

Flash Report of Financial Results for the First Quarter of the Fiscal Year Ending December 20, 2008

Company name: **Nissen Holdings Co., Ltd.** Stock exchange listing: TSE and OSE (First section)
 Stock code: 8248 URL: <http://info.nissen.jp/en>
 Representative: Toshio Katayama, President & Representative Director
 Contact: Toshiya Tsukushi, Director, Executive Officer, Financial Planning Telephone: +81-75-682-2010

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (Dec. 21, 2007 - Mar. 20, 2008) of Fiscal Year 2008

(1) Consolidated results of operations *(Percentages represent year-on-year changes)*

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended Mar. 2008	35,153	2.0	(106)	-	(3,257)	-	(1,710)	-
First quarter ended Mar. 2007	34,461	(9.3)	(251)	-	(650)	-	(437)	-
Year ended Dec. 2007	152,997	-	4,508	-	(2,022)	-	(3,144)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
First quarter ended Mar. 2008	(28.12)	-
First quarter ended Mar. 2007	(8.00)	-
Year ended Dec. 2007	(53.03)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 20, 2008	74,433	28,258	37.9	464.31
As of Mar. 20, 2007	79,779	39,464	49.4	648.20
As of Dec. 20, 2007	72,371	35,186	48.6	578.23

(3) Consolidated cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
First quarter ended Mar. 2008	3,160	(351)	(791)	9,063
First quarter ended Mar. 2007	(364)	(932)	6,481	17,782
Year ended Dec. 2007	(4,792)	(5,165)	4,373	6,924

2. Consolidated Forecasts for the Fiscal Year Ending December 20, 2008 (Dec. 21, 2007 – Dec. 20, 2008)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	80,700	2.9	2,400	27.7	1,680	-	1,170	-	19.24
Full year	160,000	4.6	4,600	2.0	3,100	-	2,100	-	34.53

3. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of simplified accounting methods: Yes

(3) Changes in accounting method from those used in the most recent consolidated fiscal year: None

Note: Please refer to “Qualitative Information on Consolidated Financial Position, 4. Others” on page 3 for further information.

*** Cautionary statement with respect to forward-looking statements**

The above forecasts are based on judgments made in accordance with information currently available. Forecasts therefore embody risks and uncertainties. Actual figures may differ significantly from these forecasts for a number of factors, including but not limited to Nissen Holdings and all Nissen Group’s operating environment, market trends, and changes in exchange rates.

Please refer to “3. Qualitative information regarding earnings forecast” on page 3 for further information concerning these forecasts.

Qualitative Information on Consolidated Financial Position

1. Qualitative information regarding consolidated results of operations

Concerns over the outlook for the Japanese economy intensified in the first quarter (December 21, 2007 to March 20, 2008) of the current fiscal year due to the sharp appreciation of the yen against the dollar, falling share prices, and fears of a deceleration of the global economy triggered by turmoil in US financial markets. Also, the environment for the retail industry in which the Nissen Group operated remained extremely precarious due to concerns of a slowdown in personal spending as surging crude oil and raw materials prices drove up retail prices, and more intense price competition.

In this economic environment, the Nissen Group moved forward with implementing various policies, based on its core strategy of promoting group management centered on database marketing, to achieve the goals of its medium-term business plan "Nissen Vision 2009" (consolidated net income of 5,200 million yen), and make Nissen a corporate group that offers suggestions for each individual customer's ideal lifestyle.

In the direct marketing business, sales and operating income exceeded year-ago levels and the Nissen Group's plans due to greater penetration of corporate brand, an increase in active customers due to efficient catalog publication, an enhanced lineup of dedicated Internet websites, and promotion of low-cost management.

The new finance business, whose results are disclosed from the current fiscal year, consists of earnings from an Insurance Service Company, a consolidated subsidiary that operates sales agencies selling insurance products, and equity method profits from GE Nissen Credit Co., Ltd., an equity method affiliate. Equity method profits from GE Nissen Credit Co., Ltd. exceeded initial forecasts as profits improved, despite an increase in standard loan-loss write-offs, thanks to declines in loan-loss provisions on strengthened debt recovery, and a reduction in SG&A expenses.

In the direct sales business, sales and operating income fell significantly below year-ago levels and the Nissen Group's plans. The Nissen Group implemented drastic earnings structure reforms in Fiscal 2007 designed to cut fixed costs, including a significant reduction in sales branches and the workforce to optimize operations, but the number of customers and average sales per customer declined as the event sales market shrunk more than initial expectations.

The Nissen Group booked a 3,285 million yen valuation loss on forward exchange contracts based on fair value accounting at the non-operating expense line in the first quarter as the yen traded at 99.72 yen against the dollar at the end of the first quarter, representing a significant appreciation over the rate of 113.36 yen at the end of the previous fiscal year.

As a result, consolidated net sales in the first quarter of the current fiscal year increased 2.0% year-over-year to 35,153 million yen (+691 million yen), operating income increased 145 million yen to minus 106 million yen, ordinary income declined 2,607 million yen to minus 3,257 million yen, and net income declined 1,272 million yen to minus 1,710 million yen. Ordinary income before forward exchange contract valuation losses based on fair value accounting increased 507 million yen to 27 million yen, exceeding the year-ago figure.

2. Qualitative information regarding consolidated financial position

Total assets at the end of the first quarter increased 2,062 million yen over the end of the previous fiscal year to 74,433 million yen due to an increase in cash and deposits.

Total liabilities increased 8,990 million yen to 46,175 million yen. Notes and accounts payable-trade, and accounts payable-others declined, but forward foreign exchange contracts increased.

Net assets declined 6,928 million yen to 28,258 million yen due to a decline in retained earnings from quarterly net losses and dividend payments, and a decline in deferred hedge income. The shareholders' equity ratio was 37.9%.

Cash flow position

Cash and cash equivalents at the end of the first quarter increased 2,139 million yen over the end of the previous fiscal year to 9,063 million yen.

Cash flow from operating activities increased 3,160 million yen. The main factors were losses before income taxes and minority interests of 3,284 million yen, valuation losses of forward foreign exchange contracts of 3,285 million yen, a decrease in notes and accounts receivable-trade of 1,942 million yen, and a decrease in notes and accounts payable-trade of 847 million yen.

Cash flow from investing activities declined 351 million yen. The main factors were purchases of fixed assets of 382 million yen, and proceeds from sales of investments in securities of 35 million yen.

Cash flow from financing activities declined 791 million yen. The main factor was dividends paid of 790 million yen.

3. Qualitative information regarding consolidated earnings forecast

The Nissen Group maintains the interim and full-year earnings forecasts for Fiscal 2008 that it announced on February 4, 2008. Although large long-term forward foreign exchange contract valuation losses were booked in the first quarter, it is difficult to forecast the yen's exchange rate against the US dollar, and the US federal funds rate, at the end of the interim and full fiscal year.

Actual results may differ from these forecasts for a number of factors, including but not limited to Nissen Holdings and all Nissen Group's operating environment, market trends, and changes in exchange rates.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation)

No reportable information.

(2) Application of simplified accounting methods

(Description) Calculation of taxes

Tax expenses of consolidated subsidiaries are calculated based on the estimated effective tax rates (non-consolidated basis) applicable to each of the subsidiaries for the current fiscal year.

(Description) Omission of physical inventory

Physical inventory not conducted.

(3) Changes in accounting method from those used in the most recent consolidated fiscal year

No reportable information.

5. Quarterly Consolidated Financial Statements (Summary)**(1) Quarterly Consolidated Balance Sheets (Summary)***(Millions of yen, %)*

Item	1st quarter of FY2007 (As of Mar. 20, 2007)	1st quarter of FY2008 (As of Mar. 20, 2008)	YoY change		FY2007 (As of Dec. 20, 2007)
	Amount	Amount	Amount	%	Amount
Assets					
I Current assets					
1. Cash and deposits	17,792	9,078	(8,713)		6,939
2. Notes and accounts receivable -trade	9,205	9,168	(36)		10,955
3. Inventories	14,620	15,716	1,095		15,821
4. Accounts receivable-others	10,159	10,642	482		13,602
5. Prepaid expenses	5,839	5,966	127		5,315
6. Forward foreign exchange contracts	3,722	-	(3,722)		1,137
7. Others	2,737	8,165	5,428		2,899
Allowance for doubtful receivables	(264)	(219)	44		(279)
Total current assets	63,813	58,519	(5,294)	(8.3)	56,391
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	1,443	1,228	(214)		1,254
(2) Tools, furniture, and fixtures	989	796	(193)		853
(3) Land	1,768	1,768	-		1,768
(4) Others	103	1,406	1,303		1,402
Total property, plant and equipment	4,304	5,200	895	20.8	5,279
2. Intangible assets					
(1) Goodwill	-	168	168		178
(2) Others	675	1,018	343		732
Total intangible assets	675	1,186	511	75.8	910
3. Investments and other assets					
(1) Investments in securities	9,146	6,526	(2,619)		6,788
(2) Others	2,338	3,560	1,222		3,520
Allowance for doubtful receivables	(498)	(559)	(60)		(519)
Total investments and other assets	10,986	9,527	(1,458)	(13.3)	9,789
Total fixed assets	15,965	15,914	(51)	(0.3)	15,979
Total assets	79,779	74,433	(5,345)	(6.7)	72,371

(Millions of yen, %)

Item	1st quarter of FY2007 (As of Mar. 20, 2007)	1st quarter of FY2008 (As of Mar. 20, 2008)	YoY change		FY2007 (As of Dec. 20, 2007)
	Amount	Amount	Amount	%	Amount
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	22,171	20,170	(2,001)		20,402
2. Short-term bank loans	1,055	1,661	605		1,661
3. Accounts payable-other	6,820	7,487	666		8,507
4. Income tax payable	107	-	(107)		-
5. Allowance for returned goods unsold	522	556	33		585
6. Allowance for returned goods damaged	103	96	(6)		84
7. Allowance for interest repayment compensation	268	213	(54)		213
8. Forward foreign exchange contracts	-	9,170	9,170		-
9. Others	4,768	4,181	(586)		3,088
Total current liabilities	35,818	43,538	7,719	21.6	34,543
II Long-term liabilities					
1. Long-term loans from banks	4,173	2,512	(1,661)		2,512
2. Others	321	125	(196)		128
Total long-term liabilities	4,495	2,637	(1,858)	(41.3)	2,641
Total liabilities	40,314	46,175	5,860	14.5	37,184
Net assets					
I Shareholders' equity					
1. Common stock	11,218	11,218	-		11,218
2. Capital surplus	11,240	11,240	-		11,240
3. Retained earnings	19,825	13,860	(5,965)		16,510
4. Treasury stock	(3,281)	(3,282)	(1)		(3,282)
Total shareholders' equity	39,003	33,036	(5,966)	(15.3)	35,686
II Valuation and translation adjustments					
1. Net unrealized holding gain (loss) on securities	387	39	(348)		226
2. Deferred hedge gain (loss)	24	(4,821)	(4,845)		(748)
3. Translation adjustments	11	(14)	(25)		4
Total valuation and translation adjustments	423	(4,796)	(5,219)	-	(517)
III Minority interests					
	38	17	(20)	(53.4)	16
Total net assets	39,464	28,258	(11,206)	(28.4)	35,186
Total liabilities and net assets	79,779	74,433	(5,345)	(6.7)	72,371

(2) Quarterly Consolidated Statements of Income (Summary)*(Millions of yen, %)*

Item	1st quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007)	1st quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008)	YoY change		FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
	Amount	Amount	Amount	%	Amount
I Net sales	34,461	35,153	691	2.0	152,997
II Cost of sales	15,360	16,982	1,622	10.6	69,597
Gross profit	19,100	18,170	(930)		83,399
Provision of allowance for sales returns	522	556	33		585
Reversal of allowance for sales returns	(556)	(585)	(29)		(556)
Gross profit -net	19,134	18,199	(934)	(4.9)	83,370
III Selling, general and administrative expenses	19,386	18,305	(1,080)	(5.6)	78,861
Operating income (loss)	(251)	(106)	145	-	4,508
IV Non-operating income	263	515	252	96.1	598
1. Commission income	37	49	12		209
2. Equity in earnings of affiliates	43	402	358		-
3. Miscellaneous income	181	63	(118)		389
V Non-operating expenses	661	3,667	3,005	454.2	7,130
1. Loss on write-down of merchandise	300	263	(37)		2,981
2. Loss on valuation of forward foreign exchange contracts	170	3,285	3,114		1,424
3. Equity in losses of affiliates	-	-	-		2,365
4. Miscellaneous losses	190	119	(71)		358
Ordinary income	650	3,257	(2,607)	-	2,022
VI Extraordinary income	-	1	1	-	390
VII Extraordinary loss	12	27	15	122.2	1,762
Losses before income taxes and minority interests	662	3,284	(2,621)	-	3,395
Income taxes	(216)	(1,575)	(1,359)	-	(228)
Minority interest in income (loss) of consolidated subsidiaries	(9)	1	11	-	(22)
Net income (loss)	437	1,710	(1,272)	-	3,144

(3) Quarterly Consolidated Statement of Changes in Shareholders' Equity (Summary)

First quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2006	7,665	7,687	20,784	(3,290)	32,846
Changes in the period					
New share issue	3,552	3,552	-	-	7,105
Dividend of surplus	-	-	(517)	-	(517)
Net loss	-	-	(437)	-	(437)
Purchases of treasury stock	-	-	-	(0)	(0)
Disposal of treasury stock	-	-	(4)	9	5
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the period	3,552	3,552	(958)	9	6,156
Balance as of Mar. 20, 2007	11,218	11,240	19,825	(3,281)	39,003

(Millions of yen)

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gain (loss)	Translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 20, 2006	448	507	(1)	954	47	33,847
Changes in the period						
New share issue	-	-	-	-	-	7,105
Dividend of surplus	-	-	-	-	-	(517)
Net loss	-	-	-	-	-	(437)
Purchases of treasury stock	-	-	-	-	-	(0)
Disposal of treasury stock	-	-	-	-	-	5
Changes (net) in items other than shareholders' equity	(60)	(482)	12	(530)	(8)	(539)
Total changes in the period	(60)	(482)	12	(530)	(8)	5,616
Balance as of Mar. 20, 2007	387	24	11	423	38	39,464

First quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2007	11,218	11,240	16,510	(3,282)	35,686
Changes in the period					
Dividend of surplus	-	-	(790)	-	(790)
Net loss	-	-	(1,710)	-	(1,710)
Purchases of treasury stock	-	-	-	(0)	(0)
Decrease in retained earnings due to an increase in the number of consolidated subsidiaries	-	-	(148)	-	(148)
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the period	-	-	(2,649)	(0)	(2,649)
Balance as of Mar. 20, 2008	11,218	11,240	13,860	(3,282)	33,036

(Millions of yen)

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gain (loss)	Translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 20, 2007	226	(748)	4	(517)	16	35,186
Changes in the period						
Dividend of surplus	-	-	-	-	-	(790)
Net loss	-	-	-	-	-	(1,710)
Purchases of treasury stock	-	-	-	-	-	(0)
Decrease in retained earnings due to an increase in the number of consolidated subsidiaries	-	-	-	-	-	(148)
Changes (net) in items other than shareholders' equity	(187)	(4,073)	(18)	(4,279)	1	(4,278)
Total changes in the period	(187)	(4,073)	(18)	(4,279)	1	(6,928)
Balance as of Mar. 20, 2008	39	(4,821)	(14)	(4,796)	17	28,258

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)

(Millions of yen)

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

(Millions of yen)

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

(4) Quarterly Consolidated Statements of Cash Flows (Summary)*(Millions of yen)*

Item	1st quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007)	1st quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
	Amount	Amount	Amount
I Operating activities			
Loss before income taxes and minority interests	(662)	(3,284)	(3,395)
Depreciation and amortization	191	73	552
Amortization of goodwill	-	9	37
Increase (decrease) in allowance for returned goods unsold	(33)	(29)	29
Increase (decrease) in allowance for returned goods damaged	(18)	12	(37)
Decrease in allowance for interest repayment compensation	(14)	-	(69)
Interest and dividend income	(8)	(3)	(88)
Interest expense	11	13	55
Loss on valuation of forward foreign exchange contracts	170	3,285	1,424
Equity in earnings of affiliates	(43)	(402)	-
Equity in losses of affiliates	-	-	2,365
Loss (gain) on sales or disposal of fixed assets	12	(1)	307
Loss on write-down of investments in securities	-	27	79
Decrease (increase) in notes and accounts receivable	4,216	1,942	(281)
Decrease (increase) in inventories	(991)	105	(170)
Decrease in notes and accounts payable	(633)	(847)	(2,365)
Others, net	(1,591)	2,326	(1,209)
Subtotal	603	3,228	(2,764)
Interests and dividends received	6	2	86
Interests paid	(1)	(0)	(52)
Income taxes paid	(972)	(70)	(2,062)
Net cash provided by (used in) operating activities	(364)	3,160	(4,792)
II Investing activities			
Purchases of fixed assets	(299)	(382)	(1,629)
Purchases of investments in securities	(650)	(9)	(1,301)
Proceeds from sales of investments in securities	-	35	649
Proceeds from collections of loans receivable	1	0	19
Others, net	16	5	(2,902)
Net cash used in investing activities	(932)	(351)	(5,165)
III Financing activities			
Repayment of long-term loans from banks	(75)	(0)	(1,131)
Proceeds from issuance of new share	7,105	-	7,105
Purchases of treasury stock	(0)	(0)	(1)
Proceeds from sales of treasury stock	5	-	5
Dividends paid	(517)	(790)	(1,125)
Others, net	(37)	-	(479)
Net cash provided by (used in) financing activities	6,481	(791)	4,373
IV Effect of exchange rate changes on cash and cash equivalents	5	(24)	(28)
V Increase (decrease) in cash and cash equivalents	5,189	1,993	(5,612)
VI Cash and cash equivalents at beginning of period	12,592	6,924	12,592
VII Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	-	146	-
VIII Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	-	-	(55)
IX Cash and cash equivalents at end of period	17,782	9,063	6,924

(5) Segment information**Business segment information**

First quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007)

(Millions of yen)

	Direct marketing business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales	28,895	5,561	34,456	4	34,461
Operating expenses	27,936	5,919	33,855	857	34,713
Operating income (loss)	959	(357)	601	(852)	(251)
Ordinary income (loss)	597	(363)	234	(884)	(650)

First quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008)

(Millions of yen)

	Direct marketing business	Finance business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales	30,535	157	4,460	35,153	-	35,153
Operating expenses	29,551	125	4,953	34,630	629	35,259
Operating income (loss)	984	31	(492)	523	(629)	(106)
Ordinary income (loss)	(2,580)	453	(499)	(2,626)	(631)	(3,257)

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)

(Millions of yen)

	Direct marketing business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales	130,482	22,515	152,997	-	152,997
Operating expenses	122,129	23,527	145,657	2,831	148,488
Operating income (loss)	8,353	(1,012)	7,340	(2,831)	4,508
Ordinary income (loss)	2,182	(1,296)	886	(2,909)	(2,022)

Geographical segment information

First quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007), First quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008), FY2007 (Dec. 21, 2006 – Dec. 20, 2007)

No information on geographic segments is presented since domestic sales exceeded 90% of consolidated net sales and total assets.

Overseas sales

First quarter of FY2007 (Dec. 21, 2006 – Mar. 20, 2007), First quarter of FY2008 (Dec. 21, 2007 – Mar. 20, 2008), FY2007 (Dec. 21, 2006 – Dec. 20, 2007)

No information on overseas sales is presented since overseas sales accounted for less than 10% of total consolidated sales.

** This is a translation of Kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the English reader's convenience; however, all readers are recommended to refer to the original Japanese version for complete information.*