

Company name: Nissen Holdings Co., Ltd.
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Stock code: 8248
Stock exchange listing: Tokyo Stock Exchange, First Section
Osaka Securities Exchange, First Section
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Notice Concerning Partial Withdrawal from Subsidiary's Business

At its Board of Directors meeting held on September 5, 2008, Nissen Holdings Co., Ltd. decided to discontinue the event-based marketing operations of its subsidiary Nissen Premium Co., Ltd. (address: 55, Nikinomori-cho, Kisshoin, Minami-ku, Kyoto; capital: ¥50 million wholly invested by Nissen Holdings Co., Ltd.; president and representative director: Hiroshi Fujii; hereinafter referred to as "Nissen Premium") by the end of December 2008 as follows:

Description

1. Reason for withdrawal from the business

For the year ended December 20, 2007, Nissen Premium's event-based marketing, whereby the company conducts event-based marketing of jewelry/kimono items and provides various related services such as tailoring/renting costumes, retails "Gion-ya" brand merchandise, and markets jewelry/kimono through catalog mail-orders, reported sales of ¥15,335 million, down by nearly half compared with ¥26,354 million for the year ended December 20, 2005. Operating income was also down from ¥2,145 million for the year ended December 20, 2005, recording a loss of ¥1,242 million for the year ended December 20, 2007.

In such a difficult environment, Nissen Premium has been doing its utmost to keep the business running by implementing restructuring of operations including realigning the business structure, reexamining business areas, and optimizing staffing levels.

However, the declining credibility of the entire industry arising from such problems as excessive sales promotion and the shrinkage of the kimono market led to a severe business environment with no sign of recovery, and the situation is quite likely to become even worse after June 20, 2008, which is the date of Nissen Holdings' interim consolidation. Given these circumstances, we came to the conclusion that it would be difficult for us to maintain the profitability of the aforementioned business and achieve medium- and long-term growth.

2. Outline of withdrawal from the business

For Nissen Premium's event-based marketing, operations at sales bases are scheduled to be gradually wound down after September 5, 2008 with final cessation at the end of December 2008. Regarding follow-up and after-sale services after the termination of operations, Nissen Premium will continue to respond to customers by setting up a department/information desk dedicated to that task.

3. Future outlook

With regard to the businesses other than event-based marketing, namely store retailing under the "Gion-ya" brand and catalog direct marketing of jewelry/kimono items, Nissen Premium will stay in business.

We expect that Nissen Premium will incur a loss associated with the partial withdrawal from the business at this time. The amount of this loss and its impact on full-year consolidated performance is under careful review. As soon as updated figures become available, we will announce a revised performance forecast.

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