



Summary of Financial Results for the  
Third Quarter of the 39th Fiscal Period

(Supplementary Information)

**Nissen Holdings Co., Ltd.**

October 27, 2008

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※Projections contained in this presentation document are assessments made on the basis of the information currently available, and contain a large number of uncertainties. Actual performance may differ significantly from these projections due to such factors as future economic trends, changes in business conditions, and exchange rate fluctuations.

※ Any fractional sum of less than one unit is basically disregarded.

Consolidated Financial Results

- ✓ Sales increased by around 2.7% over the same period last year, almost in line with the forecast.
- ✓ Steady earnings improvement in the direct marketing business and the financial services compensated for declining earnings in the direct sales business, resulting in a 2.8 billion yen year-on-year increase in “ordinary income in real terms” (excluding profit or loss on valuation of forward exchange contracts at market value) as projected, a barometer of earning power on a consolidated basis.
- ✓ In the meantime, net loss increased due to an extraordinary loss incurred as a result of the withdrawal from the event sales business..
- ✓ The yen appreciated compared to the rate when the company made its projection and traded at 106.27 against the dollar at the end of the third quarter, resulting in an exchange valuation loss of around 1.5 billion yen (forward exchange contracts were marked to market). However, the valuation loss is not a "realized loss" that leads to cash outflow, and the yen appreciation may lead to improvement in cost ratios in the future.

Direct Marketing Business

- ✓ The number of active customers steadily recovered, thanks to aggressive expansion strategies for Internet/mobile direct marketing. Sales increased by around 8.0% over the same period last year.
- ✓ Operating income grew by around 26.3% over the same period last year, thanks to cost-cutting efforts and increased sales. Furthermore, ordinary income in real terms, a measure of ordinary income that excludes any loss on valuation of forward exchange contracts, increased significantly by around 105% (more than double) over the same period last year.
- ✓ Results were almost in line with the company's projection, but the company saw ordinary income in real terms (excluding any loss on valuation of forward exchange contracts) improve by around 300 million yen.

Financial Services

- ✓ Ordinary income largely recovered compared to the same period last year, exceeding the projection, thanks to the effect of the earnings structure reform undertaken by GE Nissen Credit Co., Ltd. (NGEC), an equity-method affiliate.
- ✓ n Insurance Service Company, an insurance agency founded in the current fiscal period, has been gradually improving its performance, although it failed to achieve the sales projection.

Direct Sales Business

- ✓ At the beginning of September, management decided to withdraw from the event sales business after thoroughly scrutinizing its growth potential, although the business gradually recovered due to the business structure reform undertaken since March 2008. An operating loss amounting to around 1.1 billion yen was made due to poor sales in the first half of the year and temporary expenses incurred due to the closure of shops, customer follow-ups and liquidations after the withdrawal announcement. However, management considers this may lead to improved results in the next period.

Head Office Eliminations

- ✓ The company largely succeeded in reducing expenses when compared with the same period last year due to a cutback in temporary expenses for the changeover to a pure holding company structure and revitalization of its brand image, as well as thorough cost-cutting activities.

•The above “projection” adopts the company’s projection used for preparing the forecast of consolidated financial results announced on July 28, 2008 as a reference value.

(in 100 millions of yen)

	FY2008 3Q Results	FY2008 3Q Projection	Difference		FY2007 3Q Results	Change	
				% Difference			% Change
Net sales	1,133	1,143	- 10	- 0.9%	1,103	+ 30	+ 2.7%
Operating income	10.9 (1.0%)	13.7 (1.2%)	- 2.8	- 20.2%	17.1 (1.6%)	- 6.2	- 36.1%
Ordinary income	- 5.7 (- 0.5%)	- 2.8 (- 0.2%)	- 2.9	-	- 26.0 (- 2.4%)	+ 20.3	-
Net income	- 52.3 (- 4.6%)	- 20.2 (- 1.8%)	- 32.1	-	- 33.6 (- 3.1%)	- 18.7	-
※Net Income per share (Yen)	- 86.10	-	-	-	- 57.30	-	-
(Ref.) Ordinary income in real terms ※	9.8 (0.9%)	9.2 (0.8%)	+ 0.6	+ 6.3%	- 18.7 (- 1.7%)	+ 28.5	-
(Ref.) Net income in real terms ※	- 43.3 (- 3.8%)	- 13.2 (- 1.2%)	- 30.1	-	- 29.4 (- 2.7%)	- 13.9	-

The figures in parentheses are percentages of sales

Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

Net income in real terms※: Net income before gain/loss on revaluation of forward exchange contracts at market value, assuming an effective tax rate of 42%

- The above "projection" adopts the company's projection used for preparing the forecast of consolidated financial results announced on July 28, 2008 as a reference value.
- Gains/losses on revaluation of forward exchange contracts at market value: ¥1,558 million loss for the 3rd quarter of FY2008 (¥726 million loss in the same period of FY2007)
- The U.S. dollar traded at 106.27 yen at the end of the third quarter of FY2008 (the yen appreciated by 1.75 yen from 108.02 at the end of the first half of FY2008).

✓ Consolidated sales, operating income and ordinary income fell short of the projected figures due to the withdrawal from the event sales business and subsequent temporary expenses. In addition, net income decreased sharply due to the posting of an extraordinary loss due to the withdrawal.

## Financial Results for the Third Quarter of the 39th Fiscal Period Overview of Profit and Loss Situation by Segment

(in 100 millions of yen)

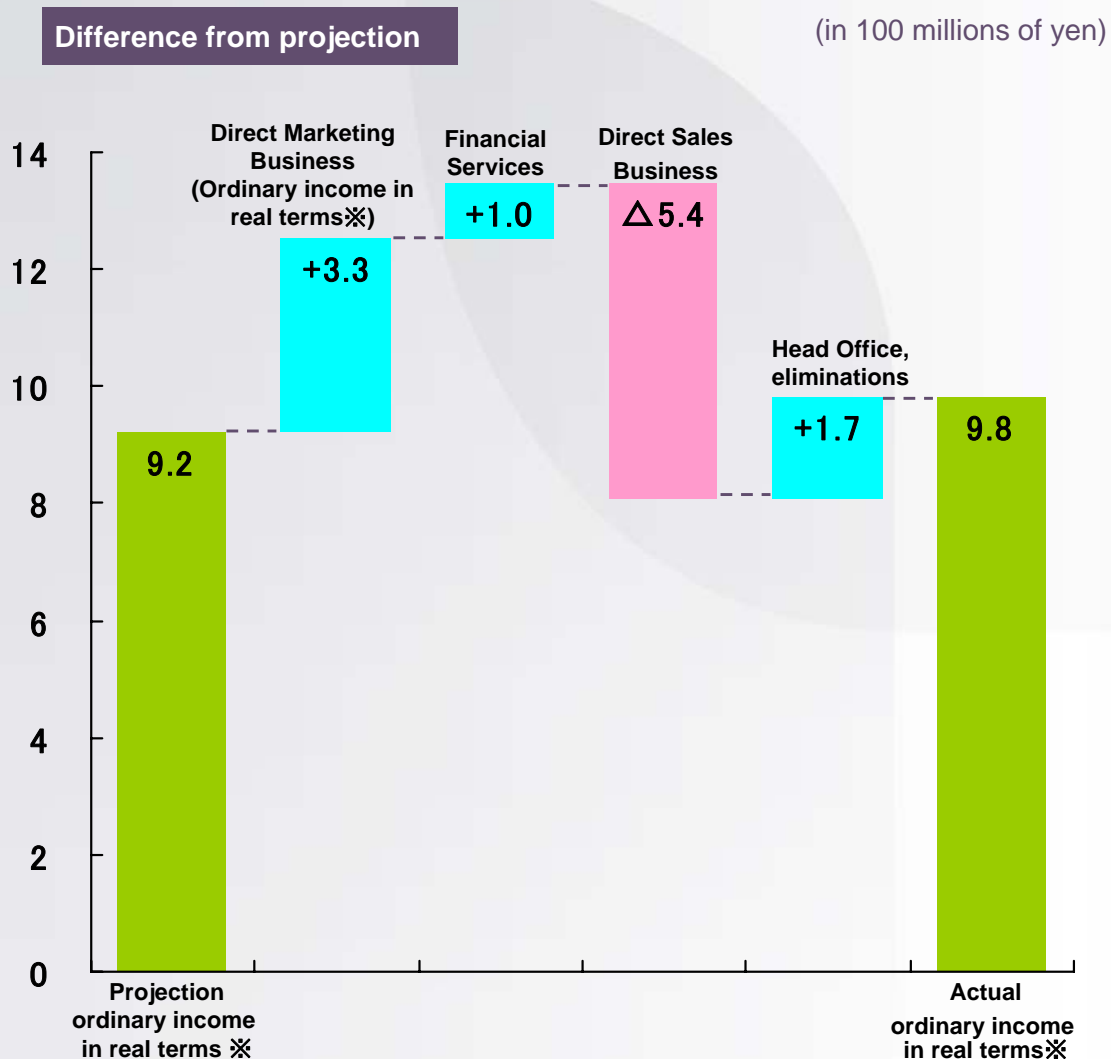
		FY2008 3Q Results		FY2008 3Q Projection				FY2007 3Q Results			
			% of Sales		% of Sales	Difference	% Difference		% of Sales	Change	% Change
Direct Marketing Business	Net sales	986	—	987	—	-1	-0.1%	913	—	+73	+8.0%
	Operating income	36.9	3.7%	34.2	3.4%	+2.7	+7.9%	29.2	3.2%	+7.7	+26.3%
	Ordinary income	8.8	0.9%	9.0	0.9%	-0.2	-2.3%	4.6	0.5%	+4.2	+89.7%
	(Ref.) Ordinary income in real terms ※	24.4	2.5%	21.1	2.1%	+3.3	+15.8%	11.9	1.3%	+12.5	+105%
Financial services	Net sales	6	—	8	—	-2	-21.9%	20	} <Reference> List fees from the financial services included in the results of the direct marketing business for FY2007.		
	Operating income	2.1	33.8%	3.4	41.8%	-1.3	-36.8%	20.1			
	Ordinary income	15.1	235%	14.1	172%	+1.0	+6.6%	3.9			
Direct Sales Business	Net sales	140	—	148	—	-8	-5.5%	169	—	-29	-17.5%
	Operating income	-10.8	-7.7%	-5.8	-3.9%	-5.0	—	-9.3	-5.5%	-1.5	—
	Ordinary income	-12.4	-8.9%	-7.0	-4.8%	-5.4	—	-10.9	-6.4%	-1.5	—
Eliminations and Corporate	Operating income	-17.3	—	-18.1	—	+0.8	—	-22.9	—	+5.6	—
	Ordinary income	-17.2	—	-18.9	—	+1.7	—	-23.6	—	+6.4	—

Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

- The above "projection" adopts the company's projection used for preparing the forecast of consolidated financial results announced on July 28, 2008 as a reference value.
- The results for the financial services, which have been included in those for the direct marketing business, will be disclosed separately from the current fiscal period. These results include those for n Insurance Service Company, a consolidated subsidiary, and GE Nissen Credit Co., Ltd., an equity-method affiliate.
- Gains/losses on revaluation of forward exchange contracts at market value: ¥1,558 million loss for the 3rd quarter of FY2008 (¥726 million loss in the same period of FY2007)
- The U.S. dollar traded at 106.27 yen at the end of the third quarter of FY2008 (the yen appreciated by 1.75 yen from 108.02 at the end of the first half of FY2008).

- ✓ Ordinary income for the direct marketing business and the financial services exceeded the projection (the direct marketing business: ordinary income in real terms excluding any loss on valuation of forward exchange contracts).
- ✓ The direct sales business failed to achieve the projection due to the withdrawal from the event sales business in September, including subsequent temporary expenses.

## Financial Results for the Third Quarter of the 39th Fiscal Period Ordinary Income in Real Terms in Comparison with Projection



### [Factors behind difference from projection]

- **Direct Marketing Business**
  - ✓ Ordinary income in real terms in the direct marketing business exceeded the projection significantly, thanks to an increase in the number of active customers, the expansion of Internet/mobile direct marketing activities and cost-cutting efforts.
- **Financial Services**
  - ✓ Investment gain/loss calculated using the equity method exceeded the projection, thanks to a decrease in reserves for bad debts resulting from the strengthening of debt collection procedures in NGEN and cutbacks in sales and general administrative expenses.
- **Direct Sales Business**
  - ✓ The direct sales business failed to achieve the projection due to a decrease in sales caused by the withdrawal from the event sales business in September and subsequent temporary expenses.

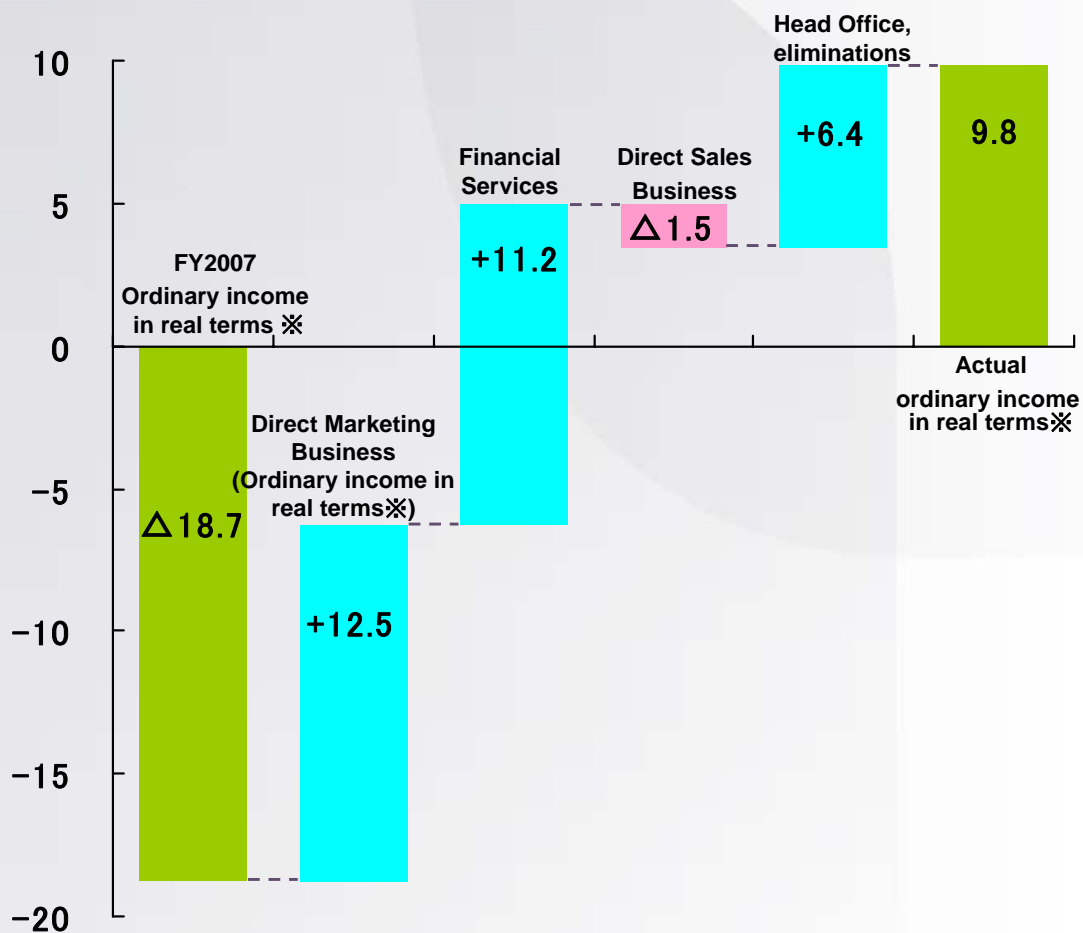
Ordinary income in real terms※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

\*The above "projection" adopts the company's projection used for preparing the forecast of consolidated financial results announced on July 28, 2008 as a reference value.

- ✓ The company compensated for temporarily declining results caused by the withdrawal from the event sales business through its efforts in the direct marketing business, the financial services and the head office, and slightly exceeded its projected consolidated real ordinary income.

(in 100 millions of yen)

**Change from last year**



**[Factors behind changes from the same period last year]**

- **Direct Marketing Business**
  - ✓ The direct marketing business recovered dramatically thanks to an increase in the number of active customers, the expansion of Internet/mobile direct marketing activities and cost-cutting efforts.
- **Financial Services**
  - ✓ Investment gain/loss calculated using the equity method recovered steadily thanks to an improvement in NGECE's earnings.
- **Direct Sales Business**
  - ✓ Management decided to withdraw from the event sales business in spite of the fact that losses had gradually started decreasing. The direct sales business deteriorated compared to the same period last year due to temporary expenses incurred as a result of the withdrawal. Management considers that this may lead to improved results in the next period.

Ordinary income in real terms※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

✓ The company compensated for deficits in the direct sales business through steady earnings improvement in the direct marketing business, progress in earnings structure reform in the financial services, and cutting down on overhead expenses at the head office. As a result, ordinary income in real terms increased by around 2.8 billion yen compared to the same period last year.