., Ltd.
		President and Representative Director, Three Heart Corporation Co., Ltd.
		Outside Corporate Auditor, GE Nissen Credit Co., Ltd.
Director	Toshiya Tsukushi	Managing Executive Officer, Group Strategies and Financial Affairs Control of the Company
		Director, Nissen Co., Ltd.
		Vice President and Representative Director, SHADDY CO., LTD.
		Director, Nissen Life Co., Ltd.
		Chairman and Representative Director, GE Nissen Credit Co., Ltd.
Director	Tamaki Wakita	Executive Officer, Corporate Marketing Control of the Company
		Director, Executive Officer and General Manager of Marketing Department of Nissen Co., Ltd.
		Director, u & n Co., Ltd.
Director	Takeshi Isokawa	Partner/attorney, Global Law Office
		Outside Corporate Auditor, Nissen Co., Ltd.
		Outside Corporate Auditor, IMJ Corporation
Director	Toshio Komada	Chairman of the Board of Directors of the Company
		Director, Japan Corporate Governance Network (a non profit organization)
Director	Kaori Sasaki	President and Representative Director, ewoman, Inc.
		President and Representative Director, UNICUL International Inc.
		Outside Corporate Auditor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
		Outside Director, NEC Corporation
Full-time Corporate Auditor	Yasoji Mori	Corporate Auditor, SHADDY CO., LTD.
Corporate Auditor	Scott Trevor Davis	Professor, College of Business, Rikkyo University
		Outside Director, Seven & i Holdings Co., Ltd.
		Outside Director, BRIDGESTONE CORPORATION
Corporate Auditor	Osamu Yamada	Advisor, AOYAMA Capital Partners Co., Ltd.

Notes:1. The Directors Takeshi Isokawa, Toshio Komada and Kaori Sasaki are Outside Directors, as prescribed by Article 2 Item 15 of the Corporation Act. Incidentally, they are designated as the independent directors/corporate auditors who have no potential conflict of interests with general shareholders as mandated by financial instruments exchanges on which the Company's stock is

listed.

2. The Corporate Auditors Scott Trevor Davis and Osamu Yamada are Outside Corporate Auditors, as prescribed by Article 2 Item 16 of the Corporation Act. Incidentally, they are designated as the independent directors/corporate auditors who have no potential conflict of interests with general shareholders as mandated by financial instruments exchanges on which the Company's stock is listed.
3. The Corporate Auditor Osamu Yamada has accounting experience acquired in a large listed company and considerable knowledge concerning finance and accounting.
4. Mr. Tamaki Wakita was newly appointed and assumed the office of Directors at the 42nd Ordinary General Meeting of Shareholders held on March 16, 2012.
5. Mr. Akira Iwamoto retired as Director due to the expiration of his term of office at the close of the 42nd Ordinary General Meeting of Shareholders held on March 16, 2012.
6. Changes in the positions of Directors during the fiscal year under review are as follows:

Name	Title(s) after change	Title(s) before change
Toshiya Tsukushi	Director and Managing Executive Officer, Group Strategies and Financial Affairs Control	Director, Managing Executive Officer, Chief Financial Officer and General Manager of Strategy Planning Office

2) Total remuneration for Directors and Corporate Auditors

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

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

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

Title	Total remuneration	Total amount by remuneration type
		Basic remuneration
Directors (9)	129 million yen	129 million yen
Of which, Outside Directors (4)	29 million yen	29 million yen
Corporate Auditors (3)	40 million yen	40 million yen
Of which, Outside Corporate Auditors (2)	19 million yen	19 million yen
Total	169 million yen	169 million yen

- Notes: 1. In addition to the above, 64 million yen is paid to three Directors who are concurrently employed as employees as remuneration for employees.
2. In addition to the above, 40 million yen is paid to four 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, 18 million yen is paid to three 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

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

Title	Name	Name of legal entity in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	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	Toshio Komada	Japan Corporate Governance Network (a non profit organization)	Director	-
Director	Kaori Sasaki	ewoman, Inc.	President and Representative Director	-
		UNICUL International Inc.	President and Representative Director	-
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	Outside Corporate Auditor	-
		NEC Corporation	Outside Director	-
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	-

B. Major activities during the fiscal year under review

Title	Name	Major Activities
Director	Takeshi Isokawa	He has participated in all 25 Board of Directors' meetings (including seven 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 Business Risk Review Committee, a member of the Nominating and Compensation Committee and a member of the Corporate Governance Committee.
Director	Toshio Komada	He has participated in all 25 Board of Directors' meetings (including seven 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 Board of Directors, Chairman of the Nominating and Compensation Committee and a member of the Business Risk Review Committee.
Director	Kaori Sasaki	She has participated in 22 out of 25 Board of Directors' meetings (including seven 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 Chairman of the Group Compliance Committee and as a member of the Nominating and Compensation Committee.
Corporate Auditor	Scott Trevor Davis	He has participated in 22 out of 25 Board of Directors' meetings (including seven special Board of Directors' meetings) and all 14 Auditors Committees (including three special 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	He has participated in all 25 Board of Directors' meetings (including seven special Board of Directors' meetings) and all 14 Auditors Committees (including three special Auditors Committees) held during the fiscal year under review. In doing so, he commented on the agenda for discussion as necessary, based on his advanced knowledge of business management acquired in a large listed 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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C. 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 Act pursuant to the provision of Article 427 Paragraph 1 of the Corporation Act. 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 Act, provided that the relevant Outside Director or Outside Corporate Auditor has performed his duties in good faith and without gross negligence.

(5) Accounting Auditor

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

2) Amount of remuneration paid to the Accounting Auditor

	Amount paid
1. Amount of remuneration paid to the Accounting Auditor in the fiscal year under review	38 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	95 million yen

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

3) Non-auditing services

The Company paid remuneration to the Accounting Auditor for non-auditing services, which are financial due diligence activities.

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 Act 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 Group Risk Management Committee as an advisory body to the Board of Directors with regard to the overall risk management activities of the Company and its affiliated companies. Chairman and vice chairman of the Group 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 Group Risk Management Committee will regularly receive reports on the state of risks from the section in charge of dealing with risks, and review, report, and make decisions on matters related to the risk management of the Company and its affiliated companies 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 Group 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 Group Compliance Committee as an advisory body to the Board of Directors, responsible for overall compliance enforcement efforts within the Company and its affiliated companies. Chairman and vice chairman of the Group 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 Group 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 Group 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
 - a. Staff of the Auditors Committee will be dedicated to assisting with the duties of the Corporate Auditor.
 - b. Staff of the internal audit section will assist with the duties of the Corporate Auditor.
 - c. 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. Looking ahead to the future, the Company believes that, in addition to implementation of appropriate business action plans such as improvements in growth potential and profitability primarily in

its commerce business, optimization of its business portfolio through the selection and concentration of management resources, and formation of strategic alliances in a proactive manner, the enhancement of a group management foundation to sustain stable and ongoing improvements in corporate values over the long term is essential for the Company's survival in the intense competition in the retail market in which the Company operates, and to become "a company group that will develop through all eternity" as envisioned by the Company since its foundation. 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 commerce business as its core business, in response to the changes in market conditions and competitive environment in the future.

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

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

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

B. Special efforts to achieve the basic policies

As part of its efforts to reinforce the infrastructure for group management for the purpose of enhancing corporate values on a medium-to-long-term term, the Company has implemented the following reforms: established a pure holding company system, ensured that the number of independent outside directors comprises one third or more of the board members, optimized the number of internal directors, separated in principle the executive officers serving for parent companies and their subsidiaries, and established the Corporate Governance Committee and Nominating and Compensation Committee, each chaired by outside officers and 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 Act at about the time the Policy was originally discussed, and the enforcement of the Act 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, 2012)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	62,407	Current liabilities	56,303
Cash and deposits	7,176	Notes and accounts payable-trade	31,101
Notes and accounts receivable-trade	17,268	Short-term bank loans	10,456
Inventories	20,163	Lease obligations	1,084
Prepaid expenses	7,081	Accounts payable-other	7,526
Deferred tax assets	1,182	Income taxes payable	277
Accounts receivable-other	9,158	Allowance for returned goods unsold	193
Forward exchange contracts	427	Allowance for returned goods damaged	34
Others	512	Allowance for loss on business liquidation	69
Allowance for doubtful receivables	(562)	Others	5,560
Fixed assets	43,458	Long-term liabilities	20,128
Property, plant and equipment	25,689	Long-term loans from banks	13,539
Buildings and structures	14,448	Lease obligations	3,493
Machinery equipment and vehicles	1,659	Deferred tax liabilities	562
Tools, furniture, and fixtures	379	Allowance for retirement benefits	1,541
Land	6,292	Asset retirement obligations	293
Lease assets	2,846	Others	699
Construction in progress	62	Total liabilities	76,431
Intangible assets	9,439	Net assets	
Goodwill	805	Shareholders' equity	29,149
Lease assets	2,564	Common stock	11,218
Software	5,804	Capital surplus	11,240
Others	265	Retained earnings	7,613
Investments and other assets	8,329	Treasury stock	(922)
Investment in securities	6,521	Accumulated other comprehensive income	254
Others	2,698	Net unrealized holding gain (loss) on other securities	(4)
Allowance for doubtful receivables	(890)	Deferred hedge gain (loss)	258
		Stock acquisition rights	30
		Total net assets	29,434
Total assets	105,866	Total liabilities and net assets	105,866

Consolidated Statement of Income
(From December 21, 2011 to December 20, 2012)

(Millions of yen)

Item	Amount	
Net sales		176,613
Cost of sales		96,516
Gross profit		80,097
Provision of allowance for returned goods unsold		212
Reversal of allowance for returned goods unsold		249
Gross profit-net		80,133
Selling, general and administrative expenses		79,531
Operating income		602
Non-operating income		
Interest and dividend income	47	
Commission income	95	
Foreign exchange gain	37	
Equity in earnings of affiliates	454	
Purchase discounts	44	
Miscellaneous income	229	909
Non-operating expenses		
Interest expenses	297	
Commission fee	24	
Miscellaneous expenses	202	523
Ordinary income		988
Extraordinary income		
Gain on sales of investments in securities	56	
Gain on reversal of stock acquisition rights	0	
Gain on negative goodwill	216	
Gain on reversal of asset retirement obligations	83	357
Extraordinary loss		
Loss on sale or disposal of fixed assets	21	
Impairment loss	151	
Loss on write-down of investments in securities	120	
Loss on business withdrawal	84	377
Income before income taxes and minority interest		968
Current income taxes		260
Deferred income taxes		468
Income before minority interests		239
Net income		239

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2011 to December 20, 2012)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 21, 2011	11,218	11,240	10,669	(7,180)	25,946
Change in the fiscal year					
Dividend of surplus	—	—	(685)	—	(685)
Net income	—	—	239	—	239
Purchase of treasury stocks	—	—	—	(917)	(917)
Disposal of treasury stocks	—	—	(2,609)	7,175	4,566
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	—	—	(3,055)	6,258	3,203
Balance as of Dec. 20, 2012	11,218	11,240	7,613	(922)	29,149

	Accumulated other comprehensive income			Stock acquisition rights	Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Total accumulated other comprehensive income		
Balance as of Dec. 21, 2011	(97)	(14)	(112)	8	25,843
Change in the fiscal year					
Dividend of surplus	—	—	—	—	(685)
Net income	—	—	—	—	239
Purchase of treasury stocks	—	—	—	—	(917)
Disposal of treasury stocks	—	—	—	—	4,566
Changes (net) in items other than shareholders' equity	93	273	366	21	388
Total changes in the fiscal year	93	273	366	21	3,591
Balance as of Dec. 20, 2012	(4)	258	254	30	29,434

Notes to Consolidated Financial Statements

1. Basis of preparation of consolidated financial statements

(1) Basis of Consolidation

1) Consolidated subsidiaries

Consolidated subsidiaries: 10

Consolidated subsidiaries

Nissen Co., Ltd.

SHADDY CO., LTD.

Enicil Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

Three Heart Corporation Co., Ltd.

Kurashino Design, Inc.

n Beauty Science Co., Ltd.

Nissen Life Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

SHADDY CO., LTD. and its wholly-owned subsidiaries Enicil Co., Ltd. and Three Heart Corporation Co., Ltd. have been included in the scope of consolidation from the current fiscal year, as a result of the Company's acquisition of all the outstanding shares in SHADDY CO., LTD. on March 30, 2012. As the Company deems the date for the acquisition of the subsidiary as March 31, 2012, the Company consolidated the statement of income for the six months from April 1, 2012 to September 30, 2012.

This change in the scope of consolidation will have a material influence on the consolidated statement of income for the next fiscal year.

Nissen Shape Founde Co., Ltd., which was the Company's consolidated subsidiary in the previous fiscal year, has been excluded from the scope of consolidation as the Company sold all the shares in the subsidiary on July 27, 2012.

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

(2) Application of the equity method of accounting

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

The company name:

GE Nissen Credit Co., Ltd.

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

Shanghai Nissen Garments & Inspection Co., Ltd.

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

The aforementioned 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
SHADDY CO., LTD.	Mar. 31
Enicil Co., Ltd.	Mar. 31
Mail & e Business Logistics Service Co., Ltd.	Dec. 20
Three Heart Corporation Co., Ltd.	Mar. 31
Kurashino Design, Inc.	Dec. 20
n Beauty Science Co., Ltd.	Dec. 20
Nissen Life Co., Ltd.	Dec. 20
oriental diamond inc.	Sep. 30
TRECENTI Co., Ltd.	Sep. 30

In preparation of the consolidated financial statements, the Company consolidated the provisional financial statements for SHADDY CO., LTD., Enicil Co., Ltd. and Three Heart Corporation Co., Ltd., each of which was prepared based on the assumed closing date of September 30. In addition, 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.

(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)

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

Useful life of principal assets is as follows:

Buildings and structures: 2-50 years

Machinery equipment and vehicles: 2-17 years

Tools, furniture, and fixtures: 2-20 years

B. Intangible assets (excluding lease assets)

Amortization is computed by the straight-line method.

The development costs for software intended for internal use are amortized over an expected useful life of 5 years or 10 years by the straight-line method.

C. Lease assets

Lease assets concerning capitalized finance leases

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

Lease assets concerning non-capitalized finance leases

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

value.

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 collectability.

B. Allowance for returned goods unsold

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

C. Allowance for returned goods damaged

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

D. Allowance for 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.

E. Allowance for retirement benefits

To prepare for the payment of employees' retirement benefits, the Company's consolidated subsidiary SHADDY CO., LTD. booked an allowance for estimated retirement benefits, based on the projected retirement benefit obligations as of the end of the current fiscal year. Actuarial differences are charged to expenses evenly from the fiscal year following the fiscal year in which the actuarial gain or loss is recognized, over the determined years (10 years) not longer than the average remaining service years of employees at the time of the difference occurring in each fiscal year.

Meanwhile, to prepare for the payment of employees' retirement benefits, Three Heart Corporation Co., Ltd., the Company's consolidated subsidiary, booked the required amount to be paid for voluntary retirements at the end of fiscal year as a retirement benefit obligation.

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.

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 difficult to distinguish from changes in accounting estimates

The Company and its consolidated subsidiaries have changed their method for depreciation reflecting the revised Corporation Tax Act from the current fiscal year, following the revision of the Act, in respect to property, plant and equipment acquired on or after April 1, 2012.

The impact of this change on the business results is minimal.

(6) Change of presentation

Software, which was included in others under intangible assets in the previous fiscal year, has exceeded 5 percent of total assets. For that reason, it is separately listed effective from the current fiscal year. The amount of software, which was included in others under intangible assets in the previous fiscal year, was 1,122 million yen.

(7) Additional information

The Company applies the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) for accounting changes and corrections of prior period errors which are made on or after the beginning of the current fiscal year.

2. Notes to consolidated balance sheets

(1) Breakdown of inventories:		
Merchandise and finished goods		20,006 million yen
Raw materials		156 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	490 million yen	(490 million yen)
Land	409 million yen	(409 million yen)
Total	900 million yen	(900 million yen)
2) Liabilities regarding the collateral		
Short-term bank loans		60 million yen
Long-term loans from banks		90 million yen
Total		150 million yen
(3) Accumulated depreciation of property, plant and equipment:		25,774 million yen
(4) Loan guarantees:		
Guarantees for loans taken out by Group employees from financial institutions		23 million yen
Guarantees for lease contracts of the following company		
NSF Co., Ltd.		28 million yen
(5) Liquidation of notes receivable		
The Company transferred part of its notes receivable to liquidate the receivables.		
As a result of the liquidation of notes receivable-trade, the funds reserved for the purpose of credit enhancement were reported as an element of accounts receivable-other.		
The amount of transferred notes receivable-trade for liquidation	1,971 million yen	
The amount of reserved funds for credit enhancement	473 million yen	
(6) Overdraft		
The Company and its consolidated subsidiaries, Nissen Co., Ltd., SHADDY CO., LTD., Enicil Co., Ltd., Mail & e Business Logistics Service Co., Ltd. and Three Heart Corporation Co., Ltd. have signed overdraft agreements with ten correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:		
Current account of overdraft		30,050 million yen
Credit used		6,500 million yen
Credit available		23,550 million yen

3. Notes to consolidated statement of income

(1) Impairment loss:

1) Assets recognized impairment loss

Principal use	Description of assets	Venue
Head office	Buildings and structures Tools, furniture, and fixtures Land	Minami-ku, Kyoto

2) Background of the recognition of impairment loss

As a result of the head office relocation, the Company recognized impairment loss on the assets to be sold or disposed.

3) Amount of impairment loss

Buildings and structures	36 million yen
Tools, furniture, and fixtures	0 million yen
Land	115 million yen
Total	151 million yen

4) Method for grouping of assets

In principle, grouping of assets is carried out on the basis of business segments, and for idle assets the method of individual grouping is used. As for head office, it has been grouped independently since the period of the decision to relocate.

5) Calculation method for recoverable value

The recovery value of the relevant assets is measured based on their net realizable values. For assets to be sold, the estimated disposal cost is deducted from the contract price. For assets to be disposed, the disposal value is set at zero.

(2) The breakdown of a loss on business withdrawal is set out below.

Loss on disposal of inventories	84 million yen
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4. Notes to consolidated statement of changes in shareholders' equity, etc.

(1) Outstanding shares and treasury stocks

	As of Dec. 21, 2011	Increase	Decrease	As of Dec. 20, 2012
Outstanding shares				
Common shares (Shares)	63,416,332	57,500	—	63,473,832
Total	63,416,332	57,500	—	63,473,832
Treasury stock				
Common shares (Shares)	12,635,975	2,787,684	12,626,200	2,797,459
Total	12,635,975	2,787,684	12,626,200	2,797,459

(Outlines of changes)

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

Issuance of new shares through the third-party allocation method: 57,500 shares

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

Acquisition of treasury stock in accordance with the resolution of the Board of Directors: 2,787,100 shares

Purchase of odd-lot shares: 384 shares

Inclusion of a company that held shares in the Company in the scope of consolidation: 200 shares

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

Disposal of treasury stock through the third-party allocation method: 12,626,000 shares

Sale of the Company's shares by a consolidated subsidiary to a party outside the scope of consolidation: 200 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 16, 2012	Common shares	304	6.00	December 20, 2011	March 19, 2012
Board meeting on July 20, 2012	Common shares	380	6.00	June 20, 2012	September 10, 2012

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 15, 2013, 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	364	Retained earnings	6.00	December 20, 2012	March 18, 2013

(3) Stock Acquisition Rights as of December 20, 2012

	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.

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 8 years, following the consolidated balance sheet date.

Bank loans are used for the purpose of financing business investments and operating funds. Part of these funds bears floating interest rates and is exposed to the risk of interest rate fluctuations, but the Group uses derivative instruments (i.e. interest rate swap contracts) to hedge against the risk as necessary. These derivative instruments conducted by the Group involve taking market risks attached to the fluctuations in foreign exchange rates and market interest rates. For details on hedging method and the risk hedged, hedging policy and the method for assessing the effectiveness of a hedge concerning hedge accounting, please refer to the aforementioned "Basis of preparation of consolidated financial statements, (4) Accounting principles, 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 financial matters upon obtaining the approval by authorized officers. The Group enters into contracts for derivative instruments only with high credit rated financial institutions, in order to reduce the credit risk of counterparty default on these contracts.

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

3) Supplementary information on the market value of financial instruments

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

(2) Market value, etc. for financial instruments

Consolidated balance sheet amounts, market values and the difference between the two as of December 20, 2012 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	7,176	7,176	—
2) Notes and accounts receivable-trade	17,268		
Allowance for doubtful receivables (*1)	(357)		
Notes and accounts receivable-trade (net)	16,911	16,911	—
3) Accounts receivable-other	9,158	9,158	—
4) Investment in securities	780	780	—
Total assets	34,026	34,026	—
1) Notes and accounts payable-trade	31,101	31,101	—
2) Short-term bank loans	7,029	7,029	—
3) Accounts payable-other	7,526	7,526	—
4) Long-term loans from banks (including those due within one year)	16,966	17,012	46
5) Lease obligations (including those due within one year)	4,577	4,725	148
Total liabilities	67,201	67,395	194
Derivative transactions (*2)	427	427	—

(*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) 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	7,467	—	427
Short-cut method applied to forward exchange contracts, etc.	Forward foreign exchange contracts Purchased U.S. dollar	Accounts payable-trade	696	—	(*)

(*) 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	9,320	7,468	(*)

(*) 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:

(Millions of yen)

classification	Consolidated balance sheet amount
Unlisted shares	5,579
Capital investment of Investment LPS	161

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

6. Notes to real estate for rent, etc.

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

7. Notes to per share information

(1) Net asset per share 484.60 yen
(2) Net income per share 4.00 yen

8. Notes to significant subsequent events

Not applicable

Independent Auditors' Report

February 8, 2013

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

Takao Oshitani, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 444, Paragraph 4, of the Corporation Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity etc., and notes to the consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the fiscal year from December 21, 2011 to December 20, 2012.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

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

Conflicts of Interest

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

Audit Report on the Consolidated Financial Statements

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each Corporate Auditor concerning the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and notes to consolidated financial statements) for the 43rd fiscal year from December 21, 2011 to December 20, 2012, 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, 2012.

2. Results of Audit

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

February 15, 2013

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, 2012)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	8,121	Current liabilities	21,747
Cash and deposits	6,210	Notes payable-trade	4
Short-term loans receivable from affiliates	930	Short-term bank loans	16,800
Accounts receivable from affiliates	595	Long-term loans due within one year	3,427
Others	696	Lease obligations	286
Allowance for doubtful receivables	(311)	Accounts payable-other	1,101
Fixed assets	53,507	Accounts expenses	43
Property, plant and equipment	3,677	Income taxes payable	14
Buildings	994	Others	69
Structures	4	Long-term liabilities	15,037
Automotive equipment and vehicles	1	Long-term loans from banks	13,539
Tools, furniture, and fixtures	97	Lease obligations	1,253
Land	1,072	Allowance for loss on business of affiliates	46
Lease assets	1,506	Asset retirement obligations	168
Intangible assets	71	Others	30
Investments and other assets	49,759	Total liabilities	36,785
Investment in securities	1,182	Net assets	
Affiliates stock	35,917	Shareholders' equity	24,815
Long-term loans receivable from affiliates	11,365	Common stock	11,218
Deferred tax assets	2,223	Capital surplus	11,260
Others	674	Additional paid-in capital	11,260
Allowance for doubtful receivables	(1,605)	Retained earnings	3,260
		Legal reserves	256
		Other retained earnings	3,003
		Special reserves	15,188
		Retained earnings carried forward	(12,185)
		Treasury stock	(922)
		Valuation and translation adjustments	(2)
		Net unrealized holding gain (loss) on other securities	(2)
		Stock acquisition rights	30
		Total net assets	24,843
Total assets	61,628	Total liabilities and net assets	61,628

Non-consolidated Statement of Income
(From December 21, 2011 to December 20, 2012)

(Millions of yen)

Item	Amount	
Net sales		4,792
Cost of sales		3,344
Gross profit		1,447
Selling, general and administrative expenses		1,216
Operating income		231
Non-operating income		
Interest and dividend income	225	
Commission income	19	
Reversal of allowance for doubtful receivables	40	
Miscellaneous income	16	303
Non-operating expenses		
Interest expenses	270	
Provision for loss on business of affiliates	6	
Miscellaneous expenses	34	312
Ordinary income		222
Extraordinary income		
Gain on sales of investment in securities	13	
Gain on reversal of stock acquisition rights	0	
Gain on reversal of asset retirement obligations	83	97
Extraordinary loss		
Loss on disposal of fixed assets	9	
Impairment loss	143	
Loss on write-down of investment in securities	46	
Loss on sale of affiliates stock	10	
Loss on write-down of affiliates stock	73	283
Income before income taxes		36
Current income taxes		3
Deferred income taxes		40
Net loss		(7)

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

(From December 21, 2011 to December 20, 2012)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal reserves	Retained earnings		
		Additional paid-in capital	Total capital surplus		Other retained earnings		Total retained earnings
				Special reserves	Retained earnings carried forward		
Balance as of Dec. 21, 2011	11,218	11,260	11,260	256	15,493	(9,187)	6,562
Change in the fiscal year							
Dividend of surplus	—	—	—	—	—	(685)	(685)
Net loss	—	—	—	—	—	(7)	(7)
Reversal of special reserves	—	—	—	—	(304)	304	—
Purchase of treasury stocks	—	—	—	—	—	—	—
Disposal of treasury stocks	—	—	—	—	—	(2,609)	(2,609)
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	—	—	—	—	(304)	(2,997)	(3,302)
Balance as of Dec. 20, 2012	11,218	11,260	11,260	256	15,188	(12,185)	3,260

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Total valuation and translation adjustments		
Balance as of Dec. 21, 2011	(7,180)	21,860	(97)	(97)	8	21,771
Change in the fiscal year						
Dividend of surplus	—	(685)	—	—	—	(685)
Net loss	—	(7)	—	—	—	(7)
Reversal of special reserves	—	—	—	—	—	—
Purchase of treasury stocks	(917)	(917)	—	—	—	(917)
Disposal of treasury stocks	7,175	4,566	—	—	—	4,566
Changes (net) in items other than shareholders' equity	—	—	95	95	21	116
Total changes in the fiscal year	6,258	2,955	95	95	21	3,072
Balance as of Dec. 20, 2012	(922)	24,815	(2)	(2)	30	24,843

Notes to Non-consolidated Financial Statements

1. Significant accounting policies

(1) Valuation standard and method for securities

1) Equity in subsidiaries and affiliated companies

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

2) Other securities

Securities with market quotations

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

Securities without market quotations

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

(2) Standards and method of derivative instruments

Derivative instruments are stated at market value.

(3) Depreciation and amortization method for tangible fixed assets

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

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

Useful life of principal assets is as follows

Buildings: 2-49 years

Attached structures: 3-20 years

Tools, furniture, and fixtures: 3-15 years

2) Intangible assets (excluding lease assets)

Amortization is computed by the straight-line method.

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

3) Lease assets

Lease assets concerning capitalized finance leases

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

Lease assets concerning non-capitalized finance leases

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

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 collectability for doubtful claims.

2) Allowance for loss on business of affiliates

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

(5) Significant accounting policies for hedges

1) Hedge accounting method

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

2) Hedging instrument and the risk hedged

Hedging method:

Interest rate swap contracts

Risk hedged:

Bank loans

3) Hedging policy

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

4) Assessing the effectiveness of a hedge

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

(6) Accounting for consumption taxes

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

(7) Changes in accounting policy difficult to distinguish from changes in accounting estimates

The Company has changed its method for depreciation reflecting the revised Corporation Tax Act from the current fiscal year, following the revision of the Act, in respect to property, plant and equipment acquired on or after April 1, 2012.

The impact of this change on the business results is minimal.

(8) Additional information

The Company applies the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) for accounting changes and corrections of prior period errors which are made on or after the beginning of the current fiscal year.

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	490 million yen	(490 million yen)
Land	409 million yen	(409 million yen)
Total	900 million yen	(900 million yen)

2) Liabilities regarding the collateral

Long-term loans due within one year 60 million yen

Long-term loans from banks 90 million yen

Total 150 million yen

(2) Accumulated depreciation of property, plant and equipment: 4,281 million yen

(3) Loan guarantees:

Guarantees for loans taken out by Group employees from financial institutions 23 million yen

Guarantee for payment obligation of the following consolidated subsidiaries

Nissen Co., Ltd. 4,209 million yen

Guarantee for lease contracts of the following company

NSF Co., Ltd. 28 million yen

(4) Liquidation of notes receivable

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

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

The amount of transferred notes receivable-trade for liquidation 1,971 million yen

The amount of reserved funds for credit enhancement 473 million yen

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

1) Short-term receivables 1,540 million yen

2) Long-term receivables 11,365 million yen

3) Short-term payables 10,827 million yen

(6) Overdraft

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

Current account of overdraft and commitment line 25,500 million yen

Credit used 6,500 million yen

Credit available 19,000 million yen

3. Notes to non-consolidated statement of income

Operating transactions with subsidiaries and affiliates:

1) Operating transactions with subsidiaries and affiliates 5,307 million yen

2) Transaction with subsidiaries and affiliates other than operating transactions 278 million yen

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

Number of treasury stocks

Type of shares	As of Dec. 21, 2011	Increase	Decrease	As of Dec. 20, 2012
Common shares (Shares)	12,635,975	2,787,484	12,626,000	2,797,459
Total	12,635,975	2,787,484	12,626,000	2,797,459

(Outlines of changes)

Notes: 1. Breakdown of the increase in common shares of treasury stock is as follows.

Acquisition of treasury stock in accordance with the resolution of the Board of Directors: 2,787,100 shares

Purchase of odd-lot shares: 384 shares

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

Disposal of treasury stock through the third-party allocation method: 12,626,000 shares

5. Deferred tax accounting

Significant components of deferred tax assets and liabilities

(Millions of yen)

(Deferred tax assets)	
Adjustment for stocks of majority-owned subsidiaries upon demerger	2,293
Loss on write-down of investment in affiliates	1,825
Allowance for doubtful receivables	671
Loss on write-down of investment in securities	292
Loss carried forward	119
Asset retirement obligations	60
Impairment loss	54
Amortization of telephone subscription right	42
Amortization of intangible assets in excess of tax allowance maximum	36
Allowance for loss on business of affiliates	16
Disallowed accrued bonuses	3
Others	56
Deferred tax assets (subtotal)	<u>5,472</u>
Valuation reserve	<u>(3,100)</u>
Total deferred tax assets	<u>2,372</u>
(Deferred tax liabilities)	
Asset retirement cost corresponding to the asset retirement obligation	(47)
Net unrealized holding gain (loss) on other securities	<u>(22)</u>
Total deferred tax liabilities	<u>(69)</u>
Deferred tax assets-net	<u>2,303</u>

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	6,443
				Payment of interest (Note 1)	37	—	—
				House rent income	296	Accounts receivable from affiliates-other	25
				Commission income of operation consignment	1,104	Accounts receivable from affiliates-other	96
				Receipt of system fees	2,296	Accounts receivable from affiliates-other	193
				Payment of system fees	455	Accounts payable to affiliates-other	39
				Guarantee liability (Note 3)	4,209	—	—
				Guaranteed liability (Note 4)	19,417	—	—
	SHADDY CO., LTD.	Direct ownership 100.0%	Borrowing and lending and combination of offices of Directors or Corporate Auditors	Lending of funds (Note 2)	6,500	—	—
				Recovery of funds (Note 2)	6,500	—	—
				Receipt of interest (Note 2)	9	—	—
				Borrowing of funds (Note 1)	—	Short-term borrowings	1,388
	Enicil Co., Ltd.	In-direct ownership 100.0%	Borrowing and lending and combination of offices of Directors or Corporate Auditors	Receipt of interest (Note 1)	11	—	—
				Borrowing of funds (Note 1)	—	Short-term borrowings	627
	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and combination of offices of Directors or Corporate Auditors	Payment of interest (Note 1)	4	—	—
				Recovery of funds (Note 2)	680	Short-term loans receivable from affiliates Long-term loans receivable from affiliates	680 7,800
				Receipt of interest (Note 2)	127	Accrued income	6
				Borrowing of funds (Note 1)	—	Short-term borrowings	356
				Payment of interest (Note 1)	1	—	—
	Kurashino Design, Inc.	Direct ownership 100.0%	Borrowing and lending	Receipt of system fees	717	Accounts receivable from affiliates-other	62
				Recovery of funds (Note 2)	150	Long-term loans receivable from affiliates (Note 5)	550
	n Beauty Science Co., Ltd.	Direct ownership 100.0%	Borrowing and lending	Receipt of interest (Note 2)	9	—	—
				Recovery of funds (Note 2)	70	Short-term loans receivable from affiliates (Note 5) Long-term loans receivable from affiliates (Note 5)	250 380
	oriental diamond inc.	Direct ownership 100.0%	Borrowing and lending	Recovery of funds (Note 2)	280	Long-term loans receivable from affiliates (Note 5)	2,400
				Lending of funds (Note 2)	180	—	—
				Receipt of interest (Note 2)	34	Accrued income	7

Trade conditions and related policies

- Notes:
1. The Company has introduced the Cash Management System (CMS) to conduct unified management of funds within the Group. However, since it is practically difficult to add up the transaction amounts for each transaction with respect to fund transactions using CMS, only the balance as of the end of the fiscal term is presented. Interest is reasonably determined based on the market rate.
 2. Interest on loans receivables is reasonably determined based on the market rate.
 3. The Company guarantees liability for transactions with financial institutions and the payment obligations of Nissen Co., Ltd. The Company does not receive any guarantee fee for these guarantees.
 4. The Company receives a guarantee from Nissen Co., Ltd. for borrowing from financial institutions. The Company does not pay any guarantee fee for this guarantee.
 5. The Company records an allowance for doubtful receivables totaling 1,862 million yen for doubtful accounts from subsidiaries. The Company also records reversal of allowance for doubtful receivables totaling 95 million yen in the current fiscal year.
 6. 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	408.95 yen
(2) Net loss per share	0.13 yen

9. Significant subsequent events

Not applicable

Independent Auditors' Report

February 8, 2013

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

Takao Oshitani, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the 43rd fiscal term from December 21, 2011 to December 20, 2012, together with the supplementary schedules of the Company for the same term.

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

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

Auditor's Responsibility

Our responsibility is to independently express an opinion on the non-consolidated financial statements and supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and supplementary schedules are free of material misstatement.

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

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

Opinion

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

Conflicts of Interest

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

Audit Report

The Board of Corporate Auditors, following its review and deliberations on the reports made by each Corporate Auditor concerning the methods and results of the audit of execution of duties by the Directors of the Board for the 43rd fiscal term from December 21, 2011 to December 20, 2012, prepared this Audit Report and hereby submits it as follows:

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

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

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

With respect to the establishment of the system for ensuring that the Directors' duties are performed in conformity with laws, regulations, and the Articles of Incorporation of the Company, which is described in the business reports, and the other system required to ensure the proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Act, each Corporate Auditor periodically received reports from Directors and employees, requested explanations as necessary, and expressed his or her opinions on the contents of the resolutions adopted by the Board of Directors thereon and the status of the establishment and operation of the systems (Internal Control System) to be established in accordance with the resolution of the Board of Directors. Each Corporate Auditor also reviewed the basic policy stipulated in Item 3 (a), Article 118 of the Enforcement Regulations for the Corporation Act and the activities described in the business report as stipulated in Item 3 (b) of the same Article, based on the deliberations at the meetings of the Board of Directors and other meetings. The Corporate Auditors received their business reports from subsidiaries as necessary, through communication and information sharing with the Directors and Corporate Auditors of the subsidiaries. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on December 20, 2012.

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, 2012, together with the supplementary schedules for the same year.

2. Results of Audit

(1) Results of the audit of business reports

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

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

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

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

4) There are no matters to be pointed out with respect to the basic principles on the parties who are to control the decision of the Company's financial and operational policies described in the business reports. Activities described in the business reports in accordance with Item 3 (b), Article 118 of the Enforcement Regulations for the Corporation Act are in line with such basic principles, do not harm the common interests of the shareholders, and are not undertaken with the intention to maintain the positions of Directors or Corporate Auditors of the Company.

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

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

February 15, 2013

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 43rd 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 ¥364,058,238.

(3) Effective date for payment of dividend of surplus

March 18, 2013

2. Appropriation of surplus

(1) Items to be decreased and amount of decrease

Special reserves

364,058,238 yen

(2) Items to be increased and amount of increase

Retained earnings carried forward

364,058,238 yen

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

1. Reason for the proposition

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

2. Contents of the Amendments

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

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

(Note: Underlined parts are amended.)

Existing Articles of Incorporation		Proposed Amendments	
Article 1.	(Omitted)	Article 1.	(Unchanged)
(Purpose)		(Purpose)	
Article 2.	(Omitted)	Article 2.	(Unchanged)
(1) to (33)	(Omitted)	(1) to (33)	(Unchanged)
	(New)	<u>(34) Issuance and sale of prepaid payment instruments</u>	
<u>(34)</u> All businesses incidental to any of the above businesses		<u>(35)</u> All businesses incidental to any of the above businesses	
2.	(Omitted)	2.	(Unchanged)
(1) to (9)	(Omitted)	(1) to (9)	(Unchanged)
Article 3. to Article 42.	(Omitted)	Article 3. to Article 42.	(Unchanged)

Proposal No. 3: Election of Nine Directors

All of the eight Directors of the Company (Toshio Katayama, Shinya Samura, Nobuyuki Ichiba, Toshiya Tsukushi, Tamaki Wakita, Takeshi Isokawa, 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 a total of nine Directors (of which four are candidates for Outside Director). These nine candidates comprise the re-election of seven Directors - Toshio Katayama, Shinya Samura, Nobuyuki Ichiba, Toshiya Tsukushi, Tamaki Wakita, Toshio Komada, and Kaori Sasaki and two new candidates for election - Shigeo Minatodani and Toshiaki Yamaguchi, 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)	August 1973 Joined Nissen Holdings Co., Ltd. December 1981 Elected Director March 1986 Elected Managing Director November 1999 Elected Representative Executive Director December 2000 Elected President and Representative Director June 2007 Elected President and Representative Director of Nissen Co., Ltd. (demerged from Nissen Holdings Co., Ltd.) December 2011 Elected Chairman and Representative Director (current position)	134,100 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.)</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> <p>March 2012 Elected Director of SHADDY CO., LTD. (current position)</p>	99,100 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> <p>March 2012 Elected Chairman and Representative Director of SHADDY CO., LTD. (current position)</p> <p>March 2012 Elected Director of Enicil Co., Ltd. (current position)</p> <p>March 2012 Elected President and Representative Director of Three Heart Corporation Co., Ltd. (current position)</p>	52,000 shares

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
4	Toshiya Tsukushi (June 23, 1965)	<p>April 1989 Joined Showa Shell Sekiyu K.K.</p> <p>September 1995 Joined Pricewaterhouse Consulting Co., Ltd. (current IBM Business Consulting Co., Ltd.)</p> <p>July 1999 Joined General Electric Capital Consumer Finance Co., Ltd. (current Shinsei Financial Co., Ltd.)</p> <p>December 2005 Elected Executive Officer of General Electric Capital Consumer Finance Co., Ltd.</p> <p>September 2006 Joined Nissen Holdings Co., Ltd. and elected Executive Officer, serving concurrently as Group Leader of Business Development Group</p> <p>June 2007 Elected Executive Officer, serving concurrently as Manager, Financial Planning Office</p> <p>December 2007 Elected Director of n Insurance Service Co., Ltd. (current 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</p> <p>December 2010 Elected Director of Nissen Co., Ltd. (current position)</p> <p>March 2012 Elected Director and Managing Executive Officer, Group Strategies and Financial Affairs Control (current position)</p> <p>March 2012 Elected Vice President and Representative Director of SHADDY CO., LTD. (current position)</p>	22,200 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	Tamaki Wakita (May 12, 1972)	<p>April 1995 Joined Nichimen Corporation (current Sojitz Corporation)</p> <p>February 2002 Joined General Electric International Inc.</p> <p>February 2003 Joined Nissen Holdings Co., Ltd.</p> <p>June 2006 Elected Executive Officer, serving concurrently as Manager, Corporate Planning Office</p> <p>June 2008 Elected Director of Nissen Co., Ltd.</p> <p>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</p> <p>December 2011 Elected Director of u & n Co., Ltd. (current position)</p> <p>March 2012 Elected Director and Executive Officer, Corporate Marketing Control (current position)</p>	37,300 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.</p> <p>October 2008 Elected Director of Japan Independent Directors Network (current Japan Corporate Governance Network) (current position)</p> <p>March 2012 Elected Director and Chairman of the Board of Directors (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</p> <p>March 2008 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>June 2009 Elected Outside 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> <p>June 2012 Elected Outside Director of NEC Corporation (current position)</p> <p>January 2013 Elected Member of the Council for Regulatory Reform, Cabinet Office (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
8	Shigeo Minatodani (November 24, 1953)	<p>April 1976 Joined Toho Mutual Life Insurance Co., Ltd.</p> <p>April 1998 Elected Executive Officer of GE Capital Edison Life Insurance Co., Ltd. (current The Gibraltar Life Insurance Co., Ltd.)</p> <p>May 2004 Joined GE Consumer Finance Co., Ltd. (current Shinsei Financial Co., Ltd.)</p> <p>February 2005 Joined PCA LIFE Insurance Co., Ltd.</p> <p>December 2006 Elected Senior Managing Executive Officer of SHADDY CO., LTD.</p> <p>November 2007 Elected Director and Senior Managing Executive Officer of SHADDY CO., LTD.</p> <p>November 2007 Elected Senior Vice President, Director and Executive Officer of Enicil Co., Ltd.</p> <p>June 2009 Elected Senior Vice President and Director of SHADDY CO., LTD.</p> <p>June 2010 Elected Director of Motto Gyutto Hoken Co., Ltd. (current position)</p> <p>June 2010 Elected Vice President and Representative Director of SHADDY CO., LTD.</p> <p>June 2010 Elected President and Representative Director of Three Heart Corporation Co., Ltd.</p> <p>March 2012 Elected Advisor of UCC Holdings Co., Ltd.</p> <p>June 2012 Elected Managing Director of UCC Holdings Co., Ltd. (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
9	Toshiaki Yamaguchi (June 26, 1960)	<p>March 1990 Registered at Osaka Bar Association, Joined Takeuchi and Inoue Law Office</p> <p>April 1995 Set up Yamaguchi Toshiaki Law Office and assumed the representative lawyer (current position)</p> <p>June 2004 Elected Corporate Auditor of FRIENDLY CORPORATION</p> <p>December 2006 Elected Deputy Chairman of Organization of Initial Public Offering (current position)</p> <p>April 2007 Appointed Instructor of the Doshisha University Graduate School of Law</p> <p>April 2008 Elected Member of the Legal Practice Reform Committee, Osaka Bar Association (current position)</p> <p>July 2008 Elected Organizer of the Corporate Compliance Project Team in Legal Practice Reform Committee, Japan Federation of Bar Associations (current position)</p> <p>October 2008 Elected Trustee of the Japan Internal Control Association (current position)</p> <p>September 2009 Elected Member of the Internal Control Working Group, Japan Association of Corporate Directors</p> <p>July 2010 Elected Director of Association of Certified Fraud Examiners (current position)</p> <p>July 2012 Elected Member of the Legal Practice Reform Committee, Japan Federation of Bar Associations (current position)</p>	0

- Notes: 1. There are no special interests between the candidates and the Company.
2. Shigeo Minatodani and Toshiaki Yamaguchi is new candidates for Directors.
3. Toshio Komada, Kaori Sasaki, Shigeo Minatodani and Toshiaki Yamaguchi are candidates for Outside Directors.
4. The Company has submitted Independent Directors/Corporate Auditors Notification Forms to register Toshio Komada, Kaori Sasaki and Toshiaki Yamaguchi as Independent Director at financial instruments exchanges on which the Company's stock is listed.
5. 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) 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 the Board of Directors, Chairman of the Nominating and Compensation Committee and a member of the Business Risk Review Committee. His term of office as an Outside Director will have been five years at the end of this General Meeting of Shareholders.
 - (3) 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 Chairman of the Group Compliance Committee and a member of the Nominating and Compensation Committee. Her term of office as an Outside Director will have been five years at the end of this General Meeting of Shareholders.
 - (4) Shigeo Minatodani established his management career at a pure holding company. The Company believes that he will actively express valuable opinions and proposals on the Company's medium-to-long term business strategies, based on his extensive experience and knowledge.
 - (5) Toshiaki Yamaguchi is a lawyer familiar with corporate legal work. The Company believes that, based on his advanced expertise and knowledge, he will actively contribute to the sustainability and development of the Company's compliance management and internal controls.
6. The Company has entered into an agreement on limitation of liability with each of the Outside Directors, as follows. Upon the election of new candidates for Outside Directors, the Company will enter into the same agreement with each newly appointed candidate.

In the event that any Outside Director bears liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Act, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Act 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 Substitute Corporate Auditors

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

In order to prepare for cases where the number of Corporate Auditors falls short of the capacity stipulated in laws and regulations, the Company proposes the election of two Substitute Corporate Auditors detailed as follows: Re-election of Hidekazu Tamada as a Substitute Corporate Auditor to substitute for Yasoji Mori, Corporate Auditor, and the election of new candidate Masakatsu Takita as a Substitute Corporate Auditor to substitute for Outside Corporate Directors Scott Trevor Davis and Osamu Yamada. 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	Masakatsu Takita (July 18, 1945)	<p>April 1969 Joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation)</p> <p>June 2001 Elected Director and Chief Operating Officer for Textile Division of Marubeni Corporation</p> <p>April 2003 Elected Corporate Vice President and Chief Representative in Indonesia of Marubeni Corporation</p> <p>April 2004 Elected Corporate Vice President and General Manager for South ASEAN of Marubeni Corporation</p> <p>May 2005 Elected Senior Vice President and Director of The Maruetsu, Inc.</p> <p>July 2008 Elected Advisor of Marubeni FOODS CORPORATION</p> <p>March 2009 Joined Pasona, Inc.</p> <p>May 2011 Elected Chairman of the Auditor Sub-Committee, DIRECTFORCE</p> <p>May 2011 Elected General Manager, Search Business Division of DF Management Co., Ltd</p> <p>May 2012 Elected Director, Search Business Division of DF Management Co., Ltd</p>	0

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

2. Masakatsu Takita is a candidate for Substitute Outside Corporate Auditor.

3. The reasons for the election of candidate for Substitute Outside Corporate Auditor are as follows.

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

23, 2007.

Standards for the Election of Outside Corporate Auditors

- 1) Outside Corporate Auditors are selected from among persons with considerable knowledge and experience in various areas. The health and transparency of management is assured by audits conducted from neutral and objective viewpoints.
- 2) Upon the election of new Outside Corporate Auditors, the Company pays attention to the assurance of its independency, in order to meet the original purposes of the election of Outside Corporate Auditors.
- (2) Masakatsu Takita established his management career at a large listed company and possesses extensive career experience of international business. The Company believes that he will make use of his experience for the Company's audit.
4. The Company has entered into an agreement on limitation of liability with each of the Outside Corporate Auditors, 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 Act, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Act 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, smartphone or cellular phone (i-mode, EZweb or Yahoo!-Keitai)*. (Please note, however, the site cannot be accessed between the hours of 2:00 a.m. -5:00 a.m. daily.)

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

- 2) Depending on your Internet use environment, in some cases you might be unable to exercise your voting rights using a personal computer or smartphone. This includes when you are using a firewall or other measure for your Internet connection, when you have anti-virus software installed, and when you are using a proxy server.
- 3) To exercise your voting rights using a cellular phone, please use the services of i-mode, EZweb or Yahoo!-Keitai. To ensure security, cellular telephone models that cannot handle encrypted transmissions (SSL transmissions) and cellular phone information transmission cannot be utilized.
- 4) Voting rights exercised using the Internet will be accepted until 5:30 p.m. on Thursday, March 14, 2013. 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 or smartphone and following the procedure on the voting rights exercise site.

(This procedure cannot be completed using a cellular phone. Shareholders also cannot designate a cellular telephone mail address for receiving future notices. Your understanding is appreciated.)

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

4. Platform for exercise of voting rights by institutional investors

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

END