

**Interim Financial Results for the Fiscal Year Ending December 20, 2008
(December 21, 2007 to June 20, 2008)**

Company name: **Nissen Holdings Co., Ltd.** Stock exchange listing: TSE and OSE, First Section
 Stock code: 8248 URL: <http://info.nissen.co.jp/en>
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 Starting date of dividend payment: September 9, 2008

(Figures are rounded down to the nearest million yen)

1. Consolidated Interim Financial Results (December 21, 2007 - June 20, 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	%
Interim ended Jun. 2008	79,648	1.6	1,956	4.0	779	-	(1,070)	-
Interim ended Jun. 2007	78,411	(4.8)	1,880	(45.0)	(22)	-	(1,742)	-
Year ended Dec. 2007	152,997	-	4,508	-	(2,022)	-	(3,144)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Interim ended Jun. 2008	(17.60)	-
Interim ended Jun. 2007	(30.17)	-
Year ended Dec. 2007	(53.03)	-

Reference: Equity in earnings of affiliates (million yen) Jun. 2008: 958 Jun. 2007: (1,539) Dec. 2007: (2,365)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 20, 2008	70,737	31,678	44.8	520.57
As of Jun. 20, 2007	83,769	39,151	46.7	643.38
As of Dec. 20, 2007	72,371	35,186	48.6	578.23

Reference: Shareholders' equity (million yen) Jun. 2008: 31,662 Jun. 2007: 39,133 Dec. 2007: 35,169

(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
Interim ended Jun. 2008	2,727	(1,225)	(1,621)	6,919
Interim ended Jun. 2007	(352)	(4,452)	5,963	13,694
Year ended Dec. 2007	(4,792)	(5,165)	4,373	6,924

2. Dividends

Record date	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
Year ended Dec. 2007	10.00	13.00	23.00
Year ending Dec. 2008	11.50	-	23.00
Year ending Dec. 2008 (forecast)	-	11.50	

3. Consolidated Forecasts for the Fiscal Year Ending December 20, 2008 (December 21, 2007 - December 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
Full year	160,000	4.6	3,700	(17.9)	500 to 2,500	-	(1,300) to (100)	-	(21.37) to (1.64)

Note: Forecasts are provided in a range format in line with "Change in method of disclosure of earnings forecasts" as shown in page 5.

4. Others

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

(2) Changes in accounting principles, procedures and presentation methods for preparation of interim consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: Yes

Note: Please refer to “Changes in significant accounting policies in the preparation of interim consolidated financial statements” on page 26 for further information.

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at end of period (including treasury stock)

Jun. 2008: 63,416,332 shares Jun. 2007: 63,416,332 shares Dec. 2007: 63,416,332 shares

2) Number of treasury stock at end of period

Jun. 2008: 2,593,897 shares Jun. 2007: 2,592,316 shares Dec. 2007: 2,593,385 shares

Note: Please refer to “Per-share information” on page 30 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary Non-consolidated Financial Results

1. Non-consolidated Interim Financial Results (December 21, 2007 - June 20, 2008)

(1) Non-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	%
Interim ended Jun. 2008	2,334	(97.0)	(76)	-	(76)	-	(145)	-
Interim ended Jun. 2007	76,879	(4.7)	1,969	(37.2)	1,352	(45.6)	(447)	-
Year ended Dec. 2007	79,564	-	2,301	-	1,674	-	(75)	-

	Net income per share (basic)	
	Yen	
Interim ended Jun. 2008	(2.40)	
Interim ended Jun. 2007	(7.74)	
Year ended Dec. 2007	(1.27)	

Note: Interim FY2008 non-consolidated results differed significantly from interim FY2007 results because Nissen Holdings was split and shift to a pure holding company structure on June 21, 2007.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 20, 2008	40,514	35,696	88.1	586.90
As of Jun. 20, 2007	81,227	38,027	46.8	625.21
As of Dec. 20, 2007	43,240	36,603	84.7	601.80

Reference: Shareholders' equity (million yen) Jun. 2008: 35,696 Jun. 2007: 38,027 Dec. 2007: 36,603

* 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 “1. Results of Operations, (1) Analysis of Results of Operations, 2) FY2008 forecasts” on page 4 for further information concerning these forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

1) Summary of the interim period

The Japanese economy showed signs of deceleration in the interim period under review (December 21, 2007 to June 20, 2008) due to surging crude oil and raw materials prices, and a slowing US economy caused by the subprime mortgage crisis. Personal spending was also weak because consumer prices rose amidst slowing improvements in the labor market. However, Asian economies remained firm, exemplified by continued high economic growth in China, despite the negative impact of surging natural resources prices.

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 as the Nissen Group increased the number of active customers by promoting greater penetration of catalog brands and more efficient catalog publishing, expanded the lineup of specialty websites, and promoted low-cost management. The Nissen Group began disclosing results separately for the finance business which was established as a new segment from the direct marketing business starting this interim period, and profits consist of those from an Insurance Service Company, a consolidated subsidiary that operates agencies soliciting insurance products, and equity-method investment profits from GE Nissen Credit Co., Ltd. (hereafter "NGEC"), an equity-method affiliate. An increase in equity-method investment profits, due to improvements in earnings at NGEC underpinned by reforms in the earnings structure, contributed particularly strongly to profits. In the direct sales business, the Nissen Group worked to reform the earnings structure in FY2007 by consolidating the branch network, optimizing the size of the workforce, and cutting fixed costs, but sales and operating income still fell significantly below year-ago levels as visitor numbers and average sales per customer declined due to a greater than expected contraction of the exhibition-based sales market.

As a result, net sales for the current interim period increased by 1,236 million yen or 1.6% year-over-year to 79,648 million yen, operating income increased by 75 million yen or 4.0% to 1,956 million yen, and ordinary income was 779 million yen (ordinary loss of 22 million yen one year earlier). The Nissen Group recorded a net loss of 1,070 million yen in the current interim period (this compares with a net loss of 1,742 million yen one year earlier) as it booked 1,742 million yen in corporate tax adjustments as a tax expense due to the partial drawdown of deferred tax assets. Also, in the direct marketing business, the Nissen Group generally concludes long-term forward foreign exchange contracts to hedge risks associated with import settlements, and mark-to-market valuation losses from these contracts were booked as a non-operating expense. However, because these valuation gains/losses do not involve the inflow or outflow of cash from the Nissen Group, ordinary income (hereafter "adjusted ordinary income"), which excludes these valuation gains/losses, is a more effective barometer of the group's earnings strength. Adjusted ordinary income was 1,984 million yen in the interim period under review.

Direct marketing business

In the mainstay direct marketing business, the overall retail industry, and particularly suburban specialty stores and the apparel section of department stores, suffered as consumers became more defensive in their spending due to surging gasoline and food prices. However, despite the negative business environment, the Nissen Group increased interim sales above last year's level by aggressively expanding Internet and mobile-based sales, and enhancing the lineup of reasonably priced products. Operating income was 3,557 million yen thanks to strong sales, as mentioned above, a lower product cost rate from an increase in overseas procurement and consolidation of suppliers, and restrained growth of catalog costs, fulfillment costs, and other costs in line with the pursuit of low-cost management. Forward foreign exchange contract valuation losses, based on mark-to-market accounting, were 1,205 million yen, as the yen traded at 108.02 against the US dollar at the end of the interim period, which was stronger than the Nissen Group's initial forecast. Nevertheless, adjusted ordinary income, a more effective barometer of earnings strength, improved substantially to 2,746 million yen.

Finance business

In the finance business, sales were 525 million yen, operating income 232 million yen, and ordinary income 1,178 million yen, as the interim performance of n Insurance Service Company exceeded the Nissen Group's internal plan, and the performance of NGEC improved. The Nissen Group booked equity-method investment profits of 946 million yen as NGEC achieved a profit, despite an increase in amortization of non-performing loans for regular credit, on an in-line decline in the cashing balance following a change to legally stipulated interest rates, a decline in non-performing loan reserves due to better loan recovery, and a decline in SG&A expenses.

Direct sales business

In the direct sales business, the Nissen Group continued to work since last year on improving earnings in the event business, centered on exhibition sales, by downsizing and strengthening the sales structure, and revamping the management structure in March. The situation remained difficult as interim operating losses were 631 million yen, but profitability has steadily improved on a monthly basis. The Nissen Group is successfully shifting the business portfolio to "pull-based" sales at brick-and-mortar stores, and brand sales now account for more than half of overall sales in this business.

*The Nissen Group changed segment classifications in the interim period under review. Please refer to "Segment Information" on page 29 for details.

2) FY2008 forecasts**Direct marketing business**

In the direct marketing business, the Nissen Group forecasts full-year sales will increase over last fiscal year due to a steady increase in active customer numbers from last year, and greater-than-planned Internet and mobile-based orders. The Nissen Group also forecasts a significant increase in operating income and adjusted ordinary income thanks to aggressive measures to expand orders and ongoing cost reduction policies, although raw material and product costs in the second half are expected to exceed initial assumptions made at the start of the fiscal year. Also, starting with forecasts for this fiscal year, the Nissen Group changes from issuing specific forecasts, to issuing a range of forecasts, to further improve disclosure in light of the impact that mark-to-market forward foreign exchange contract valuation gains/losses, resulting from exchange rate volatility, have on earnings forecasts. Assuming a potential plus or minus impact of 1,000 million yen from mark-to-market forward foreign exchange contract valuation gains/losses, the Nissen Group forecasts ordinary income of 2,500-4,500 million yen.

Finance business

In the finance business, the Nissen Group expects earnings at NGEC to improve as the non-performing reserve ratio is stabilizing, and benefits from SG&A cuts are emerging. The Nissen Group forecasts sales of 900 million yen and operating income of 300 million yen as earnings at insurance solicitation agencies appear likely to trend below internal company plans. However, the Nissen Group forecasts ordinary income of 1,500 million yen due to equity-method investment profits from NGEC.

Direct sales business

In the direct sales business, the Nissen Group expects sales in the second half to fall approx. 500 million yen year-over-year as the business environment will likely remain difficult through the second half. However, the Nissen Group expects operating income and ordinary income to improve in the second half as new management installed in March 2008 made a commitment to achieve profitability within the current fiscal year and not carry over losses to the next fiscal year, by working furiously to improve the efficiency of exhibitions and cut fixed costs. Assuming benefits from improved profitability in the second half, the Nissen Group forecasts full-year sales will decline approx. 2,200 million yen year-over-year, but operating income and ordinary income will each increase approx. 600 million yen.

Corporate/Elimination

The Nissen Group expects its full-year FY2008 corporate/elimination figure to be on par with FY2007.

Consolidated forecast

Net sales	160,000 million yen	(up 4.6% year-over-year)
Operating income	3,700 million yen	(down 17.9% year-over-year)
Ordinary income	500 to 2,500 million yen	(- year-over-year)
Net income	(1,300) to (100) million yen	(- year-over-year)
(Reference)		
Adjusted ordinary income	2,700 million yen	(- year-over-year)
Adjusted net income*	0 million yen	(- year-over-year)

*The Nissen Group's direct marketing business uses long-term forward foreign exchange contracts to hedge against foreign exchange volatility when it makes payment on merchandise it imports. It books mark-to-market gains or losses on these forward contracts as non-operating income or expense items. However, these are ultimately valuation gains or losses that have no effect on the company's cash flow position. For this reason, the Nissen Group chooses to measure its profitability by comparing figures for ordinary and net income excluding the effect of these gains or losses (hereafter, "adjusted ordinary income" or "adjusted net income"). The Nissen Group uses an effective tax rate of 42% when calculating adjusted net income.

Nissen Holdings has omitted non-consolidated forecasts because of the shift to a pure holding company structure from June 21, 2007.

For FY2008, Nissen Holdings has based its forecasts on an average exchange rate of JPY108/\$, but it has been able to mitigate the impact of foreign exchange volatility on COGS by covering practically 100% of the forecast amount of imported merchandise with forward foreign exchange contracts.

The Nissen Group expects the extent of valuation gains or losses on its long-term forward foreign exchange contracts resulting from implementation of mark-to-market accounting to fall within a certain range. For details, please see the section below, "Change in method of disclosure of earnings forecasts." However, results could differ significantly, depending on balance of long-term forward foreign exchange contracts and U.S. dollar-yen spot exchange rate at the end of FY2008 as well as differences in U.S.-Japan interest rates.

(Change in method of disclosure of earnings forecasts)

The Nissen Group's direct marketing business uses long-term forward foreign exchange contracts to hedge against foreign exchange fluctuations when it pays for merchandise it imports. It records valuation gains or losses resulting from exchange rate differences between the start and end of the fiscal year as non-operating income or expense items. However, with the yen-dollar exchange rate growing increasingly volatile as the world's economies grow increasingly interlinked because of globalization, as well as from clouded visibility over US-Japanese interest rate spreads, this move to mark-to-market accounting has made the eventual impact of such foreign exchange contracts on the Nissen Group's profit enormous and difficult to predict. The Nissen Group recognizes that the current practice of disclosing precise figures for ordinary and net income in its earnings forecasts could be misleading for investors.

Consequently, with the release of these revised full-year consolidated earnings forecasts, the Nissen Group aims to improve the level of its disclosure for investors by hereafter providing a range of values within which it expects earnings to settle, depending on actual foreign exchange fluctuations. Based on the level of forward foreign exchange contracts at the end of interim FY2008, and factoring in exchange rate movements over the last six months as well as expected end-FY2008 forward foreign exchange contracts outstanding, the Nissen Group estimates the potential valuation gain or loss resulting from the dollar-yen exchange rate and US-Japanese interest rate spreads might impact ordinary income for the full year by at most 1,000 million yen plus or minus.

The Nissen Group has prepared its revised ordinary and net income projections in accordance with guidelines issued by the Tokyo Stock Exchange for companies wishing to release a range of estimated values when revising forecasts. The Nissen Group also plans to voluntarily disclose revised earnings forecasts for ordinary and net income (excluding valuation gains or losses due to foreign exchange rates) when they fall 30% above or below the adjusted ordinary and net income forecasts released in consolidated earnings forecasts for the current fiscal year. By doing so, the Nissen Group aims to improve its disclosure to investors by protecting against occasions when earnings are expected to fall outside the range of estimates provided in initial forecasts.

3) Progress in achieving medium-term business plan targets

The Nissen Group has formulated a medium-term business plan “Nissen Vision 2009” which targets consolidated net income of 5,200 million yen, and ROE of 10.8%, by FY2009. The operating environment for the direct sales and finance businesses has changed significantly since the plan was formulated, but the Nissen Group has already put in place policies to improve the earnings structure of these businesses. Furthermore, in the direct marketing business, growth in mail-order sales over the Internet and mobile phones has been better than expected, and Nissen Holdings’ financials are healthy enough to permit it to pursue various strategic options, including M&A to help it expand into new business areas. The Nissen Group companies will continue to work together to achieve the medium-term targets by aggressively implementing strategies for business growth and pushing forward with reform of its earnings and business structures.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets at the end of the current interim period decreased 1,633 million yen from the end of the previous fiscal year to 70,737 million yen. The main factors were increases in notes and accounts receivable-trade and prepaid expenses, and decreases in accounts receivable-others and forward foreign exchange contracts.

Total liabilities increased 1,873 million yen to 39,058 million yen. The main factors were increases in notes and accounts payable-trade and forward foreign exchange contracts, and decrease in long-term bank loans.

Net assets decreased 3,507 million yen to 31,678 million yen. The main factors were decreases in retained earnings and deferred hedge gain/loss.

2) Cash flow position

Cash and cash equivalents at the end of the current interim period was 6,919 million yen.

Net cash provided by operating activities was 2,727 million yen. The main factors were income before income taxes and minority interests, and a decrease in inventories.

Net cash used in investing activities was 1,225 million yen. The main factor was payments for purchase of fixed assets.

Net cash used in financing activities was 1,621 million yen. The main factors were repayment of long-term bank loans, and dividend payment.

3) Cash flow indices

The following table illustrates the historical movements of certain cash flow indices.

	Interim FY2006	Interim FY2007	FY2007	Interim FY2008
Shareholders’ equity ratio (%)	43.7	46.7	48.6	44.8
Shareholders’ equity ratio based on market prices (%)	94.8	52.6	57.1	44.5
Interest-bearing liabilities to cash flow ratio (years)	1.0	-	-	0.6
Interest coverage ratio (times)	107.0	-	-	111.0

Notes: 1. All indices are calculated on the consolidated basis as follows:

Shareholders’ equity ratio: Shareholders’ equity / Total assets

Shareholders’ equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities / Operating cash flow

Interest-bearing liabilities to cash flow ratio for the interim period: Interest-bearing liabilities / (Operating cash flow x 2)

Interest coverage ratio: Operating cash flow / Interest payments

2. Market capitalization: Closing price of stock on the balance sheet date x Number of shares outstanding (net of treasury stock) on the balance sheet date.

3. Interest-bearing liabilities: Liabilities stated on the balance sheets that incur interests.

4. Operating cash flow and interest payment: Those as represented on the statement of cash flows.

4) Changes expected in the financial position after FY2008

From FY2008 to FY2011, the Nissen Group plans to invest approx. 2.8 billion yen in software and hardware upgrades for its direct marketing business IT system.

(3) Fundamental Policy Regarding Distribution of Earnings and Dividends for the Current Fiscal Year

The Nissen Group's fundamental policy is to distribute earnings in line with operating results. While the Nissen Group aims to achieve a shareholders' equity ratio of 50% and a dividend payout ratio of 30%, it also works to maintain stable finances to improve its operational base and shareholder value over the medium term.

Nissen Holdings maintains a basic policy of paying out a dividend twice a year, at interim and at year-end. The full-year dividend is decided at the annual shareholders' meeting and the interim dividend, by the board of directors.

Based on the aforementioned policy, Nissen Holdings plans to pay a dividend of 23 yen per share in FY2008, composed of an 11.50 yen interim dividend.

Retained earnings will therefore be used to strengthen established businesses in response to changes in the operating environment, invest in new businesses, and reduce interest-bearing liabilities. The Nissen Group will also work flexibly and efficiently to improve shareholder value by purchasing outstanding shares for treasury stock, and thereby, strives to keep providing a stable 35% return to shareholders, including dividends.

(4) Business Risks

Nissen Holdings omits this section since no new risks have emerged since its most recent securities report was submitted on March 19, 2008. This report can be accessed through the following URLs:

Nissen Holdings website (Japanese):

<http://www.nissen.info/ir/brief.htm>

The Financial Services Agency's EDINET website (Japanese):

<http://info.edinet-fsa.go.jp/>

2. The Nissen Group of Companies

The Nissen Group moved to a pure holding company structure on June 21, 2007, and consists of Nissen Holdings Co., Ltd., 19 subsidiaries, and five affiliates, involved primarily in the direct marketing, finance and direct sales businesses.

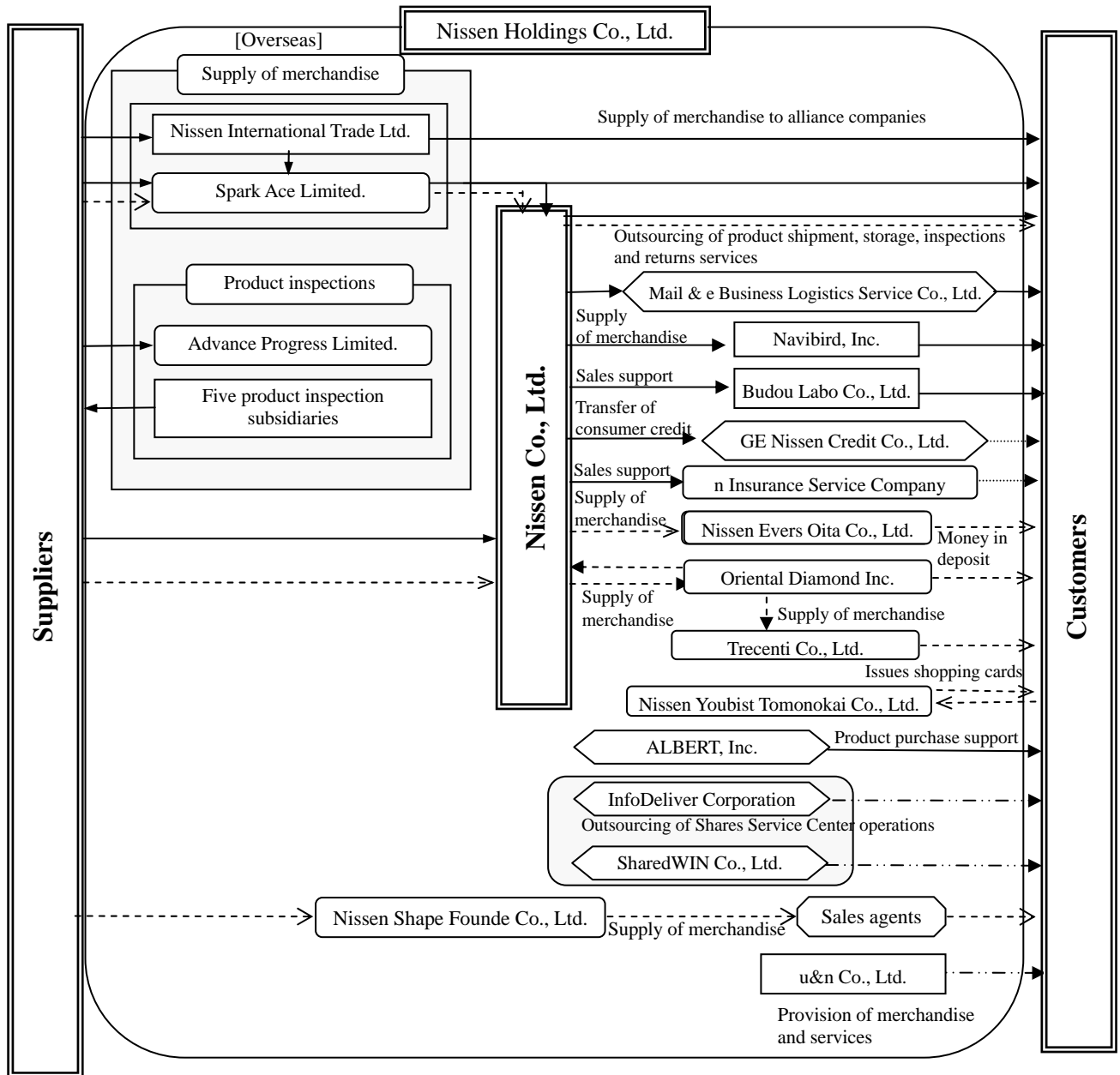
The direct marketing business consists of the sale of mainly apparel and everyday goods through catalogs and online shops. The main companies engaged in this business are Nissen Co., Ltd., Spark Ace Limited., Advance Progress Limited., Navibird, Inc., Budou Labo Co., Ltd., Mail & e Business Logistics Service Co., Ltd., and ALBERT, Inc.

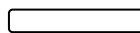

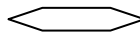

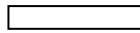


The finance business consists of the sale of insurance products through sales agencies and consumer lending. The main companies engaged in this business are n Insurance Service Company and GE Nissen Credit Co., Ltd.

The direct sales business consists of the sale of jewelry and *kimono* at shops and exhibitions; the sale of controlling undergarments through sales agencies; and apparel rental. The main companies engaged in this business are Nissen Co., Ltd., Oriental Diamond Inc., Trecenti Co., Ltd., Nissen Evers Oita Co., Ltd., Nissen Shape Founde Co., Ltd., and Nissen Youbist Tomonokai Co., Ltd.

Also, InfoDeliver Corporation and SharedWIN Co., Ltd. are involved in business process outsourcing (BPO) of general affairs, accounting, human resources, and other back office services, which are operated in China.

These classifications correspond with those stated in “4. Interim Consolidated Financial Statements; (Segment information).” The following diagram presents major relationships among the Nissen Group companies.



- | | | | |
|---|--|---|---------------------------|
|  | Consolidated subsidiary |  | Direct marketing business |
|  | Equity-method affiliate |  | Finance business |
|  | Non-consolidated subsidiary or non-equity-method affiliate |  | Direct sales business |
| | |  | Other businesses |

***About spin-off of Nissen direct sales business**

On June 21, 2008, the Nissen Group spun off the direct sales business from consolidated subsidiary Nissen Co., Ltd., ceding its operations to newly established, wholly-owned subsidiary Nissen PREMIUM Co., Ltd.

3. Management Policies

Nissen Holdings omits this section since there have been no significant changes subsequent to Interim Financial Results for the Fiscal Year Ended December 20, 2007 (dated July 27, 2007).

Interim Financial Results for the Fiscal Year Ended December 20, 2007 can be accessed at the following URLs.

Nissen Holdings website

<http://info.nissen.co.jp/en/financial/earnings/interim.htm>

Tokyo Stock Exchange website (company search)

<http://www.tse.or.jp/listing/compsearch/index.html>

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

Item	Interim FY2007 (As of Jun. 20, 2007)		Interim FY2008 (As of Jun. 20, 2008)		YoY change	FY2007 (As of Dec. 20, 2007)	
	Amount	%	Amount	%	Amount	Amount	%
Assets							
I Current assets							
1. Cash and deposits	13,704		6,934			6,939	
2. Notes and accounts receivable -trade	13,415		12,970			10,955	
3. Inventories	14,469		15,423			15,821	
4. Accounts receivable-others	12,680		12,039			13,602	
5. Prepaid expenses	4,584		6,180			5,315	
6. Forward foreign exchange contracts	6,537		-			1,137	
7. Others	2,920		1,868			2,899	
Allowance for doubtful receivables	(328)		(264)			(279)	
Total current assets	67,984	81.2	55,151	78.0	(12,832)	56,391	77.9
II Fixed assets							
1. Property, plant and equipment							
(1) Buildings and structures	1,270		1,229			1,254	
(2) Machinery, equipment and vehicles	66		46			58	
(3) Tools, furniture and fixtures	976		744			853	
(4) Land	1,768		1,768			1,768	
(5) Construction in progress	679	4,760	1,351	5,140	379	1,344	5,279
2. Intangible assets							
(1) Goodwill	375		158			178	
(2) Others	712	1,088	1,036	1,194	106	732	910
3. Investments and other assets							
(1) Investments in securities	7,898		7,571			6,788	
(2) Others	2,526		2,242			3,520	
Allowance for doubtful receivables	(488)	9,936	(563)	9,250	(686)	(519)	9,789
Total fixed assets	15,785	18.8	15,585	22.0	(199)	15,979	22.1
Total assets	83,769	100.0	70,737	100.0	(13,032)	72,371	100.0

(Millions of yen)

Item	Interim FY2007 (As of Jun. 20, 2007)		Interim FY2008 (As of Jun. 20, 2008)		YoY change	FY2007 (As of Dec. 20, 2007)		
	Amount	%	Amount	%	Amount	Amount	%	
Liabilities								
I Current liabilities								
1. Notes and accounts payable-trade	22,377		22,213			20,402		
2. Short-term bank loans	1,811		1,661			1,661		
3. Income tax payable	1,132		97			-		
4. Accounts payable-other	9,013		8,719			8,507		
5. Forward foreign exchange contracts	-		1,027			-		
6. Allowance for sales returns	545		707			585		
7. Allowance for returned goods damaged	126		116			84		
8. Reserve for overcharged interest repayment	242		213			213		
9. Others	5,149		2,372			3,088		
Total current liabilities	40,399	48.2	37,128	52.5	(3,270)	34,543	47.7	
II Long-term liabilities								
1. Long-term bank loans	3,343		1,681			2,512		
2. Accrued retirement benefits for employees	149		74			81		
3. Others	725		172			47		
Total long-term liabilities	4,218	5.1	1,929	2.7	(2,288)	2,641	3.7	
Total liabilities	44,618	53.3	39,058	55.2	(5,559)	37,184	51.4	
Net assets								
I Shareholders' equity								
1. Common stock	11,218	13.4	11,218	15.8	-	11,218	15.5	
2. Capital surplus	11,240	13.4	11,240	15.9	-	11,240	15.5	
3. Retained earnings	18,520	22.1	14,500	20.5	(4,020)	16,510	22.8	
4. Treasury stock	(3,281)	(3.9)	(3,282)	(4.6)	(1)	(3,282)	(4.5)	
Total shareholders' equity	37,697	45.0	33,676	47.6	(4,021)	35,686	49.3	
II Valuation and translation adjustments								
1. Net unrealized holding gain (loss) on securities	417	0.5	256	0.4	(160)	226	0.3	
2. Deferred hedge gain (loss)	996	1.2	(2,248)	(3.2)	(3,245)	(748)	(1.0)	
3. Translation adjustments	21	0.0	(22)	(0.0)	(44)	4	0.0	
Total valuation and translation adjustments	1,435	1.7	(2,014)	(2.8)	(3,449)	(517)	(0.7)	
III Minority interests	18	0.0	16	0.0	(1)	16	0.0	
Total net assets	39,151	46.7	31,678	44.8	(7,472)	35,186	48.6	
Total liabilities and net assets	83,769	100.0	70,737	100.0	(13,032)	72,371	100.0	

(2) Interim Consolidated Statement of Income*(Millions of yen)*

Item	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)		Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)		YoY change	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)				
	Amount	%	Amount	%		Amount	%			
I Net sales		78,411	100.0		79,648	100.0	1,236		152,997	100.0
II Cost of sales		34,709	44.3		36,468	45.8	1,758		69,597	45.5
Gross profit		43,701	55.7		43,180	54.2	(521)		83,399	54.5
Provision of allowance for sales returns		545	0.7		707	0.8	161		585	0.4
Reversal of allowance for sales returns		(556)	(0.7)		(585)	(0.7)	(29)		(556)	(0.4)
Gross profit -net		43,712	55.7		43,058	54.1	(654)		83,370	54.5
III Selling, general and administrative expenses										
1. Advertising expenses	12,315			13,239				23,783		
2. Shipping expenses	201			243				482		
3. Sales promotion expenses	4,651			4,442				8,721		
4. Provision of allowance for doubtful receivables	326			182				450		
5. Salaries and allowances	6,373			5,420				12,124		
6. Depreciation	367			287				552		
7. Commission expenses	12,466			11,718				22,310		
8. Others	5,127	41,831	53.3	5,567	41,101	51.6	(730)	10,436	78,861	51.6
Operating income		1,880	2.4		1,956	2.5	75		4,508	2.9
IV Non-operating income										
1. Gain on valuation of forward foreign exchange contracts	1,009			-				-		
2. Equity in earnings of affiliates	-			958				-		
3. Commission income	99			120				209		
4. Miscellaneous income	183	1,292	1.7	201	1,279	1.6	(12)	389	598	0.4
V Non-operating expenses										
1. Loss on valuation of forward foreign exchange contracts	-			1,205				1,424		
2. Loss on write-down of merchandise	1,458			1,017				2,981		
3. Equity in losses of affiliates	1,539			-				2,365		
4. Miscellaneous losses	197	3,195	4.1	234	2,456	3.1	(739)	358	7,130	4.6
Ordinary income (loss)		(22)	(0.0)		779	1.0	802		(2,022)	(1.3)

(Millions of yen)

Item	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)			Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)			YoY change	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)		
	Amount		%	Amount		%		Amount	Amount	%
VI Extraordinary income										
1. Gain on sales of fixed assets	-			2				-		
2. Gain on sales of investments in securities	35			-				103		
3. Gain on changes in equity stake	19			-				81		
4. Others	0	54	0.0	-	2	0.0	(52)	205	390	0.3
VII Extraordinary loss										
1. Loss on sales or disposal of fixed assets	143			10				307		
2. Loss on write-down of investments in securities	27			1				79		
3. Loss on business restructuring	1,509			-				1,205		
4. Others	-	1,681	2.1	0	12	0.0	(1,668)	169	1,762	1.2
Earnings (losses) before income taxes and minority interests		(1,649)	(2.1)		769	1.0	2,418		(3,395)	(2.2)
Current income taxes	1,109			96				931		
Deferred income taxes	(995)	114	0.1	1,742	1,838	2.3	1,724	(1,159)	(228)	(0.1)
Minority interest in income (loss) of consolidated subsidiaries		(21)	(0.0)		0	0.0	22		(22)	(0.0)
Net loss		1,742	(2.2)		1,070	(1.3)	672		3,144	(2.1)

(3) Interim Consolidated Statement of Changes in Shareholders' Equity

Interim FY2007 (Dec. 21, 2006 – Jun. 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	-	-	(1,742)	-	(1,742)
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	(2,264)	9	4,850
Balance as of Jun. 20, 2007	11,218	11,240	18,520	(3,281)	37,697

(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	-	-	-	-	-	(1,742)
Purchases of treasury stock	-	-	-	-	-	(0)
Disposal of treasury stock	-	-	-	-	-	5
Changes (net) in items other than shareholders' equity	(30)	488	23	481	(28)	452
Total changes in the period	(30)	488	23	481	(28)	5,303
Balance as of Jun. 20, 2007	417	996	21	1,435	18	39,151

Interim FY2008 (Dec. 21, 2007 – Jun. 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	-	-	(1,070)	-	(1,070)
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	-	-	(2,010)	(0)	(2,010)
Balance as of Jun. 20, 2008	11,218	11,240	14,500	(3,282)	33,676

(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	-	-	-	-	-	(1,070)
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	29	(1,500)	(26)	(1,497)	0	(1,497)
Total changes in the period	29	(1,500)	(26)	(1,497)	0	(3,507)
Balance as of Jun. 20, 2008	256	(2,248)	(22)	(2,014)	16	31,678

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) Interim Consolidated Statements of Cash Flows*(Millions of yen)*

Item	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	YoY change	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
	Amount	Amount	Amount	Amount
I Operating activities				
Earnings (loss) before income taxes and minority interests	(1,649)	769	2,418	(3,395)
Depreciation and amortization	367	287	(80)	552
Amortization of goodwill	-	19	19	37
Increase in allowance for doubtful receivables	148	29	(118)	130
Increase (decrease) in allowance for sales returns	(10)	121	132	29
Increase (decrease) in allowance for returned goods damaged	5	31	26	(37)
Decrease in reserve for overcharged interest repayment	(40)	-	40	(69)
Interest and dividend income	(42)	(19)	22	(88)
Interest expense	28	21	(7)	55
Loss (gain) on valuation of forward foreign exchange contracts	(1,009)	1,205	2,214	1,424
Equity in earnings of affiliates	-	(958)	(958)	-
Equity in losses of affiliates	1,539	-	(1,539)	2,365
Loss on write-down of investments in securities	27	3	(24)	79
Loss on business restructuring	1,509	-	(1,509)	1,205
Loss (gain) on sales of investments in securities	(35)	0	35	(93)
Gain on changes in equity interest	(19)	-	19	(81)
Loss (gain) on sales or disposal of fixed assets	143	8	(135)	307
Increase in notes and accounts receivable	(2,976)	(2,362)	614	(281)
Decrease (increase) in inventories	1,159	398	(760)	(170)
Increase (decrease) in notes and accounts payable	(619)	314	933	(2,365)
Others, net	2,085	2,717	631	(2,370)
Subtotal	613	2,588	1,975	(2,764)
Interests and dividends received	39	4	(35)	86
Interests paid	(24)	(24)	(0)	(52)
Income taxes refund	-	216	216	-
Income taxes paid	(981)	(57)	924	(2,062)
Net cash provided by (used in) operating activities	(352)	2,727	3,080	(4,792)
II Investing activities				
Purchases of fixed assets	(944)	(1,178)	(233)	(1,629)
Proceeds from sales of fixed assets	32	9	(22)	32
Purchases of investments in securities	(724)	(40)	684	(1,301)
Proceeds from sales of investments in securities	92	35	(56)	649
Payment for loans receivable	(441)	-	441	(445)
Proceeds from collections of loans receivable	18	0	(17)	19
Purchases of subsidiary stock	(200)	(52)	147	(200)
Proceeds from acquisition of newly consolidated subsidiaries	188	-	(188)	188
Acquisition of business	(2,473)	-	2,473	(2,473)
Others, net	0	(0)	0	(5)
Net cash used in investing activities	(4,452)	(1,225)	3,227	(5,165)

(Millions of yen)

Item	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	YoY change	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
	Amount	Amount	Amount	Amount
III Financing activities				
Repayment of long-term bank loans	(150)	(830)	(680)	(1,131)
Redemption of corporate bonds	(500)	-	500	(500)
Proceeds from issuance of new shares	7,105	-	(7,105)	7,105
Payment for issuance of new shares	(37)	-	37	(37)
Purchases of treasury stock	(0)	(0)	0	(1)
Proceeds from sales of treasury stock	5	-	(5)	5
Dividends paid	(517)	(790)	(273)	(1,125)
Others, net	57	-	(57)	57
Net cash provided by (used in) financing activities	5,963	(1,621)	(7,584)	4,373
IV Effect of exchange rate changes on cash and cash equivalents	(0)	(31)	(30)	(28)
V Increase (decrease) in cash and cash equivalents	1,157	(150)	(1,308)	(5,612)
VI Cash and cash equivalents at beginning of period	12,592	6,924	(5,668)	12,592
VII Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	-	146	146	-
VIII Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	(55)	-	55	(55)
IX Cash and cash equivalents at end of period	13,694	6,919	(6,774)	6,924

Basis of preparation of interim consolidated financial statements

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>1. Basis of Consolidation (1) Consolidated subsidiaries: 9 Consolidated subsidiaries Spark Ace Limited. Advance Progress Limited. Navibird, Inc. Oriental Diamond Inc. Trecenti Co., Ltd. Budou Labo Co., Ltd. Nissen Shape Founde Co., Ltd. Nissen Youbist Tomonokai Co., Ltd. Nissen Evers Oita Co., Ltd.</p> <p>With respect to ALBERT, Inc., only the income statement of is included in the consolidation as the company was changed in status from a consolidated subsidiary in the previous fiscal year to an equity-method affiliate this interim period due to the lowering of the Company's equity stake in the company. Oriental Diamond Inc., Trecenti Co., Ltd., and Budou Labo Co., Ltd. became consolidated subsidiaries in the current interim period.</p> <p>(2) Major non-consolidated subsidiaries Shanghai Nissen Clothing Inspection Ltd. (Reason for excluding from the consolidation) The interim consolidated financial statements do not include the accounts of six non-consolidated subsidiaries since these entities are small-scale businesses whose total assets, net sales, net income/loss (equity in earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.</p>	<p>1. Basis of Consolidation (1) Consolidated subsidiaries: 11 Consolidated subsidiaries Nissen Co., Ltd. Spark Ace Limited. Advance Progress Limited. Navibird, Inc. Budou Labo Co., Ltd. n Insurance Service Company Oriental Diamond Inc. Trecenti Co., Ltd. Nissen Evers Oita Co., Ltd. Nissen Shape Founde Co., Ltd. Nissen Youbist Tomonokai Co., Ltd.</p> <p>Effective from the current interim period, n Insurance Service Company (former Nissen Famix Life Insurance Planning Company), used to be a non-consolidated subsidiary, is included in the consolidation because of its increased materiality of impact on the interim consolidated financial statements.</p> <p>(2) Major non-consolidated subsidiaries Shanghai Nissen Clothing Inspection Ltd. (Reason for excluding from the consolidation) The interim consolidated financial statements do not include the accounts of eight non-consolidated subsidiaries since these entities are small-scale businesses whose total assets, net sales, net income/loss (equity in earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.</p>	<p>1. Basis of Consolidation (1) Consolidated subsidiaries: 10 Consolidated subsidiaries Nissen Co., Ltd. Spark Ace Limited. Advance Progress Limited. Navibird, Inc. Budou Labo Co., Ltd. Oriental Diamond Inc. Trecenti Co., Ltd. Nissen Evers Oita Co., Ltd. Nissen Shape Founde Co., Ltd. Nissen Youbist Tomonokai Co., Ltd.</p> <p>With respect to ALBERT, Inc., only the interim income statement of is included in the consolidation as the company was changed in status from a consolidated subsidiary in the previous fiscal year to an equity-method affiliate this fiscal year due to the lowering of the Company's equity stake in the company. Effective from the current fiscal year, Nissen Co., Ltd. was included in the consolidation since it was newly established through divestiture of the Company's direct marketing and direct sales businesses; Budou Labo Co., Ltd. and Trecenti Co., Ltd. were included in the consolidation since the Company acquired shares in the companies; and Oriental Diamond Inc. was included in the consolidation since it was newly established as a subsidiary.</p> <p>(2) Major non-consolidated subsidiaries Shanghai Nissen Clothing Inspection Ltd. (Reason for excluding from the consolidation) The consolidated financial statements do not include the accounts of six non-consolidated subsidiaries since these entities are small-scale businesses whose total assets, net sales, net income/loss (equity in earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.</p>

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)																																																																		
<p>2. Application of the equity method of accounting</p> <p>(1) Affiliates accounted for under the equity method of accounting: 5</p> <p>Company name: GE Nissen Credit Co., Ltd. Mail & e Business Logistics Service Co., Ltd. ALBERT, Inc. InfoDeliver Corporation. SharedWIN Co., Ltd.</p> <p>Effective from the current interim period, InfoDeliver Corporation became an equity method affiliate due to the acquisition of the shares. SharedWIN Co., Ltd., a new company jointly established with InfoDeliver Corporation, became an equity method affiliate starting this interim period.</p> <p>(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting: Shanghai Nissen Clothing Inspection Ltd. (Reason for exclusion from the application of the equity method of accounting) The afore mentioned entity is not accounted for under the equity method because of the fact that it has a very minor effect on consolidated net income/loss and consolidated retained earnings and are relatively insignificant in the context of interim consolidated financial statements.</p> <p>3. Interim periods of consolidated subsidiaries</p> <p>Interim balance sheet dates of consolidated subsidiaries are as follows:</p> <table border="1" data-bbox="159 1624 558 1971"> <thead> <tr> <th>Subsidiaries</th> <th>Balance sheet dates</th> </tr> </thead> <tbody> <tr><td>Spark Ace Limited.</td><td>Apr. 30</td></tr> <tr><td>Advance Progress Limited.</td><td>Apr. 30</td></tr> <tr><td>Navibird, Inc.</td><td>Mar. 20</td></tr> <tr><td>Budou Labo Co., Ltd.</td><td>Jun. 30</td></tr> <tr><td>Oriental Diamond Inc.</td><td>Mar. 31</td></tr> <tr><td>Trecenti Co., Ltd.</td><td>Sep. 30</td></tr> <tr><td>Nissen Shape Founde Co., Ltd.</td><td>Jun. 20</td></tr> <tr><td>Nissen Youbist Tomonokai Co., Ltd.</td><td>Jun. 20</td></tr> <tr><td>Nissen Evers Oita Co., Ltd.</td><td>Jun. 20</td></tr> </tbody> </table>	Subsidiaries	Balance sheet dates	Spark Ace Limited.	Apr. 30	Advance Progress Limited.	Apr. 30	Navibird, Inc.	Mar. 20	Budou Labo Co., Ltd.	Jun. 30	Oriental Diamond Inc.	Mar. 31	Trecenti Co., Ltd.	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SharedWIN Co., Ltd., a new company jointly established with InfoDeliver Corporation, became an equity-method affiliate this fiscal year.</p> <p>(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting: Shanghai Nissen Clothing Inspection Ltd. (Reason for exclusion from the application of the equity method of accounting) The afore mentioned entity is not accounted for under the equity method because of the fact that it has a very minor effect on consolidated net income/loss and consolidated retained earnings and are relatively insignificant in the context of consolidated financial statements.</p> <p>3. Fiscal years of consolidated subsidiaries</p> <p>Balance sheet dates of consolidated subsidiaries are as follows:</p> <table border="1" data-bbox="1031 1624 1436 1993"> <thead> <tr> <th>Subsidiaries</th> <th>Balance sheet dates</th> </tr> </thead> <tbody> <tr><td>Nissen Co., Ltd.</td><td>Dec. 20</td></tr> <tr><td>Spark Ace Limited.</td><td>Oct. 31</td></tr> <tr><td>Advance Progress Limited.</td><td>Oct. 31</td></tr> <tr><td>Navibird, Inc.</td><td>Sep. 20</td></tr> <tr><td>Budou Labo Co., Ltd.</td><td>Dec. 31</td></tr> <tr><td>Oriental Diamond Inc.</td><td>Sep. 30</td></tr> <tr><td>Trecenti Co., Ltd.</td><td>Sep. 30</td></tr> <tr><td>Nissen Evers Oita Co., Ltd.</td><td>Dec. 20</td></tr> <tr><td>Nissen Shape Founde Co., Ltd.</td><td>Dec. 20</td></tr> <tr><td>Nissen Youbist Tomonokai Co., Ltd.</td><td>Dec. 20</td></tr> </tbody> </table>	Subsidiaries	Balance sheet dates	Nissen Co., Ltd.	Dec. 20	Spark Ace Limited.	Oct. 31	Advance Progress Limited.	Oct. 31	Navibird, Inc.	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Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>While the provisional financial statement made as of March 31 for Budou Labo Co., Ltd. and Trecenti Co., Ltd. are provided in the preparation of the interim consolidated financial statements, the proper financial statements are used for Spark Ace Limited, Advance Progress Limited, Navibird, Inc., and Oriental Diamond Inc. because the latter four subsidiaries close their accounting periods within three months before the day when the Company does. In addition, appropriate adjustments were made for material transactions during the period from their respective balance sheet dates to that of interim consolidated financial statements.</p> <p>4. Accounting principles (1) Valuation criteria and methods for principal assets 1) Securities Held-to-maturity debt securities Amortized cost method (straight-line method). Other securities Securities with market quotations Carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost, cost being determined by the moving-average method.</p> <p>2) Derivatives By the mark-to-market method.</p> <p>3) Inventories Merchandise: Inventories are stated at cost determined by the first-in first-out method.</p>	<p>While the provisional financial statement made as of March 31 for Budou Labo Co., Ltd. is provided in the preparation of the interim consolidated financial statements, the proper financial statements are used for Spark Ace Limited, Advance Progress Limited, Navibird, Inc., Oriental Diamond Inc. and Trecenti Co., Ltd. because the latter five subsidiaries close their accounting periods within three months before the day when the Company does. In addition, appropriate adjustments were made for material transactions during the period from their respective balance sheet dates to that of interim consolidated financial statements.</p> <p>4. Accounting principles (1) Valuation criteria and methods for principal assets 1) Securities Held-to-maturity debt securities Same as on the left.</p> <p>Other securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p> <p>2) Derivatives Same as on the left.</p> <p>3) Inventories Merchandise: Same as on the left.</p>	<p>While the provisional financial statement made as of September 30 for Budou Labo Co., Ltd. is provided in the preparation of the consolidated financial statements, the proper financial statements are used for Spark Ace Limited, Advance Progress Limited, Navibird, Inc., Oriental Diamond Inc. and Trecenti Co., Ltd. because the latter five subsidiaries close their accounting periods within three months before the day when the Company does. In addition, appropriate adjustments were made for material transactions during the period from their respective balance sheet dates to that of consolidated financial statements.</p> <p>4. Accounting principles (1) Valuation criteria and methods for principal assets 1) Securities Held-to-maturity debt securities Same as on the left.</p> <p>Other securities Securities with market quotations Carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Same as on the left.</p> <p>2) Derivatives Same as on the left.</p> <p>3) Inventories Merchandise: Same as on the left.</p>

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>(2) Depreciation and amortization method for principal depreciable assets</p> <p>1) Property, plant and equipment Buildings (excluding fixtures):</p> <p>a. Acquisitions on or before March 31, 2007: By the former straight-line method.</p> <p>b. Acquisitions on or after April 1, 2007: By the straight-line method.</p> <p>Others:</p> <p>a. Acquisitions on or before March 31, 2007: By the former declining-balance method.</p> <p>b. Acquisitions on or after April 1, 2007: By the declining-balance method.</p> <p>Useful lives of principal assets are as follows:</p> <p>Buildings and structures: 2-49 years Machinery, equipment and vehicles: 5-9 years Tools, furniture and fixtures: 2-20 years</p> <hr/> <p>2) Intangible assets By the straight-line method. The development costs of software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.</p> <p>3) Long-term prepaid expenses Amortization is computed by the straight-line method.</p>	<p>(2) Depreciation and amortization method for principal depreciable assets</p> <p>1) Property, plant and equipment Buildings (excluding fixtures): Same as on the left.</p> <p>Others: Same as on the left.</p> <p>Useful lives of principal assets are as follows:</p> <p>Buildings and structures: 2-49 years Machinery, equipment and vehicles: 5-7 years Tools, furniture and fixtures: 2-20 years</p> <p>(Additional information) The Company has adopted the revised Corporation Tax Law and changed the method of depreciation of property, plant and equipment acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation and amortization. The effect of these changes on profit/loss is insignificant.</p> <p>2) Intangible assets Same as on the left.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>	<p>(2) Depreciation and amortization method for principal depreciable assets</p> <p>1) Property, plant and equipment Buildings (excluding fixtures): Same as on the left.</p> <p>Others: Same as on the left.</p> <p>Useful lives of principal assets are as follows: Same as on the left.</p> <hr/> <p>2) Intangible assets Same as on the left.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>(3) Accounting for significant deferred assets Stock issue expenses Charged to income as accrued.</p> <p>(4) Recognition of significant allowances 1) Allowance for doubtful receivables To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and for bad receivables based on a case-by-case determination of collectibility.</p> <p>2) Allowance for sales returns To prepare for losses from sales returns, the Company booked an allowance for sales returns at the end of the interim period based on the historical rate of such returns.</p> <p>3) 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 interim period based on the historical rate of such returns.</p> <p>4) Accrued retirement benefits for employees To provide for accrued employees' retirement benefits (female sales force called "Nissen Lady"), Nissen provides an allowance in the amount deemed to have accrued at the end of the interim period based on future estimated retirement benefit obligations.</p> <p>5) Reserve for overcharged interest repayment To prepare for overcharged interest repayment, the Company booked a reserve for overcharged interest repayment of an amount estimated at the end of the interim period. It was due to the Company's contractual obligation to provide compensation for interests to be repaid to borrowers on loans that were transferred along with the sale of its credit services division to GE Nissen Credit Co., Ltd. on July 14, 2000.</p>	<p>(3) _____</p> <p>(4) Recognition of significant allowances 1) Allowance for doubtful receivables Same as on the left.</p> <p>2) Allowance for sales returns Same as on the left.</p> <p>3) Allowance for returned goods damaged Same as on the left.</p> <p>4) Accrued retirement benefits for employees Same as on the left.</p> <p>5) Reserve for overcharged interest repayment Same as on the left.</p>	<p>(3) Accounting for significant deferred assets Stock issue expenses Charged to income as accrued.</p> <p>(4) Recognition of significant allowances 1) Allowance for doubtful receivables Same as on the left.</p> <p>2) Allowance for sales returns To prepare for losses from sales returns, the Company booked an allowance for sales returns at the end of the fiscal year based on the historical rate of such returns.</p> <p>3) 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 such returns.</p> <p>4) Accrued retirement benefits for employees To provide for accrued employees' retirement benefits (female sales force called "Nissen Lady"), Nissen provides an allowance in the amount deemed to have accrued at the end of the fiscal year based on future estimated retirement benefit obligations.</p> <p>5) Reserve for overcharged interest repayment To prepare for overcharged interest repayment, the Company booked a reserve for overcharged interest repayment of an amount estimated at the end of the fiscal year. It was due to the Company's contractual obligation to provide compensation for interests to be repaid to borrowers on loans that were transferred along with the sale of its credit services division to GE Nissen Credit Co., Ltd. on July 14, 2000.</p>

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>(5) Transaction of principal foreign currency-denominated assets and liabilities Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the balance sheet date. Translation gain or loss is charged to the income statement. The balance sheet accounts of overseas consolidated subsidiaries are also translated into yen at the spot exchange rate in effect on the balance sheet dates while their income statement accounts at the average exchange rate for the year, and translation gain or loss is stated as a component of foreign currency translation adjustments and minority interests in the net assets.</p> <p>(6) Accounting for leases Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by the method similar to that applicable to ordinary operating leases.</p> <p>(7) Significant accounting policies for hedges 1) Hedge accounting method The forward foreign exchange contracts are accounted for by the short-cut method where they meet certain criteria for the method. 2) Hedging instrument and the risk hedged Hedging instrument: Forward foreign exchange contracts Risk hedged: Foreign currency-denominated monetary liabilities 3) Hedging policy The Company enters into forward foreign exchange contracts, under a risk-control policy established by the Company, to reduce exposure to risks from fluctuations in foreign currency exchange. 4) Assessing the effectiveness of a hedge Effectiveness is assessed by analyzing ratio of the sum total variance in cash flows from the underlying transactions to the sum total of variances in cash flows from the hedge instruments. The Company considers that its hedges are effective since there was a high correlation deemed between the hedging instruments and the risk hedged at the end of the current interim period.</p>	<p>(5) Transaction of principal foreign currency-denominated assets and liabilities Same as on the left.</p> <p>(6) Accounting for leases Same as on the left.</p> <p>(7) Significant accounting policies for hedges 1) Hedge accounting method Same as on the left. 2) Hedging instrument and the risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left. 3) Hedging policy Same as on the left. 4) Assessing the effectiveness of a hedge Same as on the left.</p>	<p>(5) Transaction of principal foreign currency-denominated assets and liabilities Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the balance sheet date. Translation gain or loss is charged to the income statement. The balance sheet accounts of overseas consolidated subsidiaries are also translated into yen at the spot exchange rate in effect on the balance sheet dates while their income statement accounts at the average exchange rate for the year, and translation gain or loss is stated as a component of foreign currency translation adjustments and minority interests in the net assets.</p> <p>(6) Accounting for leases Same as on the left.</p> <p>(7) Significant accounting policies for hedges 1) Hedge accounting method Same as on the left. 2) Hedging instrument and the risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left. 3) Hedging policy Same as on the left. 4) Assessing the effectiveness of a hedge Effectiveness is assessed by analyzing ratio of the sum total variance in cash flows from the underlying transactions to the sum total of variances in cash flows from the hedge instruments. The Company considers that its hedges are effective since there was a high correlation deemed between the hedging instruments and the risk hedged at the end of the current fiscal year.</p>

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>(8) Other significant accounting policies in the preparation of consolidated financial statements</p> <p>Accounting for consumption taxes: All amounts stated are exclusive of consumption and local taxes.</p> <p>5. Scope of cash and cash equivalents in statements of cash flows For the purpose of consolidated statements of cash flows, cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.</p> <p>6. Amortization of goodwill Goodwill amortization is estimated for each period in which it is expected to emerge, and then equally amortized over the designated amortization period. Relatively small goodwill amounts are amortized lump sum in the year in which they are recognized, and included in the “Others” category of SG&A expenses.</p>	<p>(8) Other significant accounting policies in the preparation of consolidated financial statements</p> <p>Accounting for consumption taxes: Same as on the left.</p> <p>5. Scope of cash and cash equivalents in statements of cash flows Same as on the left.</p> <p>6. Amortization of goodwill Same as on the left.</p>	<p>(8) Other significant accounting policies in the preparation of consolidated financial statements</p> <p>Accounting for consumption taxes: Same as on the left.</p> <p>5. Scope of cash and cash equivalents in statements of cash flows Same as on the left.</p> <p>6. Amortization of goodwill Same as on the left.</p>

Changes in significant accounting policies in the preparation of interim consolidated financial statements

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
<p>(Depreciation and amortization method for property, plant and equipment) Effective from the current interim period, property, plant and equipment acquired on or after April 1, 2007 will be depreciated according to the depreciation method stipulated in the revised Corporate Tax Law, that is Law to Partially Revise Corporate Tax Law and Related Laws, Law No. 6 dated March 30, 2007 coupled with Cabinet Ordinance to Partially Revise Corporate Tax Law Enforcement Order, Ordinance No. 83 dated March 30, 2007. The effect of these changes on profit/loss is insignificant.</p>	<p style="text-align: center;">—————</p>	<p>(Depreciation and amortization method for property, plant and equipment) Effective from the current fiscal year, property, plant and equipment acquired on or after April 1, 2007 will be depreciated according to the depreciation method stipulated in the revised Corporate Tax Law, that is Law to Partially Revise Corporate Tax Law and Related Laws, Law No. 6 dated March 30, 2007 coupled with Cabinet Ordinance to Partially Revise Corporate Tax Law Enforcement Order, Ordinance No. 83 dated March 30, 2007. The effect of these changes on profit/loss is insignificant.</p>
<p>(Accounting standard for business combination) Effective from the current interim period, the Company has adopted “Accounting Standard for Business Combination” (Business Accounting Council, October 31, 2003), the “Accounting Standard for Business Divestiture” (ASBJ Statement No. 7: Accounting Standards Board of Japan, December 27, 2005) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10).</p>	<p style="text-align: center;">—————</p>	<p>(Accounting standards for business combination) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Business Combination” (Business Accounting Council, October 31, 2003), the “Accounting Standard for Business Divestiture” (ASBJ Statement No. 7: Accounting Standards Board of Japan, December 27, 2005) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10).</p>

Reclassification

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)
<p>(Interim consolidated balance sheets)</p> <p>Effective from the current interim period, “Forward foreign exchange contracts,” included in “Others” under “Current assets” in prior periods, is reclassified and presented as a separate line item since it represents more than 5/100 of total assets as of the end of the current interim period.</p> <p>In the previous interim period, “Forward foreign exchange contracts” totaled 2,642 million yen.</p> <p>Effective from the current interim period, “Long-term loans receivable” (4 million yen as of the end of the current interim period), presented as a separate line item in prior periods, is reclassified and included in “Others” under “Investments and other assets” given that the amount is insignificant in the context of the interim consolidated financial statements.</p> <p>(Interim consolidated statements of income)</p> <p>Effective from the current interim period, “Commission expenses,” included in “Others” under “Selling, general and administrative expenses” in prior periods, is reclassified and presented as a separate line item since the amount has increased the materiality of impact in the context of interim consolidated financial statements.</p> <p>In the previous interim period, “Commission expenses” totaled 3,600 million yen.</p>	<p>—————</p> <p>(Interim consolidated statements of income)</p> <p>Effective from the current interim period, “Gain on sales of fixed assets,” included in “Others” under “Extraordinary income” in prior periods, is reclassified and presented as a separate line item since it represents more than 10/100 of total extraordinary income.</p> <p>In the previous interim period, “Gain on sales of fixed assets” totaled 0 million yen.</p>

Omission of Disclosure

Notes to interim consolidated balance sheets, interim consolidated statement of income, interim consolidated statement of changes in shareholders’ equity, interim consolidated statements of cash flows, and those to lease transaction, securities, derivative transactions, and stock option were omitted from disclosure herein due to insignificance in the context of the interim financial results.

Segment information**a. Business segment information**

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

(Millions of yen)

	Direct marketing business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales and operating income					
Net sales					
(1) Sales to third parties	66,875	11,535	78,411	-	78,411
(2) Inter-group sales and transfers	-	-	-	-	-
Total	66,875	11,535	78,411	-	78,411
Operating expenses	62,622	12,113	74,735	1,795	76,530
Operating income (loss)	4,253	(577)	3,676	(1,795)	1,880
Non-operating income (loss)	(1,663)	(138)	(1,801)	(101)	(1,903)
Ordinary income (loss)	2,590	(715)	1,874	(1,897)	(22)

Notes: 1. The business segments of Nissen Holdings are based on operating segments.

2. Principal business segments

(1) Direct marketing business: The direct marketing business principally includes catalog sales, mail-order sales on consignment and insurance agency businesses

(2) Direct sales business: The direct sales business relates to the person-to-person selling mainly in events

3. Operating expenses in eliminations and corporate include 1,795 million yen of those not attributable. To any business segment, consisting primarily of those related to the administration division of Nissen Holdings.

Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)

(Millions of yen)

	Direct marketing business	Finance business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales and operating income						
Net sales						
(1) Sales to third parties	69,281	525	9,841	79,648	-	79,648
(2) Inter-group sales and transfers	-	-	-	-	-	-
Total	69,281	525	9,841	79,648	-	79,648
Operating expenses	65,723	293	10,472	76,489	1,201	77,691
Operating income (loss)	3,557	232	(631)	3,158	(1,201)	1,956
Non-operating income (loss)	(2,016)	946	(118)	(1,188)	11	(1,176)
Ordinary income (loss)	1,541	1,178	(750)	1,970	(1,190)	779

Notes: 1. The business segments of the Nissen Group are based on operating segments.

2. Principal business segments

(1) Direct marketing business: The direct marketing business principally includes catalog sales, etc.

(2) Finance business: Insurance agency and consumer finance businesses, etc.

(3) Direct sales business: The direct sales business relates to the person-to-person selling mainly in events, etc.

3. Operating expenses in eliminations and corporate include 1,201 million yen of those not attributable. To any business segment, consisting primarily of those related to the administration division of Nissen Holdings.

4. Change in business segment classification

(1) The Nissen Group had previously divided its operations between direct marketing and direct sales businesses, but has introduced a third business segment, the finance business, with the release of interim FY2008 consolidated earnings. This addition is in response to amendments to the Money-Lending Business Control and Regulation Law (promulgated December 20, 2006, Law No. 115) and represents the Nissen Group's decision, after a review of its operations, to firm up the earnings base for GE Nissen Credit Co., Ltd. by consolidating finance-related operations into a separate business unit. As a result of the reclassification, net sales and operating income of 62 million yen and ordinary income of 1,008 million yen previously allocated to the direct marketing business will now be recorded as earnings for the finance business.

(2) Performance of the newly consolidated subsidiary n Insurance Service Company is included in the finance business from the current interim period.

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

(Millions of yen)

	Direct marketing business	Direct sales business	Total	Eliminations and corporate	Consolidated
Net sales and operating income					
Net sales					
(1) Sales to third parties	130,482	22,515	152,997	-	152,997
(2) Inter-group sales and transfers	-	-	-	-	-
Total	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
Non-operating income (loss)	(6,170)	(283)	(6,453)	(78)	(6,531)
Ordinary income (loss)	2,182	(1,296)	886	(2,909)	(2,022)

Notes: 1. The business segments of the Nissen Group are based on operating segments.

2. Principal business segments

(1) Direct marketing business: The direct marketing business principally includes catalog sales, mail-order sales on consignment and insurance agency businesses

(2) Direct sales business: The direct sales business relates to the person-to-person selling mainly in events

3. Operating expenses in eliminations and corporate include 2,831 million yen of those not attributable. To any specific business segment, consisting primarily of those related to the administration division of Nissen Holdings.

b. Geographical segment information

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

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

Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)

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

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

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

c. Overseas sales

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

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

Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)

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

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

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

Per-share information

(Yen)

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)		Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)		FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	
Net assets per share	643.38	Net assets per share	520.57	Net assets per share	578.23
Net loss per share (basic)	30.17	Net loss per share (basic)	17.60	Net loss per share (basic)	53.03
Net income per share (diluted) is not presented since the Company has outstanding dilutive securities, though posted a net loss.		Net income per share (diluted) is not presented since the Company has no outstanding dilutive securities, and posted a net loss.		Net income per share (diluted) is not presented since the Company has outstanding dilutive securities, though posted a net loss.	

Note: Basis for calculation

1. Net assets per share

(Millions of yen)

	Interim FY2007 (As of Jun. 20, 2007)	Interim FY2008 (As of Jun. 20, 2008)	FY2007 (As of Dec. 20, 2007)
Total net assets on the consolidated balance sheets	39,151	31,678	35,186
Difference between the amounts of total net assets on the consolidated balance sheets and net assets applicable to common stock used in calculation of net assets per share	18	16	16
[Minority interests]	[18]	[16]	[16]
Net assets applicable to common stock	39,133	31,662	35,169
Number of shares outstanding (common shares)	63,416,332 shares	63,416,332 shares	63,416,332 shares
Number of treasury stock (common shares)	2,592,316 shares	2,593,897 shares	2,593,385 shares
Number of common shares used in calculation of net assets per share	60,824,016 shares	60,822,435 shares	60,822,947 shares

2. Net loss per share (basic) and net income per share (diluted)

(Millions of yen)

	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)	Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)
Net loss per share (basic)			
Net loss	1,742	1,070	3,144
Net income not available to common shareholders	-	-	-
Net loss available to common stock	1,742	1,070	3,144
Weighted average number of shares outstanding	57,769,600 shares	60,822,698 shares	59,300,666 shares
Net income per share (diluted)			
Adjusted net income	-	-	-
Increase in the number of common shares	-	-	-
[Stock subscription rights]	[-]	[-]	[-]
[Stock acquisition rights]	[-]	[-]	[-]
Summary of potential stock not included in the calculation of “net income per share (diluted)” since there was no dilutive effect in the current interim period (fiscal year).	Stock Option 5 issues (Stock acquisition rights: 33,994) Consolidated subsidiary: Stock Option 1 issue (Stock acquisition rights: 2,000)	Stock Option 5 issues (Stock acquisition rights: 32,249) Consolidated subsidiary: Stock Option 1 issue (Stock acquisition rights: 2,000)	Stock Option 5 issues (Stock acquisition rights: 32,364) Consolidated subsidiary: Stock Option 1 issue (Stock acquisition rights: 2,000)

Subsequent events

Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)
—————

Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)
<p>(Stock repurchase program)</p> <p>The Nissen Holdings Board of Directors on July 4, 2008 approved a stock repurchase program as detailed below pursuant to the provision of Article 156 of the Corporation Law of which different manner of application is provided for in Article 165 Paragraph 3 of the said Law.</p> <p>1. Reason for stock repurchase To adopt timely and flexible financial strategies in response to changing business environment.</p> <p>2. Details of the stock repurchase program</p> <p>(1) Type of shares to be authorized: Common stock of Nissen Holdings</p> <p>(2) Total number of shares to be authorized: Up to 400,000 shares (0.66% of total shares outstanding (excluding treasury stock))</p> <p>(3) Total value of shares to be purchased: Up to 0.3 billion yen</p> <p>(4) Repurchase schedule: From July 8, 2008 to August 29, 2008</p> <p>(5) Method of repurchase: Purchase on the Osaka Securities Exchange</p>

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

5. Others

Sales and Purchases

(1) Sales

Sales by business segments for the current interim period are as follows:

Segment	Amount (Millions of yen)	YoY change (%)
Direct marketing business	69,281	103.7
Finance business	525	-
Direct sales business	9,841	85.3
Total	79,648	101.7

Notes:

1. The above amounts do not include consumption taxes.
2. The Nissen Group has changed its business segment classifications from the current interim period. For details, please see “4. Interim Consolidated Financial Statements; (Segment information).” Results from the previous fiscal year have been adjusted using the new business segment classifications to facilitate year-over-year comparisons.
3. There are no year-over-year figures for the finance business, as it is a new business segment starting from the current interim period.

(2) Purchases

Purchases by business segments for the current interim period are as follows:

Segment	Amount (Millions of yen)	YoY change (%)
Direct marketing business	32,537	105.1
Direct sales business	4,521	111.4
Total	37,058	105.9

Notes:

1. The above amounts are calculated on the basis of procurement prices.
2. The amounts do not include consumption taxes.
3. No purchases by the finance business.

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6. Interim Non-consolidated Financial Statements**(1) Interim Non-consolidated Balance Sheets***(Millions of yen)*

Item	Interim FY2007 (As of Jun. 20, 2007)		Interim FY2008 (As of Jun. 20, 2008)		YoY change	FY2007 (As of Dec. 20, 2007)		
	Amount	%	Amount	%	Amount	Amount	%	
Assets								
I Current assets								
1. Cash and deposits	12,345		1,436			752		
2. Notes receivable-trade	1,478		-			-		
3. Accounts receivable-trade	11,752		-			-		
4. Merchandise	12,328		-			-		
5. Prepaid expenses	4,551		-			-		
6. Short-term loans receivable from affiliates	-		2,105			1,992		
7. Accounts receivable-others	4,814		-			106		
8. Accounts receivable from affiliates	7,636		561			579		
9. Forward foreign exchange contracts	6,537		-			-		
10. Others	3,320		265			791		
Allowance for doubtful receivables	(574)		(154)			(251)		
Total current assets		64,190		4,213	10.4	(59,977)	3,971	9.2
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings	1,169		950			980		
(2) Land	1,768		1,768			1,768		
(3) Others	1,683		1,981			2,095		
Total property, plant and equipment	4,621		4,699			4,844		
2. Intangible assets	578		241			270		
3. Investments and other assets								
(1) Investments in securities	6,650		2,289			2,198		
(2) Affiliate stock	-		21,861			21,788		
(3) Long-term loans receivable from affiliates	-		4,567			7,362		
(4) Deferred tax assets	-		2,491			2,525		
(5) Others	5,672		348			362		
Allowance for doubtful receivables	(486)		(198)			(83)		
Total investments and other assets	11,836		31,360			34,154		
Total fixed assets		17,036		36,301	89.6	19,264	39,269	90.8
Total assets		81,227		40,514	100.0	(40,712)	43,240	100.0

(Millions of yen)

Item	Interim FY2007 (As of Jun. 20, 2007)		Interim FY2008 (As of Jun. 20, 2008)		YoY change Amount	FY2007 (As of Dec. 20, 2007)			
	Amount	%	Amount	%		Amount	%		
Liabilities									
I Current liabilities									
1. Notes payable-trade	10,044		7				7		
2. Accounts payable-trade	12,093		-				-		
3. Short-term bank loans	2,383		2,370				2,293		
4. Accounts payable-other	7,771		636				1,012		
5. Income tax payable	1,117		39				-		
6. Allowance for sales returns	545		-				-		
7. Allowance for returned goods damaged	126		-				-		
8. Allowance for interest repayment compensation	242		-				-		
9. Others	4,701		84				814		
Total current liabilities		39,025	48.1		3,138	7.7	(35,887)	4,127	9.5
II Long-term liabilities									
1. Long-term bank loans	3,340		1,680				2,510		
2. Accrued retirement benefits for employees	149		-				-		
3. Others	684		-				-		
Total long-term liabilities		4,174	5.1		1,680	4.2	(2,494)	2,510	5.8
Total liabilities		43,199	53.2		4,818	11.9	(38,381)	6,637	15.3
Net assets									
I Shareholders' equity									
1. Common stock		11,218	13.8		11,218	27.7	-	11,218	26.0
2. Capital surplus									
(1) Additional paid-in capital	11,260			11,260			11,260		
Total capital surplus		11,260	13.9		11,260	27.8	-	11,260	26.1
3. Retained earnings									
(1) Legal reserves	256			256			256		
(2) Other retained earnings									
Special reserves	17,300			16,509			17,300		
Retained earnings carried forward	(139)			(522)			(376)		
Total retained earnings		17,416	21.4		16,244	40.1	(1,172)	17,180	39.7
4. Treasury stock	(3,281)	(4.0)		(3,282)	(8.1)	(1)	(3,282)	(7.6)	
Total shareholders' equity		36,613	45.1		35,439	87.5	(1,173)	36,376	84.2
II Valuation and translation adjustments									
1. Net unrealized holding gain (loss) on securities		417	0.5		256	0.6	(160)	226	0.5
2. Deferred hedge gain (loss)		996	1.2		-	-	(996)	-	-
Total valuation and translation adjustments		1,413	1.7		256	0.6	(1,157)	226	0.5
Total net assets		38,027	46.8		35,696	88.1	(2,330)	36,603	84.7
Total liabilities and net assets		81,227	100.0		40,514	100.0	(40,712)	43,240	100.0

(2) Interim Non-consolidated Statement of Income*(Millions of yen)*

Item	Interim FY2007 (Dec. 21, 2006 – Jun. 20, 2007)		Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)		YoY change	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	
	Amount	%	Amount	%		Amount	%
I Net sales	76,879	100.0	2,334	100.0	(74,545)	79,564	100.0
II Cost of sales	34,513	44.9	1,461	62.6	(33,051)	36,036	45.3
Gross profit	42,365	55.1	872	37.4	(41,493)	43,527	54.7
Provision of allowance for sales returns	545	0.7	-	-	(545)	545	0.7
Reversal of allowance for sales returns	(556)	(0.7)	-	-	556	(556)	(0.7)
Gross profit -net	42,376	55.1	872	37.4	(41,504)	43,538	54.7
III Selling, general and administrative expenses	40,407	52.5	949	40.7	(39,457)	41,237	51.8
Operating income (loss)	1,969	2.6	(76)	(3.3)	(2,046)	2,301	2.9
IV Non-operating income	1,286	1.7	82	3.5	(1,203)	1,404	1.8
V Non-operating expenses	1,903	2.5	81	3.5	(1,821)	2,031	2.6
Ordinary income (loss)	1,352	1.8	(76)	(3.3)	(1,428)	1,674	2.1
VI Extraordinary income	35	0.1	0	0.0	(34)	103	0.1
VII Extraordinary loss	1,728	2.3	1	0.0	(1,726)	1,835	2.3
Loss before income taxes	340	(0.4)	77	(3.3)	263	56	(0.1)
Current income taxes	1,093		40			842	
Deferred income taxes	(987)	106	27	68	(38)	(824)	18
Net loss	447	(0.6)	145	(6.2)	301	75	(0.1)

(3) Interim Non-consolidated Statement of Changes in Shareholders' Equity

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

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal reserves	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings		Total retained earnings		
					Special reserves	Retained earnings carried forward			
Balance as of Dec. 20, 2006	7,665	7,707	7,707	256	17,300	828	18,385	(3,290)	30,467
Changes in the period									
New share issue	3,552	3,552	3,552	-	-	-	-	-	7,105
Dividend of surplus	-	-	-	-	-	(517)	(517)	-	(517)
Net loss	-	-	-	-	-	(447)	(447)	-	(447)
Purchases of treasury stock	-	-	-	-	-	-	-	(0)	(0)
Disposal of treasury stock	-	-	-	-	-	(4)	(4)	9	5
Changes (net) in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes in the period	3,552	3,552	3,552	-	-	(968)	(968)	9	6,146
Balance as of Jun. 20, 2007	11,218	11,260	11,260	256	17,300	(139)	17,416	(3,281)	36,613

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gain (loss)	Total valuation and translation adjustments	
Balance as of Dec. 20, 2006	448	507	955	31,423
Changes in the period				
New share issue	-	-	-	7,105
Dividend of surplus	-	-	-	(517)
Net loss	-	-	-	(447)
Purchases of treasury stock	-	-	-	(0)
Disposal of treasury stock	-	-	-	5
Changes (net) in items other than shareholders' equity	(30)	488	458	458
Total changes in the period	(30)	488	458	6,604
Balance as of Jun. 20, 2007	417	996	1,413	38,027

Interim FY2008 (Dec. 21, 2007 – Jun. 20, 2008)

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal reserves	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings		Total retained earnings		
					Special reserves	Retained earnings carried forward			
Balance as of Dec. 20, 2007	11,218	11,260	11,260	256	17,300	(376)	17,180	(3,282)	36,376
Changes in the period									
Dividend of surplus	-	-	-	-	-	(790)	(790)	-	(790)
Net loss	-	-	-	-	-	(145)	(145)	-	(145)
Reversal of special reserves	-	-	-	-	(790)	790	-	-	-
Purchases of treasury stock	-	-	-	-	-	-	-	(0)	(0)
Changes (net) in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes in the period	-	-	-	-	(790)	(145)	(936)	(0)	(936)
Balance as of Jun. 20, 2008	11,218	11,260	11,260	256	16,509	(522)	16,244	(3,282)	35,439

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain (loss) on securities	Total valuation and translation adjustments	
Balance as of Dec. 20, 2007	226	226	36,603
Changes in the period			
Dividend of surplus	-	-	(790)
Net loss	-	-	(145)
Reversal of special reserves	-	-	-
Purchases of treasury stock	-	-	(0)
Changes (net) in items other than shareholders' equity	29	29	29
Total changes in the period	29	29	(906)
Balance as of Jun. 20, 2008	256	256	35,696

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

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal reserves	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Special reserves	Other retained earnings	Retained earnings carried forward		
Balance as of Dec. 20, 2006	7,665	7,707	7,707	256	17,300	828	18,385	(3,290)	30,467
Changes in the fiscal year									
New share issue	3,552	3,552	3,552	-	-	-	-	-	7,105
Dividend of surplus	-	-	-	-	-	(1,125)	(1,125)	-	(1,125)
Net loss	-	-	-	-	-	(75)	(75)	-	(75)
Purchases of treasury stock	-	-	-	-	-	-	-	(1)	(1)
Disposal of treasury stock	-	-	-	-	-	(4)	(4)	9	5
Changes (net) in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes in the fiscal year	3,552	3,552	3,552	-	-	(1,205)	(1,205)	8	5,908
Balance as of Dec. 20, 2007	11,218	11,260	11,260	256	17,300	(376)	17,180	(3,282)	36,376

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gain (loss)	Total valuation and translation adjustments	
Balance as of Dec. 20, 2006	448	507	955	31,423
Changes in the fiscal year				
New share issue	-	-	-	7,105
Dividend of surplus	-	-	-	(1,125)
Net loss	-	-	-	(75)
Purchases of treasury stock	-	-	-	(1)
Disposal of treasury stock	-	-	-	5
Changes (net) in items other than shareholders' equity	(221)	(507)	(728)	(728)
Total changes in the fiscal year	(221)	(507)	(728)	5,180
Balance as of Dec. 20, 2007	226	-	226	36,603

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