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February 6, 2009

Financial Results for the Fiscal Year Ended December 20, 2008
(December 21, 2007 to December 20, 2008)

Company name: **Nissen Holdings Co., Ltd.** Stock exchange listing: TSE and OSE, First Section
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Scheduled date of annual shareholders' meeting: March 18, 2009 Starting date of dividend payment: March 19, 2009
Scheduled date of filing Annual Securities Report: March 19, 2009

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results (Dec. 21, 2007 – Dec. 20, 2008)

(1) Consolidated results of operations

(Percentages for net sales, operating income, ordinary income and net income represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2008	155,489	1.6	3,051	(32.3)	2,242	-	(9,353)	-
Year ended Dec. 2007	152,997	(1.2)	4,508	(2.7)	(2,022)	-	(3,144)	-

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Dec. 2008	(157.58)	-	(41.5)	3.1	2.0
Year ended Dec. 2007	(53.03)	-	(9.1)	(2.7)	2.9

Reference: Equity in earnings of affiliates (million yen) Dec. 20, 2008: 1,206 Dec. 20, 2007: (2,365)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 20, 2008	69,996	9,924	14.2	195.38
As of Dec. 20, 2007	72,371	35,186	48.6	578.23

Reference: Shareholders' equity (million yen) Dec. 20, 2008: 9,923 Dec. 20, 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
Year ended Dec. 2008	(6,808)	(1,950)	7,353	5,607
Year ended Dec. 2007	(4,792)	(5,165)	4,373	6,924

2. Dividends

	Dividend per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
Record date	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Dec. 2007	-	10.00	-	13.00	23.00	1,398	-	3.7
Year ended Dec. 2008	-	11.50	-	11.50	23.00	1,490	-	5.9
Year ending Dec. 2009 (forecast)	-	11.50	-	11.50	23.00	-	35.0	-

3. Consolidated Forecasts for the Fiscal Year Ending December 20, 2009 (Dec. 21, 2008 – Dec. 20, 2009)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	156,700	0.8	3,400	11.4	4,700	109.6	3,900	-	65.70

* The Nissen Group has decided to refrain from disclosing consolidated half-year forecasts because, given rising uncertainty in short-term sales trends in the context of dramatic changes in the retail market's competitive environment, it thinks this could cause large misunderstandings for investors making decisions. However, it plans to release a projection of consolidated results for the first half, when it announces first quarter results.

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 consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: None

(3) Number of shares outstanding (common shares)

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

Dec. 20, 2008: 63,416,332 shares Dec. 20, 2007: 63,416,332 shares

2) Number of treasury stock at end of period

Dec. 20, 2008: 12,626,701 shares Dec. 20, 2007: 2,593,385 shares

Note: Please refer to "Per-share information" on page 39 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary Non-consolidated Financial Results

1. Non-consolidated Financial Results (Dec. 21, 2007 – Dec. 20, 2008)

(1) Non-consolidated results of operations *(Percentages represent year-over-year changes)*

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2008	5,344	(93.3)	223	(90.3)	(534)	-	(6,244)	-
Year ended Dec. 2007	79,564	(47.4)	2,301	(47.6)	1,674	(61.5)	(75)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended Dec. 2008	(105.20)	-
Year ended Dec. 2007	(1.27)	-

Note: FY2008 non-consolidated results differed significantly from 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 Dec. 20, 2008	44,901	24,869	55.4	489.65
As of Dec. 20, 2007	43,240	36,603	84.7	601.80

Reference: Shareholders' equity (million yen) Dec. 20, 2008: 24,869 Dec. 20, 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 from these forecasts for a number of factors, including but not limited to Nissen Holdings and all Nissen Group's operation environment. Please refer to "1. Results of Operations, (1) Analysis of Results of Operation, 2) FY2009 forecasts" on page 4 for further information concerning these forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

1) Summary of the fiscal year

The Japanese economy further weakened in the fiscal year under review as domestic corporations' earnings continued to deteriorate, and capital spending declined in the face of a slowing global economy caused by a financial crisis that originated with turmoil in US financial markets, and surging crude oil and other raw materials prices. Against this backdrop, the competitive environment of the retail industry in which the Nissen Group operates worsened as general consumption stagnated due to sluggish growth in personal incomes caused by the deteriorating economy, higher energy and food prices, and a growing preference among consumers for low-priced goods.

In this business environment, the Nissen Group ("the Group") implemented measures to rationalize group-wide management, allowing for no sacred cows, to bring about a recovery in the Group's consolidated earnings power, and improve the Group's enterprise value over the medium to long term.

In the direct marketing business, net sales and ordinary income increased sharply over year-ago levels, excluding the impact from separation of the finance business into a different business segment during the fiscal year. In the finance business, reforms of the earnings structures of equity-method affiliates improved earnings and increased equity-method investment profits, contributing substantially to profits. In the direct sales business, net sales and ordinary income fell significantly below year-ago levels due to dramatic changes in consumer behavior, a negative impact from revisions to relevant laws and regulations, and the Nissen Group's decision to exit from the event-based sales market in September 2008.

As a result, net sales for the current fiscal year increased by 2,491 million yen or 1.6% year-over-year to 155,489 million yen, operating income decreased by 1,457 million yen or 32.3% to 3,051 million yen, and ordinary income was 2,242 million yen (ordinary loss of 2,022 million yen one year earlier).

Net loss totaled 9,353 million yen (net loss of 3,144 million yen one year earlier) due to the booking of extraordinary loss, including 3,471 million yen related to the Group's withdrawal from the event-based sales market in the direct sales business, 4,985 million yen (*1) related to the cancellation of long-term forward foreign exchange contracts (appraised at market value) designed to reduce management uncertainty, and 603 million yen in loss on write-down of listed securities due to recent turmoil in financial markets. Also, the Group booked 1,750 million yen in deferred income taxes as income taxes due to the partial drawdown of deferred tax assets.

*1 The Nissen Group used to conclude long-term forward foreign exchange contracts to hedge risks associated with import settlements in the direct marketing business, but canceled all these contracts in the fiscal year under review due to fewer merits of maintaining such contracts in an environment where the yen has sharply appreciated against the US dollar due to changing trends in the economy and financial markets. The Group booked losses from the cancellation of these contracts as an extraordinary loss.

Direct marketing business

The overall retail industry struggled from the second half of the fiscal year under review as consumers became more defensive in their spending habits in the face of economic deterioration. However, Nissen Co., Ltd., the primary company in charge of this business, saw strong sales as it increased active customers by expanding its lineup of products to meet consumer demand for low-priced goods, and aggressively and successfully expanded Internet and mobile-based sales. Also, the promotion of low-cost management in terms of catalog costs (catalog production and distribution costs) and fulfillment costs (ordering and product delivery costs) contributed to a sharp year-over-year increase in sales and earnings in the direct marketing business excluding the impact from removal of the finance business.

As a result, segment sales for the current fiscal year increased by 7,693 million yen, or 5.9% year-over-year to 138,176 million yen, operating income decreased by 1,816 million yen or 21.8% to 6,536 million yen, and ordinary income increased by 2,619 million yen or 120.0% to 4,802 million yen.

Sales and earnings increased significantly on an underlying basis in which the finance business, which was made a separate business segment in the current fiscal year under review, is excluded from the previous year's results to enable comparisons under the same conditions: net sales increased by 10,357 million yen, or 8.1% year-over-year, operating income increased by 847 million yen, or 14.9%, and ordinary income increased by 3,058 million yen, or 175.4%.

Finance business

The finance business consists of earnings from n Insurance Service Company, a consolidated subsidiary that operates agencies selling insurance products, and equity-method investment profits from GE Nissen Credit Co., Ltd. (hereafter "NGEC"), an equity-method affiliate. n Insurance Service Company began operating agencies selling insurance products from April 2008, and began booking profits from the current fiscal year under review. NGEC booked a large net loss in the previous fiscal year due to an increase in reserves for the repayment of excess interest charges, and the drawdown of deferred tax assets, but profitability improved in the fiscal year under review, despite a decline in loans, due to fewer bad loan reserves on improvements in loan recovery, and SG&A expense reductions. Nissen Holdings booked 1,169 million yen in equity-method investment profits from NGEC in the fiscal year under review.

As a result, sales in the finance business were 958 million yen, operating income 395 million yen, and ordinary income 1,564 million yen (no year-over-year comparisons because the finance business was included with the direct marketing business up through the previous fiscal year).

Direct sales business

Nissen Premium Co., Ltd., the primary company in charge of this business, was heavily impacted by the dramatic change in consumer behavior, and revisions to related laws and regulations, although it moved forward with bold restructuring measures including the closure and consolidation of unprofitable sales branches, and the optimization of its workforce. However, the event-based sales environment deteriorated further, and after examining whether the business should be continued, management determined that it would be difficult to maintain profitability and medium to long-term growth in the business, and made a decision to withdraw from the event-based sales business within the fiscal year under review. Net sales, operating income, and ordinary income in the direct sales business declined sharply year-over-year due to a fall in sales following withdrawal from the business, and the booking of one-off costs related to the withdrawal including special retirement bonuses and sales branch closure costs.

Due to the above factors, segment sales for the current fiscal year decreased by 6,160 million yen or 27.4% year-over-year to 16,354 million yen, operating loss was 1,711 million yen (operating loss of 1,012 million yen one year earlier), and ordinary loss was 1,947 million yen (ordinary loss of 1,296 million yen one year earlier).

2) FY2009 forecasts

The Nissen Group has established four strategic objectives to better cope in a rapidly changing business environment: 1) promote a growth strategy in the direct marketing business; 2) firmly establish a business model in the finance business and stabilize earnings; 3) further promote the selection and concentration of management resources, and strategic alliances; and 4) strengthen the management foundation, with an eye on the future, centered on ESG (environment, society, and governance). The Group plans to further restructure its businesses and earnings, and pro-actively pursue strategic alliances, in the new fiscal year to raise profitability and growth prospects for the entire group.

Direct marketing business

Nissen Co., Ltd., the primary company in charge of this business, will prioritize the following policies to further promote a strategy of growth: 1) ongoing expansion of active customers, 2) expansion of Internet and mobile-based sales, 3) business unit selection and concentration, 4) thorough low-cost management, and 5) bold reforms of the earnings structure. Nissen Co., Ltd. advances a new management policy for future growth of "Sharpen the One To One Marketing approach" as an "innovator of direct marketing," and will pro-actively move forward with its various strategic action plans to turn this policy into reality.

Finance business

GE Nissen Credit Co., Ltd. is moving forward with a makeover of its customer portfolio, following the abolishment of gray zone interest rates, to establish a business model suitable to the new business environment, and enhance earnings stability for the medium to long term. The basic policy of n Insurance Service Company is to raise name recognition for the “nissen, LIFE” brand. It also intends to expand its lineup of products to strengthen proposals to customers, provide value-added services that differentiate it from peers, and develop useful marketing methods to acquire new customers, to increase new insurance income and develop the business into a source of earnings for the overall group.

Direct sales business

The Nissen Group substantially downsized this business following withdrawal from the event-based sales market, but aims to continue the high value-added brand portion of the business, centered on brick-and-mortar store sales, through subsidiaries Nissen Premium Co., Ltd., which is in charge of the Kimono specialty store Gion-ya, oriental diamond Inc., and TRECENTI Co., Ltd.

Consolidated forecast

Net sales	156,700 million yen	(up 0.8% year-over-year)
Operating income	3,400 million yen	(up 11.4% year-over-year)
Ordinary income	4,700 million yen	(up 109.6 year-over-year)
Net income	3,900 million yen	(-)

The Nissen Group booked 2,287 million yen for loss on write-down of merchandise as a non-operating expense in the current fiscal year under review, and has compiled the aforementioned forecasts for the new fiscal year assuming a loss on write-down of merchandise of 2,187 million yen will be booked with COGS, as it is reviewing where it should book a loss on write-down of merchandise following application of new accounting rules. For reference, the Group forecasts operating income will increase 344.9% (+2,636 million yen) year-over-year as a result. However, the change in accounting of loss on write-down of merchandise will have no impact on ordinary income.

The Nissen Group cancelled all long-term forward foreign exchange contracts in the direct marketing business in the fiscal year under review, as discussed earlier in this report, and this should eliminate the impact of mark-to-market valuation gains/losses due to fluctuations in the exchange rate of the yen versus the US dollar, on consolidated group earnings in the new fiscal year.

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

(Change in method of disclosure of earnings forecasts)

The Nissen Group, in order to improve the level of disclosure to investors, decided to reflect a certain level of risk from the exchange rate of the yen versus the US dollar in consolidated earnings forecasts for the direct marketing business, and therefore used to provide a range of forecasts and revised forecasts within which it expected ordinary income and net income to settle by factoring in exchange rate movements over the last six months as well as expected forward foreign exchange contracts outstanding at the end of the fiscal year. However, it decided to release specific forecasts for the new fiscal year as it cancelled all long-term forward foreign exchange contracts in the fiscal year under review which should eliminate the impact of mark-to-market valuation gains/losses, due to fluctuations in the exchange rate of the yen versus the US dollar, on consolidated group earnings in the new fiscal year.

The Nissen Group believes that disclosing half-year forecasts could mislead investors when making important investment decisions because 1) the rapid expansion of the Internet and mobile-based business has reduced dependence on traditional methods of forecasting orders such as test catalog issues, 2) rapid changes in the competitive environment of the retail industry have increased the uncertainty of short-term sales trends, and 3) the cycle of business strategy revisions has shortened due to the need to swiftly and flexibly respond to the changing environment. As a result, starting with the new fiscal year, the Nissen Group will replace its past practice of disclosing interim (first-half) and full-year earnings forecasts, with the disclosure of only full-year forecasts. However, it plans to release a projection of consolidated interim results for the first half, when it announces first quarter results.

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. However, it appears highly unlikely that the Group will be able to achieve these targets in the new fiscal year as various changes since the plan’s formulation, including withdrawal from the event-based sales market, revisions to the Moneylending Law, and a rapid contraction of the retail market, have caused its business performance to diverge considerably from initial plans. However, bold implementation of drastic reforms to group management over the past three years has reduced uncertainty in management (from unprofitable businesses and valuations of forward foreign exchange contracts), and laid the groundwork for future growth (through expansion of Internet and mobile-based sales, and the stabilization of earnings in the finance business). Against this backdrop, management will do its best to close the gap between the Group’s performance and the business plan’s initial targets, and will revise its management strategy and propose a new medium-term business plan to achieve group growth in the face of medium to long-term changes in the business environment.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets *(Millions of yen)*

	FY2007	FY2008
Total assets	72,371	69,996
Total liabilities	37,184	60,071
Net assets	35,186	9,924
Equity ratio (%)	48.6	14.2
Net assets per share (yen)	578.23	195.38

Note: Number of shares outstanding on a consolidation basis
FY2008: 50,789,631 shares FY2007: 60,822,947 shares
The above numbers of outstanding shares exclude treasury stock.

Total assets at the end of the current fiscal year decreased 2,374 million yen from the end of the previous fiscal year to 69,996 million yen. The main factors were decreases in cash and deposits, forward foreign exchange contracts, and deferred tax assets.

Total liabilities increased 22,886 million yen to 60,071 million yen. The main factors were increases in interest-bearing liabilities, forward foreign exchange contracts, and provision for loss on business liquidation.

Net assets declined 25,261 million yen to 9,924 million yen due to a decline in retained earnings from lower net income and dividend payments, and a decline in deferred hedge gain/loss.

2) Cash flow position

Cash flow in the current fiscal year was as follows:

(Millions of yen)

	FY2007	FY2008	YoY change
Net cash provided by (used in) operating activities	(4,792)	(6,808)	(2,015)
Net cash provided by (used in) investing activities	(5,165)	(1,950)	3,214
Net cash provided by (used in) financing activities	4,373	7,353	2,980
Effect of exchange rate changes on cash and cash equivalents	(28)	(58)	(29)
Decrease in cash and cash equivalents	(5,612)	(1,463)	4,149
Increase (decrease) in cash and cash equivalents due to change in the number of consolidated subsidiaries	(55)	146	202
Cash and cash equivalents at end of year	6,924	5,607	(1,316)

Cash and cash equivalents at the end of the current fiscal year decreased 1,316 million yen from the end of the previous fiscal year to 5,607 million yen.

Net cash used in operating activities was 6,808 million yen. The main factors were loss before income taxes and minority interests, and cancellation of forward foreign exchange contracts.

Net cash used in investing activities was 1,950 million yen. The main factors were purchases of fixed assets, purchases of subsidiary stock, and payment for loans receivable.

Net cash provided by financing activities was 7,353 million yen. There was an increase in short-term bank loans of 14,400 million yen, while negative factors were repayment of long-term bank loans, purchases of treasury stock, and dividends paid.

3) Cash flow indices

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

	FY2007	FY2008
Shareholders' equity ratio (%)	48.6	14.2
Shareholders' equity ratio based on market prices (%)	57.1	29.5
Interest-bearing liabilities to cash flow ratio (years)	-	-
Interest coverage ratio (times)	-	-

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 coverage ratio: Operating cash flow / Interests paid
2. Market capitalization: Closing price of Nissen Holdings' stock (Tokyo Stock Exchange, First Section) 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 interests paid: those as represented on the statement of cash flows.
5. Negative figures are denoted by a hyphen mark.

4) Cash flow prospects for the next fiscal year

a. Expects 2,200 million yen in cash from operating activities.
Nissen Holdings plans 4,300 million yen in earnings before income taxes and minority interests, 400 million yen in depreciation and amortization, 1,000 million yen of equity in earnings of affiliates, 1,500 million yen for withdrawal from business and income taxes paid of 700 million yen.

b. Expects to use, 500 million yen in cash for investing activities.
Nissen Holdings plans to invest 1,000 million yen in IT equipment and software.

c. Expects to use 1,350 million yen in cash for financing activities.
Nissen Holdings plans to pay 1,200 million yen for dividends, proceeds from short-term bank loans of 1,500 million yen and 1,660 million yen in repayment of long-term bank loans.

5) Changes expected in the financial position after FY2008

No reportable information.

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

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

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

The Nissen Group produced an enormous loss in the fiscal year under review due to the booking of restructuring charges related to bold implementation of group management reforms, but these charges were the result of one-off factors. The Group plans to pay an annual dividend of 23 yen per share, composed of 11.50 yen interim and year-end dividends, in FY2008 in line with its policy of providing stable and continuous dividends.

It also plans a dividend of 23 yen per share, composed of 11.50 yen interim and year-end dividends, for FY2009 based on its fundamental policy of distributing earnings in line with operating results.

(4) Business Risks

The Nissen Group's business, earnings, and/or financial condition could be impacted by the risks and uncertainties outlined below. The Group recognizes the potential for these risks, and will therefore work to prevent their occurrence and prepare a response in case they do occur. However, there is a possibility the market price of Nissen Holdings' stock could fall sharply if these risks and uncertainties have a material and negative impact on the Group.

Future-looking statements in these materials are based on the judgment and forecasts of the Group using information available as of the end of FY2008 on December 20, 2008.

1) Risks related to poor weather

Changes in demand due to poor weather such as cool summers, long rain spells, warm winters, as well as abnormal weather could impact sales of catalog products in the Group's direct marketing business, and negatively impact the Group's business, earnings, and/or financial condition.

2) Risks to operations from external factors

A large earthquake and the possibility of a tsunami, a large hurricane's landfall and the possible cut-off of major highways, large-scale damage to systems and social infrastructure due to terrorism, and other external factors could paralyze all or a portion of the Group's operations, thereby negatively impacting the Group's business, earnings, and/or financial condition.

3) Risks related to laws and regulations

The Group's businesses are subject to laws related to special commercial transactions, the Consumer Contracts Law, laws related to intellectual property, the Insurance Business Law, and other laws and regulations. The Group has endeavored to create a framework for strict compliance with laws and regulations by thoroughly educating employees, developing a compliance structure, and constructing a sales administration framework. However, actions that violate these laws and regulations, resulting complaints and trouble, revisions or changes to the interpretations of laws, and the establishment of new laws and regulations, could negatively impact the Group's business, earnings, and/or financial condition.

4) Risks related to the consumer finance business

The Group's consumer finance business is subject to the Investment Law, the Interest Limitation Law, and the Moneylending Control Law. Partial revisions to these laws in December 2006 lowered the maximum interest rate under the Investment Law to the same level as that of the Interest Limitation Law, introduced maximum total loan restrictions, and otherwise strengthened various regulations. A transition period before full implementation of the revisions was established, but a contraction in the size of the consumer finance market will further intensify competition, lower earnings strength, and possibly reduce profitability in the consumer finance business substantially.

Also, the Group's consumer finance business charged interest rates above the maximum allowable rate set by the Interest Limitation Law, and may have to return excess interest payments to members if so requested.

The Group has booked reserves for the return of excess interest payments in the future, but requests for the return of excess interest payments that exceed the Group's forecasts in terms of incidents or value could negatively impact the Group's business, earnings, and/or financial condition.

5) Risks related to public regulations

The Group is subject to various government regulations in countries and regions where it does business, and failure to comply with these regulations could negatively impact the Group's business, earnings, and/or financial condition.

6) Risks related to changes in the political and economic situation in producing countries

The Group produces most products handled in the direct marketing business in China and other overseas locations in order to lower costs and produce competitive products. However, changes in the political and economic situation overseas, and revisions to overseas laws and regulations, could create problems in carrying out the business. This could negatively impact the Group's business, earnings, and/or financial condition.

7) Risks related to changes in foreign exchange rates

Products imported in the direct marketing business are mostly denominated in US dollars. Greater-than-expected changes in foreign exchange rates could negatively impact the Group's business, earnings, and/or financial condition.

8) Changes in market for catalog materials

The Group's direct marketing business sells products primarily through the medium of catalogs, and catalog materials use lots of paper and pulp. The Group works continuously to ensure stable materials procurement and lower procurement costs, but a greater-than-expected rise in prices of paper, pulp, and other raw materials could negatively impact the Group's business, earnings, and/or financial condition.

9) Risks related to product shipping charges

Product shipping is an important part of the Group's direct marketing business. The recent surge in crude oil prices, and exhaust gas regulations and other environmental restrictions could increase costs for transportation companies, and by extension, increase the Group's shipping outsourcing charges and negatively impact its business, earnings, and/or financial condition.

10) Risks related to computer systems

The Group might incur losses where its computer system to go down or malfunction due to a virus infection, or due to system inadequacies or unauthorized use. Computer trouble would cause the Group to incur emergency costs for repair since computers are used in all of the Group's operations, and this could negatively impact the Group's business, earnings, and/or financial condition.

11) Risks related to information security

The Personal Information Protection Law was fully implemented from April 2005, and the Group, as a company that handles personal information, has an obligation to strictly comply with this law.

The Group works to protect personal information. It has formulated an information security policy, implemented measures to ensure safety and reliability, and acquired a "privacy mark." However, there is a possibility that customer information and confidential group information could leak, due to unexpected and unauthorized access, and that if misused, the Group might have to compensate customers for economic and emotional damage. Also, a leak of customer information could damage the Group's reputation and image, negatively impacting the Group's business, earnings, and/or financial condition.

12) Risks related to product safety and labeling

The Group's direct marketing business is subject to the Product Liability Law, the Consumer Products Safety Law, the Food Sanitation Law, the Pharmaceutical Law, and the Law against Unjustifiable Premiums and Misleading Representations ("Premiums and Representations Law").

The Group plans and produces various products in accordance with its own proprietary quality management standards, and works to develop a product management framework to ensure compliance with various laws and regulations. However, there is no guarantee that every product will be defect-free, and that the Group may have to book large costs in the future due to product recalls, or to compensate for damages. Also, the distribution of tampered products and/or products of questionable quality and labeling could damage confidence in the Group's products, lower sales, and negatively impact the Group's business, earnings, and/or financial condition.

13) Risks related to the promotion of a growth strategy plan for the future

The Group is aggressively pursuing strategic alliances, including business and capital tie-ups, to improve corporate value by capturing more customers, making leveraged use of the customer database, and strengthening the value chain of established businesses. Investments, expenditures, costs, and liabilities for these acquisitions and endeavors could exceed initial forecasts.

Also, there is no guarantee that the new businesses created from strategic alliances or in the promotion of the growth strategy plan will contribute to earnings in line with expectations. Failure to produce synergies from the alliances in line with expectations, dissolution of the alliances for some reason, and/or failure of the alliances, could negatively impact the Group's financial condition and/or business performance.

14) Risks related to securing human resources

Human talent is the most important factor for the Group's ongoing development, and securing top-flight talent for the Group's various business fields and administrative positions is absolutely essential for the Group to flexibly adapt to the changing business environment.

However, the number of capable people in various fields is limited, and competition to secure and retain talent has become increasingly fierce. Failure to prevent the outflow of talented employees, and to attract new talent, could negatively impact the Group's growth and profits.

15) Risks related to financial condition and earnings structure

Nissen Holdings has entered into commitment line and term loan agreements to efficiently raise working capital.

These agreements include financial covenants: 1) total net assets in the balance sheet (both consolidated and non-consolidated) at the end of each fiscal year must be 75% or greater than the higher of total net assets at the end of the previous fiscal year, or total net assets at the end of the fiscal year ended in December 2004; and 2) ordinary losses in the statements of income (both consolidated and non-consolidated) must not be booked for two consecutive fiscal years. If the Group infringes upon these covenants, the Group could lose term profits on demand by several creditors, and would be obligated to immediately repay all debt, both principal and interest, and other settlement money.

Under these terms, the Group booked a consolidated net loss of 9,353 million yen in the fiscal year under review due to one-off factors including the cancellation of forward foreign exchange contracts, and the withdrawal from the event-based sales business. At the non-consolidated basis too, a net loss of 6,244 million yen was booked due to loss on business liquidation at a subsidiary. Total net assets in both the consolidated and non-consolidated balance sheets fell below 75% of the previous fiscal year's level, causing Nissen Holdings to infringe upon the financial covenants of its commitment line and term loan agreements.

Nissen Holdings, which prepared these consolidated financial statements, explained the Group's financial condition and earnings plans for the next fiscal year to major financial institutions to improve the situation, and won their support for the Group's management decision and next fiscal year's earnings plan, despite the booking of a one-time loss due to the cancellation of forward foreign exchange contracts and withdrawal from the event-based sales business, and their understanding to not use infringement of financial covenants as a reason to lose term profits.

Investors should be aware that these are not the only factors that could impact the Group's earnings.

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., 20 subsidiaries, and five affiliates, involved primarily in the direct marketing, finance and direct sales businesses.

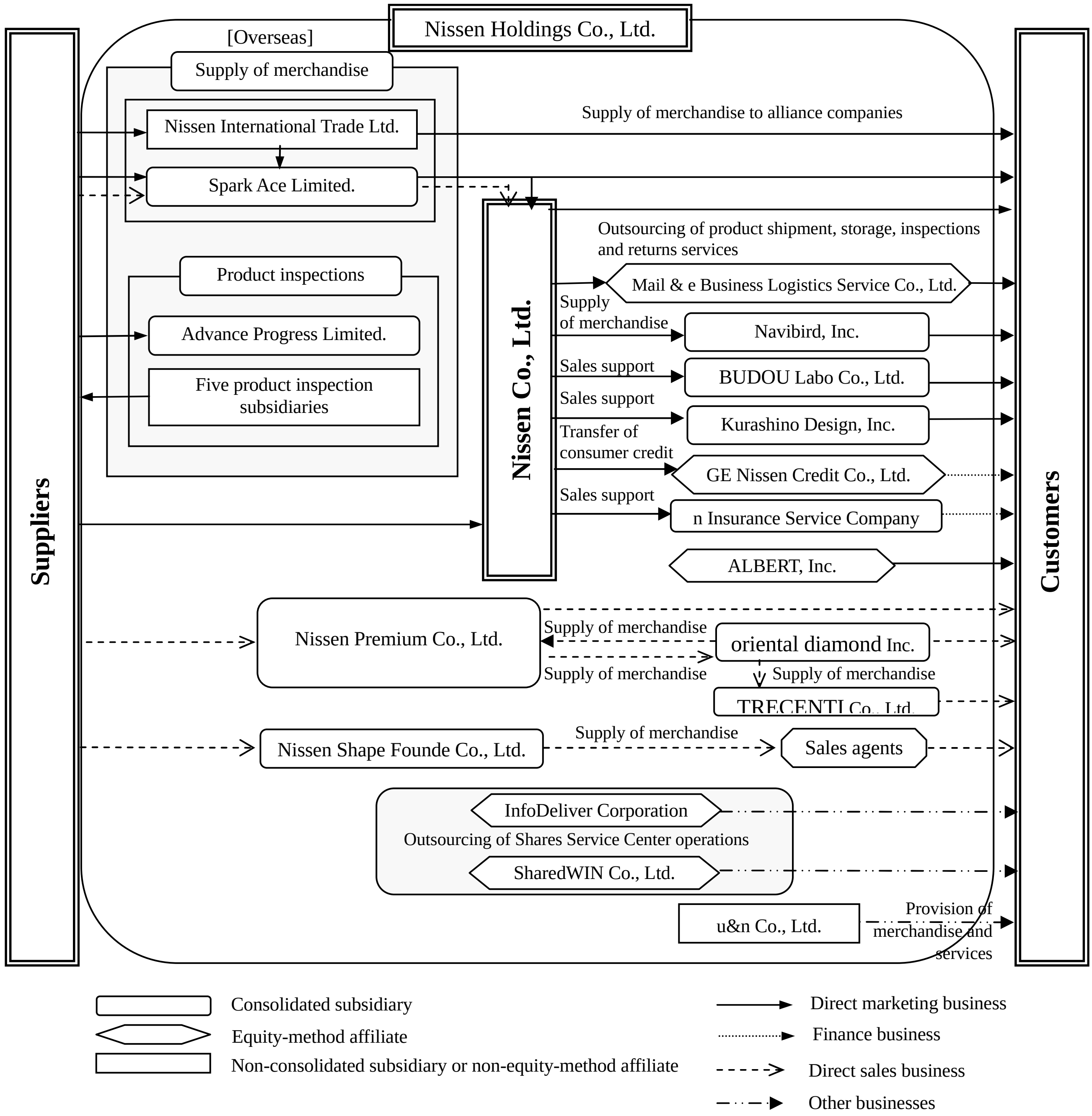
The direct marketing business consists of the sale of mainly apparel and everyday goods through catalogs and online shops. The main companies engaged in this business are Nissen Co., Ltd., Spark Ace Limited., Advance Progress Limited., Navibird, Inc., BUDOU Labo Co., Ltd., Kurashino Design, Inc., Mail & 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; the sale of controlling undergarments through sales agencies; and apparel rental. The main companies engaged in this business are Nissen Premium Co., Ltd., oriental diamond Inc., TRECENTI Co., Ltd., and Nissen Shape Founde 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. Consolidated Financial Statements; (Segment information).” The following diagram presents major relationships among the Nissen Group companies.



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

On June 21, 2008, Nissen Co., Ltd. became the divested company and rights and obligations of the direct sales business has been succeeded to Nissen Premium Co., Ltd., the newly established company by way of the spin-off.

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).

Above-mentioned Financial Results can be accessed at the following URLs.

Nissen Holdings website
http://info.nissen.co.jp/en/financial/earnings/index.htm

Tokyo Stock Exchange website (company search)
http://www.tse.or.jp/listing/compsearch/index.html

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Item	Note	FY2007 (As of Dec. 20, 2007) Amount		%	FY2008 (As of Dec. 20, 2008) Amount		%
Assets							
I Current assets							
1. Cash and deposits			6,939			5,617	
2. Notes and accounts receivable-trade			10,955			10,770	
3. Securities			61			272	
4. Inventories			15,821			16,819	
5. Accounts receivable-others			13,602			12,637	
6. Prepaid expenses			5,315			7,231	
7. Deferred tax assets			2,270			1,354	
8. Forward foreign exchange contracts			1,137			-	
9. Others			568			643	
Allowance for doubtful receivables			(279)			(257)	
Total current assets			56,391	77.9		55,089	78.7
II Fixed assets							
1. Property, plant and equipment							
(1) Buildings and structures		3,290			5,301		
Accumulated depreciation		2,035	1,254		1,999	3,302	
(2) Machinery, equipment and vehicles		108			133		
Accumulated depreciation		49	58		54	79	
(3) Tools, furniture and fixtures		3,183			3,109		
Accumulated depreciation		2,330	853		2,322	787	
(4) Land			1,768			1,769	
(5) Construction in progress			1,344			0	
Total property, plant and equipment			5,279	7.3		5,938	8.5
2. Intangible assets							
(1) Goodwill			178			-	
(2) Others			732			1,063	
Total intangible assets			910	1.3		1,063	1.5
3. Investments and other assets							
(1) Investments in securities	*1		6,788			6,822	
(2) Deferred tax assets			1,173			0	
(3) Others	*1		2,347			1,669	
Allowance for doubtful receivables			(519)			(586)	
Total investments and other assets			9,789	13.5		7,904	11.3
Total fixed assets			15,979	22.1		14,907	21.3
Total assets			72,371	100.0		69,996	100.0

(Millions of yen)

Item	Note	FY2007 (As of Dec. 20, 2007) Amount		%	FY2008 (As of Dec. 20, 2008) Amount		%
Liabilities							
I Current liabilities							
1. Notes and accounts payable-trade			20,402			20,249	
2. Short-term bank loans			1,661			16,061	
3. Income tax payable			-			408	
4. Accounts payable-other			8,507			6,751	
5. Forward foreign exchange contracts			-			10,966	
6. Allowance for sales returns			585			286	
7. Allowance for returned goods damaged			84			55	
8. Reserve for overcharged interest repayment			213			198	
9. Provision for loss on business liquidation			-			1,139	
10. Others			3,088			2,974	
Total current liabilities			34,543	47.7		59,090	84.4
II Long-term liabilities							
1. Long-term bank loans			2,512			851	
2. Deferred tax liabilities			-			53	
3. Accrued retirement benefits for employees			81			-	
4. Others			47			75	
Total long-term liabilities			2,641	3.7		980	1.4
Total liabilities			37,184	51.4		60,071	85.8
Net assets							
I Shareholders' equity							
1. Common stock			11,218	15.5		11,218	16.0
2. Capital surplus			11,240	15.5		11,240	16.1
3. Retained earnings			16,510	22.8		5,517	7.9
4. Treasury stock			(3,282)	(4.5)		(7,177)	(10.3)
Total shareholders' equity			35,686	49.3		20,799	29.7
II Valuation and translation adjustments							
1. Net unrealized holding gain (loss) on securities			226	0.3		122	0.2
2. Deferred hedge gain (loss)			(748)	(1.0)		(10,966)	(15.7)
3. Translation adjustments			4	0.0		(31)	(0.0)
Total valuation and translation adjustments			(517)	(0.7)		(10,875)	(15.5)
III Minority interests			16	0.0		1	0.0
Total net assets			35,186	48.6		9,924	14.2
Total liabilities and net assets			72,371	100.0		69,996	100.0

(2) Consolidated Statements of Income

(Millions of yen)

		FY2007 (Dec. 21, 2006 – Dec. 20, 2007)			FY2008 (Dec. 21, 2007 – Dec. 20, 2008)		
Item	Note	Amount		%	Amount		%
I Net sales			152,997	100.0		155,489	100.0
II Cost of sales			69,597	45.5		71,916	46.2
Gross profit			83,399	54.5		83,573	53.8
Provision of allowance for sales returns			585	0.4		274	0.2
Reversal of allowance for sales returns			(556)	(0.4)		(585)	(0.4)
Gross profit -net			83,370	54.5		83,884	54.0
III Selling, general and administrative expenses							
1. Advertising expenses		23,783			26,103		
2. Shipping expenses		482			521		
3. Sales promotion expenses		8,721			8,631		
4. Provision of allowance for doubtful receivables		450			354		
5. Salaries and allowances		12,124			10,555		
6. Bonuses		1,714			1,533		
7. Rents		1,877			1,278		
8. Depreciation		552			634		
9. Commission expenses		22,310			23,705		
10. Others		6,845	78,861	51.6	7,513	80,833	52.0
Operating income			4,508	2.9		3,051	2.0
IV Non-operating income							
1. Interest income		32			12		
2. Dividend income		55			23		
3. Commission income		209			260		
4. Equity in earnings of affiliates		-			1,206		
5. Reversal of allowance for returned goods damaged		37			28		
6. Miscellaneous income		263	598	0.4	403	1,934	1.2
V Non-operating expenses							
1. Interest expense		55			68		
2. Amortization of stock issue expenses		37			-		
3. Loss on write-down of merchandise		2,981			2,287		
4. Loss on valuation of forward foreign exchange contracts		1,424			-		
5. Foreign exchange loss		20			22		
6. Equity in losses of affiliates		2,365			-		
7. Provision of reserve for overcharged interest repayment		30			135		
8. Miscellaneous losses		214	7,130	4.6	228	2,743	1.8
Ordinary income (loss)			(2,022)	(1.3)		2,242	1.4

(Millions of yen)

Item	Note	FY2007 (Dec. 21, 2006 – Dec. 20, 2007) Amount		%	FY2008 (Dec. 21, 2007 – Dec. 20, 2008) Amount		%
VI Extraordinary income							
1. Gain on sales of fixed assets	*1	0			2		
2. Gain on sales of investments in securities		103			0		
3. Gain on transfer of business		-			40		
4. Gain on reversal of unclaimed payables		205			-		
5. Gain on changes in equity stake		81	390	0.3	13	55	0.0
VII Extraordinary loss							
1. Loss on sales or disposal of fixed assets	*2	307			52		
2. Loss on write-down of investments in securities		79			603		
3. Loss on sales of investments in securities		9			0		
4. Loss on business restructuring	*3	1,205			-		
5. Loss on cancellation of forward foreign exchange contracts		-			4,985		
6. Provision for loss on business liquidation		-			1,139		
7. Loss on business withdrawal	*4	-			2,332		
8. Others		160	1,762	1.2	327	9,441	6.0
Loss before income taxes and minority interests			3,395	(2.2)		7,143	(4.6)
Current income taxes		931			387		
Prior-year current income taxes		-			87		
Deferred income taxes		(1,159)	(228)	(0.1)	1,750	2,225	1.4
Minority interest in loss of consolidated subsidiaries			22	0.0		14	0.0
Net loss			3,144	(2.1)		9,353	(6.0)

(3) Consolidated Statement of Changes in Shareholders' Equity

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

FY2008 (Dec. 21, 2007 – Dec. 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 fiscal year					
Dividend of surplus	-	-	(1,490)	-	(1,490)
Net loss	-	-	(9,353)	-	(9,353)
Purchases of treasury stock	-	-	-	(3,895)	(3,895)
Disposal of treasury stock	-	-	(0)	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 fiscal year	-	-	(10,992)	(3,894)	(14,887)
Balance as of Dec. 20, 2008	11,218	11,240	5,517	(7,177)	20,799

(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 fiscal year						
Dividend of surplus	-	-	-	-	-	(1,490)
Net loss	-	-	-	-	-	(9,353)
Purchases of treasury stock	-	-	-	-	-	(3,895)
Disposal 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	(104)	(10,218)	(35)	(10,358)	(15)	(10,374)
Total changes in the fiscal year	(104)	(10,218)	(35)	(10,358)	(15)	(25,261)
Balance as of Dec. 20, 2008	122	(10,966)	(31)	(10,875)	1	9,924

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Item	Note	FY2007 (Dec. 21, 2006 – Dec. 20, 2007) Amount	FY2008 (Dec. 21, 2007 – Dec. 20, 2008) Amount
I Operating activities			
1. Loss before income taxes and minority interests		(3,395)	(7,143)
2. Depreciation and amortization		552	634
3. Amortization of goodwill		37	39
4. Increase in allowance for doubtful receivables		130	44
5. Decrease in accrued retirement benefits for employees		(77)	(81)
6. Increase (decrease) in allowance for sales returns		29	(320)
7. Decrease in allowance for returned goods damaged		(37)	(28)
8. Decrease in reserve for overcharged interest repayment		(69)	(14)
9. Increase in provision for loss on business liquidation		-	1,139
10. Interest and dividend income		(88)	(35)
11. Interest expense		55	68
12. Loss (gain) on sales or disposal of fixed assets		307	50
13. Loss on valuation of forward foreign exchange contracts		1,424	-
14. Equity in earnings of affiliates		-	(1,206)
15. Equity in losses of affiliates		2,365	-
16. Gain on transfer of business		-	(40)
17. Gain on reversal of unclaimed payables		(205)	-
18. Loss on write-down of investments in securities		79	606
19. Loss on business restructuring		1,205	-
20. Loss (gain) on sales of investments in securities		(93)	0
21. Gain on changes in equity interest		(81)	(13)
22. Loss on cancellation of forward foreign exchange contracts		-	4,985
23. Loss on business withdrawal		-	2,332
24. Increase in notes and accounts receivable		(281)	(752)
25. Increase in inventories		(170)	(997)
26. Decrease in notes and accounts payable		(2,365)	(920)
27. Others, net		(2,088)	(2,613)
Subtotal		(2,764)	(4,266)
28. Interests and dividends received		86	20
29. Interests paid		(52)	(65)
30. Payments for cancellation of forward foreign exchange contracts		-	(2,558)
31. Income taxes refund		-	136
32. Income taxes paid		(2,062)	(74)
Net cash used in operating activities		(4,792)	(6,808)

(Millions of yen)

Item	Note	FY2007 (Dec. 21, 2006 – Dec. 20, 2007) Amount	FY2008 (Dec. 21, 2007 – Dec. 20, 2008) Amount
II Investing activities			
1. Purchases of fixed assets		(1,629)	(1,885)
2. Proceeds from sales of fixed assets		32	19
3. Purchases of investments in securities		(1,301)	(51)
4. Proceeds from sales of investments in securities		649	53
5. Payment for loans receivable		(445)	(460)
6. Proceeds from collections of loans receivable		19	1
7. Purchases of subsidiary stock		(200)	(72)
8. Proceeds from acquisition of newly consolidated subsidiaries	*1	188	297
9. Acquisition of business	*2	(2,473)	-
10. Proceeds from transfer of business		-	142
11. Others, net		(5)	4
Net cash used in investing activities		(5,165)	(1,950)
III Financing activities			
1. Increase (decrease) in short-term bank loans		-	14,400
2. Repayment of long-term bank loans		(1,131)	(1,661)
3. Redemption of corporate bonds		(500)	-
4. Proceeds from minority interests		57	-
5. Proceeds from issuance of new shares		7,105	-
6. Payment for issuance of new shares		(37)	-
7. Purchases of treasury stock		(1)	(3,895)
8. Proceeds from sales of treasury stock		5	0
9. Dividends paid		(1,125)	(1,490)
Net cash provided by financing activities		4,373	7,353
IV Effect of exchange rate changes on cash and cash equivalents		(28)	(58)
V Decrease in cash and cash equivalents		(5,612)	(1,463)
VI Cash and cash equivalents at beginning of period		12,592	6,924
VII Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries		-	146
VIII Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries		(55)	-
IX Cash and cash equivalents at end of period	*3	6,924	5,607

Events and situations causing serious doubt about the basic assumptions regarding the entity's ability to continue as a going concern

No reportable information.

Basis of preparation of consolidated financial statements

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
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.	1. Basis of Consolidation (1) Consolidated subsidiaries: 13 Consolidated subsidiaries Nissen Co., Ltd. Spark Ace Limited. Advance Progress Limited. Navibird, Inc. BUDOU Labo Co., Ltd. Kurashino Design, Inc. n Insurance Service Company Nissen Premium Co., Ltd. oriental diamond Inc. TRECENTI Co., Ltd. Nissen Evers Oita Co., Ltd. Nissen Shape Founde Co., Ltd. Nissen Youbist Tomonokai Co., Ltd.
With respect to ALBERT, Inc., only the interim statements of income is included in the consolidation as this 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 this company.	Effective from the current fiscal year, 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 consolidated financial statements.
Effective from the current fiscal year, Nissen Co., Ltd. is 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. are included in the consolidation since the Company acquired shares in the companies; and oriental diamond Inc. is included in the consolidation since it was newly established as a subsidiary.	Effective from the current fiscal year, Nissen Premium Co., Ltd. is included in the consolidation since it was newly established through divestiture of Nissen Co., Ltd's direct sales business; Kurashino Design, Inc. is included in the consolidation since the Company acquired its shares.
(2) Major non-consolidated subsidiaries Shanghai Nissen Garments & 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.	(2) Major non-consolidated subsidiaries Shanghai Nissen Garments & Clothing Inspection Ltd. (Reason for excluding from the consolidation) The consolidated financial statements do not include the accounts of seven 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.
2. Application of the equity method of accounting (1) Affiliates accounted for under the equity method of accounting: 5 Company name: GE Nissen Credit Co., Ltd. Mail & e Business Logistics Service Co., Ltd. SharedWIN Co., Ltd. ALBERT, Inc. InfoDeliver Corporation	2. Application of the equity method of accounting (1) Affiliates accounted for under the equity method of accounting: 5 Company name: GE Nissen Credit Co., Ltd. Mail & e Business Logistics Service Co., Ltd. SharedWIN Co., Ltd. ALBERT, Inc. InfoDeliver Corporation

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
With respect to ALBERT, Inc., included in the consolidation in the previous fiscal year, became an equity-method affiliate this fiscal year due to the lowering of the Company’s equity stake in this company. Effective from the current fiscal year, InfoDeliver Corporation became an equity-method affiliate due to the acquisition of its shares. SharedWIN Co., Ltd., a new company jointly established with InfoDeliver Corporation, became an equity-method affiliate.	
(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting: Shanghai Nissen Garments & Clothing Inspection Ltd. (Reason for exclusion from the application of the equity method of accounting) The aforementioned 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 is relatively insignificant in the context of consolidated financial statements.	(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting: Shanghai Nissen Garments & Clothing Inspection Ltd. (Reason for exclusion from the application of the equity method of accounting) Same as on the left.
3. Fiscal years of consolidated subsidiaries Balance sheet dates of consolidated subsidiaries are as follows: Subsidiaries — Balance sheet dates Nissen Co., Ltd. — Dec. 20 Spark Ace Limited. — Oct. 31 Advance Progress Limited. — Oct. 31 Navibird, Inc. — Sep. 20 BUDOU Labo Co., Ltd. — Dec. 31 oriental diamond Inc. — Sep. 30 TRECENTI Co., Ltd. — Sep. 30 Nissen Evers Oita Co., Ltd. — Dec. 20 Nissen Shape Founde Co., Ltd. — Dec. 20 Nissen Youbist Tomonokai Co., Ltd. — Dec. 20	3. Fiscal years of consolidated subsidiaries Balance sheet dates of consolidated subsidiaries are as follows: Subsidiaries — Balance sheet dates Nissen Co., Ltd. — Dec. 20 Spark Ace Limited. — Oct. 31 Advance Progress Limited. — Oct. 31 Navibird, Inc. — Sep. 20 BUDOU Labo Co., Ltd. — Dec. 31 Kurashino Design, Inc. — Mar. 31 n Insurance Service Company — Dec. 20 Nissen Premium Co., Ltd. — Dec. 20 oriental diamond Inc. — Sep. 30 TRECENTI Co., Ltd. — Sep. 30 Nissen Evers Oita Co., Ltd. — Dec. 20 Nissen Shape Founde Co., Ltd. — Dec. 20 Nissen Youbist Tomonokai Co., Ltd. — Dec. 20
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.	While the provisional financial statements made as of September 30 for BUDOU Labo Co., Ltd. and Kurashino Design, Inc. are 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.
4. Accounting principles (1) Valuation criteria and methods for principal assets 1) Securities Held-to-maturity debt securities Amortized cost method (straight-line method).	4. Accounting principles (1) Valuation criteria and methods for principal assets 1) Securities Held-to-maturity debt securities Same as on the left.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
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. 2) Derivatives By the mark-to-market method. 3) Inventories Merchandise: Inventories are stated at cost determined by the first-in first-out method. (2) Depreciation and amortization method for principal depreciable assets 1) Property, plant and equipment Buildings (excluding fixtures): a. Acquisitions on or before March 31, 2007: By the former straight-line method. b. Acquisitions on or after April 1, 2007: By the straight-line method. Others: a. Acquisitions on or before March 31, 2007: By the former declining-balance method. b. Acquisitions on or after April 1, 2007: By the declining-balance method. Useful lives of principal assets are as follows: Buildings and structures: 2-49 years Machinery, equipment and vehicles: 5-7 years Tools, furniture and fixtures: 2-20 years ――――― 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 five years by the straight-line method.	Other securities Securities with market quotations Same as on the left. Securities without market quotations Same as on the left. 2) Derivatives Same as on the left. 3) Inventories Merchandise: Same as on the left. (2) Depreciation and amortization method for principal depreciable assets 1) Property, plant and equipment Buildings (excluding fixtures): Same as on the left. Others: Same as on the left. Useful lives of principal assets are as follows: Buildings and structures: 2-50 years Machinery, equipment and vehicles: 5-17 years Tools, furniture and fixtures: 2-20 years (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. 2) Intangible assets Same as on the left.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(3) Accounting for significant deferred assets Stock issue expenses Charged to income as accrued.	(3) ―――――
(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.	(4) Recognition of significant allowances 1) Allowance for doubtful receivables Same as on the left.
2) Allowance for sales returns To prepare for losses from returned goods unsold , the Company booked an allowance for returned goods unsold at the end of the fiscal year based on the historical rate of such returns.	2) Allowance for sales returns Same as on the left.
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.	3) Allowance for returned goods damaged Same as on the left.
4) 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.	4) Reserve for overcharged interest repayment Same as on the left.
5) Accrued retirement benefits for employees To provide for accrued employees’ retirement benefits (female sales force called “Nissen Lady”), the Company provides an allowance in the amount deemed to have accrued at the end of the fiscal year based on future estimated retirement benefit obligations.	5) ―――――
6) ―――――	6) Provision for loss on business liquidation To prepare for losses from liquidation of business at a subsidiary, the Company booked an allowance for estimated losses. (Additional information) The Company booked a provision for loss on business liquidation as it decided to withdraw from the event-based sales business in the current fiscal year due to changes in the business environment for Nissen Premium Co., Ltd.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(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 statements of income. 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 fiscal year, and translation gain or loss is stated as a component of foreign currency translation adjustments and minority interests in the net assets.	(5) Transaction of principal foreign currency-denominated assets and liabilities Same as on the left.
(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.	(6) Accounting for leases Same as on the left.
(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.	(7) Significant accounting policies for hedges 1) Hedge accounting method Same as on the left.
2) Hedging instrument and the risk hedged Hedging instrument: Forward foreign exchange contracts Risk hedged: Foreign currency-denominated monetary liabilities	2) Hedging instrument and the risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left.
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.	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.	4) Assessing the effectiveness of a hedge Same as on the left.
(8) Other significant accounting policies in the preparation of consolidated financial statements Accounting for consumption taxes: All amounts stated are exclusive of consumption and local taxes.	(8) Other significant accounting policies in the preparation of consolidated financial statements Accounting for consumption taxes: Same as on the left.
5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of the consolidated subsidiaries are stated at fair value.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as on the left.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
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. 7. 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.	6. Amortization of goodwill Same as on the left. 7. Scope of cash and cash equivalents in statements of cash flows Same as on the left.

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

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(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 is 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 the change on profit/loss is insignificant.	―――――
(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).	―――――

Reclassification

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(Consolidated statements of income) “Gain on changes in equity interest,” included in “Others” under “Extraordinary income” in the previous fiscal year, is reclassified and presented as a separate line item since it represents more than 10/100 of total extraordinary income. In the previous fiscal year, “Gain on changes in equity interest” totaled 7 million yen.	―――――
(Consolidated statements of cash flows) “Gain on changes in equity interest,” included in “Others, net” under “Operating activities” in the previous fiscal year, is reclassified and presented as a separate line item since the amount has increased the materiality of impact in the context of consolidated financial statements. In the previous fiscal year, “Gain on changes in equity interests” totaled 7 million yen.	―――――

Omission of Disclosure

Notes to lease transaction, related-party transactions, deferred tax accounting, securities, derivative transactions, retirement benefits, and stock option were omitted from disclosure herein due to insignificance in the context of the financial results.

Notes

Notes to consolidated balance sheets

(Millions of yen)

FY2007 (As of Dec. 20, 2007)	FY2008 (As of Dec. 20, 2008)
*1 The following items are applicable to non-consolidated subsidiaries and affiliates Investments in securities (Equity securities) 4,005 Investments in securities (Investments in capitals) 30 Others (Corporate bonds) 1	*1 The following items are applicable to non-consolidated subsidiaries and affiliates Investments in securities (Equity securities) 4,965 Others (Corporate bonds) 1
2 Loan guarantees Guarantees for loans taken out by the Group's employees from financial institutions 61	2 Loan guarantees Guarantees for loans taken out by the Group's employees from financial institutions 47
3 Current account overdraft and commitment line agreements To efficiently raise working capital, the Company and consolidated subsidiary (oriental diamond Inc.) have entered into overdraft and commitment line agreements with 12 banks. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows: Current account of overdraft and commitment line 31,250 Credit used 5,000 Credit available 26,250 Of which Current account overdraft 16,250 Credit used - Credit available 16,250 Current account of commitment line 10,000 Credit used - Credit available 10,000 Current account of term-loan 5,000 Credit used 5,000 Credit available -	3 Current account overdraft and commitment line agreements To efficiently raise working capital, the Company and consolidated subsidiary (oriental diamond Inc.) have entered into overdraft and commitment line agreements with 12 banks. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows: Current account of overdraft and commitment line 31,250 Credit used 19,400 Credit available 11,850 Of which Current account overdraft 16,250 Credit used 4,400 Credit available 11,850 Current account of commitment line 10,000 Credit used 10,000 Credit available - Current account of term-loan 5,000 Credit used 5,000 Credit available - The Company infringed upon the following financial covenant of its commitment line agreement due to one-time losses from the cancellation of forward foreign exchange contracts, and withdrawal from the event-based sales business, in the current fiscal year. However, the Company won the understanding of major financial institutions to not use infringement of the financial covenant as a reason to lose term profits. (Financial covenants) 1) Total net assets in the balance sheet (both consolidated and non-consolidated) at the end of each fiscal year must be 75% or greater than the higher of total net assets at the end of the previous fiscal year, or total net assets at the end of the fiscal year ended in December 2004. 2) Ordinary losses in the statements of income (both consolidated and non-consolidated) for each fiscal year must not be booked for two consecutive fiscal years.

Notes to consolidated statement of income

(Millions of yen)

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)			FY2008 (Dec. 21, 2007 – Dec. 20, 2008)		
*1	Breakdown of gain on sales of fixed assets		*1	Breakdown of gain on sales of fixed assets	
	Tools, furniture and fixtures	0		Machinery, equipment and vehicles	1
	Total	0		Tools, furniture and fixtures	0
				Total	2
*2	Breakdown of loss on sales or disposal of fixed assets		*2	Breakdown of loss on sales or disposal of fixed assets	
	Loss on disposal of fixed assets			Loss on disposal of fixed assets	
	Buildings and structures	65		Buildings and structures	36
	Tools, furniture and fixtures	11		Tools, furniture and fixtures	5
	Software	222		Software	5
	Total	299		Total	47
	Loss on sales of fixed assets			Loss on sales of fixed assets	
	Buildings and structures	1		Buildings and structures	5
	Tools, furniture and fixtures	0		Machinery, equipment and vehicles	0
	Land	6		Tools, furniture and fixtures	0
	Total	8		Total	5
*3	Breakdown of loss on business restructuring		*3	――――	
	(Direct sales business)				
	Store consolidation costs	799			
	Special retirement bonuses and re-employment assistance for voluntary retirees	405			
	Total	1,205			
*4	――――		*4	Breakdown of loss on business withdrawal	
				(Direct sales business)	
				Special retirement bonuses and re-employment assistance for employees of withdrawing business	1,214
				Customer-related compliance costs for termination of business	106
				Compensation costs for suppliers on termination of business	140
				Costs for store closing, disposal of assets, etc. on termination of business	842
				After-sales service costs on withdrawing business	26
				Total	2,332

Notes to consolidated statement of changes in shareholders' equity

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

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 20, 2006 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2007 (Shares)
Outstanding shares				
Common shares	54,306,332	9,110,000	-	63,416,332
Total	54,306,332	9,110,000	-	63,416,332
Treasury stock				
Common shares (see notes)	2,599,312	1,573	7,500	2,593,385
Total	2,599,312	1,573	7,500	2,593,385

Notes: 1. The increase in the number of common shares outstanding (9,110,000 shares) was resulted from the issuance of private placement of stock.

2. The increase in the number of common shares of treasury stock (1,573 shares) was resulted from the purchase of odd-lot shares.

3. The decline in the number of common shares of treasury stock (7,500 shares) was resulted from the exercise of stock options.

2. Items related to acquisition rights for new shares and treasury stock

No reportable information.

3. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on Mar. 14, 2007	Common shares	517 million yen	10.00 yen	Dec. 20, 2006	Mar. 15, 2007
Board meeting on Jul. 27, 2007	Common shares	608 million yen	10.00 yen	Jun. 20, 2007	Sep. 10, 2007

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend	Source of funds	Dividend per share	Record date	Effective date
Annual shareholders' meeting on Mar. 18, 2008	Common shares	790 million yen	Retained earnings	13.00 yen	Dec. 20, 2007	Mar. 19, 2008

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

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 20, 2007 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2008 (Shares)
Outstanding shares				
Common shares	63,416,332	-	-	63,416,332
Total	63,416,332	-	-	63,416,332
Treasury stock				
Common shares (see notes)	2,593,385	10,033,420	104	12,626,701
Total	2,593,385	10,033,420	104	12,626,701

Notes: 1. The increase in the number of common shares of treasury stock (10,033,420 shares) was resulted from the purchase of treasury stock based on the Board of Directors' resolution (10,032,500 shares) and the purchase of odd-lot shares (920 shares).

2. The decline in the number of common shares of treasury stock (104 shares) was resulted from the sales of odd-lot shares.

2. Items related to acquisition rights for new shares and treasury stock

No reportable information.

3. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on Mar. 18, 2008	Common shares	790 million yen	13.00 yen	Dec. 20, 2007	Mar. 19, 2008
Board meeting on Jul. 28, 2008	Common shares	699 million yen	11.50 yen	Jun. 20, 2008	Sep. 9, 2008

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend	Source of funds	Dividend per share	Record date	Effective date
Annual shareholders' meeting on Mar. 18, 2009	Common shares	584 million yen	Retained earnings	11.50 yen	Dec. 20, 2008	Mar. 19, 2009

Notes to consolidated statements of cash flows

(Millions of yen)

<table>
<tr><th colspan="2">FY2007
(Dec. 21, 2006 – Dec. 20, 2007)</th><th colspan="2">FY2008
(Dec. 21, 2007 – Dec. 20, 2008)</th></tr>
<tr><td>*1</td><td>Breakdown of assets and liabilities of subsidiaries newly included in the consolidation through stock acquisition:
Below is a summary of assets and liabilities of newly consolidated subsidiaries, as well as the relationship between acquisition cost and net proceeds from acquisition of share as follows.
(1) oriental diamond Inc.
Current assets 1,600
Fixed assets (1,500)
Acquisition cost for subsidiary stock 100
Cash and cash equivalents of subsidiary 287
Difference: Proceeds from acquisition of subsidiary stock 187

(2) BUDOU Labo Co., Ltd.
Current assets 113
Fixed assets 9
Goodwill 177
Current liabilities (272)
Acquisition cost for subsidiary stock 28
Cash and cash equivalents of subsidiary 29
Difference: Proceeds from acquisition of subsidiary stock 0</td><td>*1</td><td>Breakdown of assets and liabilities of subsidiaries newly included in the consolidation through stock acquisition:
Below is a summary of assets and liabilities of newly consolidated subsidiaries, as well as the relationship between acquisition cost and net proceeds from acquisition of share as follows.
Kurashino Design, Inc.
Current assets 395
Fixed assets 76
Goodwill 168
Current liabilities (749)
Long-term liabilities (58)
Acquisition cost for subsidiary stock (168)
Cash and cash equivalents of subsidiary (129)
Difference: Proceeds from acquisition of subsidiary stock 297</td></tr>
<tr><td>*2</td><td>Breakdown of increase in assets and liabilities due to business acquisitions:
Below is a summary of assets and liabilities from oriental diamond Inc., and its subsidiary TRECENTI Co., Ltd., as well as the relationship between the value of the businesses acquired and the expenditures for their acquisition.
Current assets 1,712
Fixed assets 761
Goodwill 150
Current liabilities (2)
Acquisition cost for business 2,621
Cash and cash equivalents of subsidiary (TRECENTI) 147
Difference: Payments for acquisition of business 2,473</td><td>*2</td><td>—</td></tr>
<tr><td>*3</td><td>Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows:
Cash and deposits 6,939
Term deposits with original maturities longer than three months (15)
Cash and cash equivalents 6,924</td><td>*3</td><td>Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows:
Cash and deposits 5,617
Term deposits with original maturities longer than three months (10)
Cash and cash equivalents 5,607</td></tr>
</table>

Segment information

a. Business segment information

FY2007 (Dec. 21, 2006 – Dec. 20, 2007) *(Millions of yen)*

	Direct marketing business	Direct sales business	Total	Eliminations and corporate	Consolidated
1. 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)
2. Assets, depreciation, and capital expenditures					
Total assets	45,334	11,011	56,345	16,025	72,371
Depreciation and amortization	84	90	174	377	552
Capital expenditures	46	68	115	2,194	2,310

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 the Company.

4. Corporate assets included in eliminations and corporate totaled 16,025 million yen, consisting primarily of the Company’s surplus funds, including financial assets (cash and deposits), long-term investments (investment securities), and assets of the Company’s administration division.

5. Depreciation and capital expenditure include long-term prepaid expenses and their amortization expenses.

FY2008 (Dec. 21, 2007 – Dec. 20, 2008) *(Millions of yen)*

	Direct marketing business	Finance business	Direct sales business	Total	Eliminations and corporate	Consolidated
1. Net sales and operating income						
Net sales						
(1) Sales to third parties	138,176	958	16,354	155,489	-	155,489
(2) Inter-group sales and transfers	-	-	-	-	-	-
Total	138,176	958	16,354	155,489	-	155,489
Operating expenses	131,640	562	18,065	150,268	2,169	152,437
Operating income (loss)	6,536	395	(1,711)	5,220	(2,169)	3,051
Non-operating income (loss)	(1,733)	1,168	(236)	(801)	(7)	(809)
Ordinary income (loss)	4,802	1,564	(1,947)	4,419	(2,177)	2,242
2. Assets, depreciation, and capital expenditures						
Total assets	49,531	3,739	6,992	60,264	9,732	69,996
Depreciation and amortization	132	1	57	191	443	634
Capital expenditures	371	9	144	525	1,300	1,825

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 internet and catalog sales
(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 stores
3. Operating expenses in eliminations and corporate include 2,169 million yen of those not attributable. To any business segment, consisting primarily of those related to the administration division of the Company.
4. Corporate assets included in eliminations and corporate totaled 9,732 million yen, consisting primarily of the Company's surplus funds, including financial assets (cash and deposits), long-term investments (investment securities), and assets of the Company's administration division.
5. Depreciation and capital expenditure include long-term prepaid expenses and their amortization expenses.
6. 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, from the current fiscal year. 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 125 million yen each and ordinary income of 1,294 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 fiscal year.
(3) Figures for FY2007 have been recalculated according to new business segment categories as follows.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007) *(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	130,304	178	22,515	152,997	-	152,997
(2) Inter-group sales and transfers	-	-	-	-	-	-
Total	130,304	178	22,515	152,997	-	152,997
Operating expenses	122,079	50	23,527	145,657	2,831	148,488
Operating income (loss)	8,224	128	(1,012)	7,340	(2,831)	4,508
Non-operating income (loss)	(3,945)	(2,225)	(283)	(6,453)	(78)	(6,531)
Ordinary income (loss)	4,279	(2,097)	(1,296)	886	(2,909)	(2,022)

b. Geographical segment information

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

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

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

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

c. Overseas 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.

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

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

Business combinations

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

1. Application of the purchase method

(1) Summary of business combinations

Name of company acquired	oriental diamond Inc.
Principal business lines of acquired company	Procurement and wholesale sales of loose diamonds; planning, development, manufacture, wholesale sales, and retail sales of jewelry
Reasons for business combinations	Nissen Holdings decided to acquire oriental diamond Inc. to further enhance its corporate value by strengthening the jewelry business through a unified structure of loose diamond procurement and sales, and jewelry manufacturing and sales, and by further developing the jewelry brands of oriental diamond Inc. and TRECENTI Co., Ltd.
Date of combination	April 1, 2007
Method of combination	Business acquisition by the Company's subsidiary

(2) Period of business results of the acquired company included in the consolidation

The assumed date of purchase of oriental diamond Inc. is March 31, 2007. Nissen Holdings used the new subsidiary's results as at its fiscal year end in the consolidation because the date falls within three months prior to that of Nissen Holdings. Appropriate adjustment was made for material transactions occurred during the period from oriental diamond's balance sheet date to that of consolidated financial statements.

(3) Cost of acquisition

Cost of business acquisition	2,541 million yen
Expenses directly related to the acquisition	80 million yen
Cost of acquisition	2,621 million yen

The acquisition was a cash transaction.

(4) Goodwill resulting from the acquisition

1) Value of goodwill 197 million yen

2) Source of goodwill

The goodwill represents oriental diamond Inc's future earnings generated from its growth potential.

3) Amortization and amortization period

Goodwill is amortized over five years by the straight-line method.

(5) Summary of assets acquired and liabilities assumed on the combination date

Current assets	1,699 million yen
Fixed assets	726 million yen
Total assets	2,425 million yen
Current liabilities	2 million yen
Long-term liabilities	- million yen
Total liabilities	2 million yen

(6) Estimated impact on the consolidated statements of income when the business combination is retroactively adjusted to the beginning of the fiscal year

No estimate due to calculating difficulties. These notes have not been verified by an audit.

2. Transactions under common control, etc.

(1) Name, business line, legal format, and post-combination name and business summary including purpose of combination

Name and business line to be divested	The direct sales and direct marketing businesses operated by Nissen Holdings Co., Ltd. (formerly Nissen Co., Ltd.)
Legal format of business combination	Spin-off to newly established company
Name of post-combination company	Nissen Co., Ltd.
Business summary including purpose of combination	Under the medium-term business vision the Nissen Group strives to become a corporate group that offers suggestions for each individual customer's ideal lifestyle. To this end, the Nissen Group decided to move to a pure holding company structure to strengthen the Group's growth strategy, enhance corporate governance, and develop capabilities of managers and to-be managers. The spin-off transferred the direct marketing and direct sales businesses, formerly operated by Nissen Co., Ltd, to the company newly established by way of the spin-off.

(2) Summarized accounting treatment at the divesting party

The spin-off was treated by the accounting methods for a transaction under common control based on "Accounting Standard for Business Combination" (Business Accounting Council, October 31, 2003), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, last revision on December 22, 2006).

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

Transactions under common control, etc.

(1) Name, business line, legal format, and post-combination name and business summary including purpose of combination

Name and business line to be divested	The direct sales businesses operated by the Company's consolidated subsidiary Nissen Co., Ltd.
Legal format of business combination	Company spin-off conducted by Nissen Co., Ltd. in which newly established Nissen Premium Co., Ltd. is the post spin-off company.
Name of post-combination company	Nissen Premium Co., Ltd.
Business summary including purpose of combination	Under the business vision the Nissen Group strives to become a corporate group that offers suggestions for each individual customer's ideal lifestyle. To achieve this vision based on a business domain strategy, the direct sales business of Nissen Co., Ltd., the Group's mainstay company, was spun off to optimize the Group's organizational structure, strengthen its foundation as an independent business, accelerate restructuring of the direct sales business, and reform employees' thinking and revitalize the organization as well as human resources. The spin off transferred the direct sales business, formerly operated by the Company's consolidated subsidiary Nissen Co., Ltd., to the newly established company Nissen Premium Co., Ltd.

(2) Summarized accounting treatment at the divesting party

The spin-off was treated by the accounting methods for a transaction under common control based on "Accounting Standard for Business Combination" (Business Accounting Council, October 31, 2003), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, last revision on November 15, 2007).

Per-share information

(Yen)

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
Net assets per share 578.23 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 assets per share 195.38 Net loss per share (basic) 157.58 Net income per share (diluted) is not presented since the Company has no outstanding dilutive securities, and posted a net loss.

Note: Basis for calculation

1. Net assets per share

(Millions of yen)

	FY2007 (As of Dec. 20, 2007)	FY2008 (As of Dec. 20, 2008)
Total net assets on the consolidated balance sheets	35,186	9,924
Difference between the amounts of total net assets on the consolidated balance sheets and net assets applicable to common shares used in calculation of net assets per share	16	1
[of which Minority interests]	[16]	[1]
Net assets applicable to common shares	35,169	9,923
Number of shares outstanding (common shares)	63,416,332 shares	63,416,332 shares
Number of treasury stock (common shares)	2,593,385 shares	12,626,701 shares
Number of common shares used in calculation of net assets per share	60,822,947 shares	50,789,631 shares

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

(Millions of yen)

	FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
Net loss per share (basic)		
Net loss	3,144	9,353
Amounts not available to common shareholders	-	-
Net loss available to common shares	3,144	9,353
Weighted average number of shares outstanding	59,300,666 shares	59,360,160 shares
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the current fiscal year	Stock Option 5 issues (Stock acquisition rights: 32,364) Consolidated subsidiary: Stock Option 1 issue (Stock acquisition rights: 2,000)	Stock Option 5 issues (Stock acquisition rights: 28,069) Consolidated subsidiary: Stock Option 1 issue (Stock acquisition rights: 1,900)

Subsequent events

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

FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
―――

5. Others

Sales and Purchases

(1) Sales

Sales by business segments for the current fiscal year are as follows:

Segment	Amount (Millions of yen)	YoY change (%)
Direct marketing business	138,176	106.0
Finance business	958	536.8
Direct sales business	16,354	72.6
Total	155,489	101.6

Notes:
1. The above amounts do not include consumption taxes.
2. The Nissen Group has changed its business segment classifications from the current fiscal year. For details, please see “4. 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.

(2) Purchases

Purchases by business segments for the current fiscal year are as follows:

Segment	Amount (Millions of yen)	YoY change (%)
Direct marketing business	67,867	108.6
Direct sales business	7,723	74.3
Total	75,591	103.7

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.

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

6. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheets

(Millions of yen)

Item	Note	FY2007 (As of Dec. 20, 2007) Amount		%	FY2008 (As of Dec. 20, 2008) Amount		%
Assets							
I Current assets							
1. Cash and deposits			752			1,612	
2. Accounts receivable-others			106			-	
3. Short-term loans receivable from affiliates	*1		1,992			2,497	
4. Accounts receivable from affiliates	*1		579			885	
5. Advance money to affiliates	*1		31			-	
6. Deferred tax assets			16			-	
7. Others			744			475	
Allowance for doubtful receivables			(251)			(189)	
Total current assets			3,971	9.2		5,280	11.8
II Fixed assets							
1. Property, plant and equipment							
(1) Buildings		2,612			4,812		
Accumulated depreciation		1,631	980		1,721	3,091	
(2) Structures		59			79		
Accumulated depreciation		47	12		50	29	
(3) Machinery and equipment		-			44		
Accumulated depreciation		-	-		1	42	
(4) Automotive equipment and vehicles		38			32		
Accumulated depreciation		19	19		21	10	
(5) Tools, furniture and fixtures		2,557			2,669		
Accumulated depreciation		1,838	719		1,990	679	
(6) Land			1,768			1,769	
(7) Construction in progress			1,344			0	
Total property, plant and equipment			4,844	11.2		5,623	12.5
2. Intangible assets			270	0.6		238	0.5
3. Investments and other assets							
(1) Investments in securities			2,198			1,546	
(2) Affiliate stock			21,788			21,728	
(3) Long-term loans receivable from affiliates	*1		7,362			10,945	
(4) Claims in bankruptcy			2			-	
(5) Deferred tax assets			2,525			2,561	
(6) Others			359			277	
Allowance for doubtful receivables			(83)			(3,301)	
Total investments and other assets			34,154	79.0		33,758	75.2
Total fixed assets			39,269	90.8		39,620	88.2
Total assets			43,240	100.0		44,901	100.0

(Millions of yen)

Item	Note	FY2007 (As of Dec. 20, 2007) Amount		%	FY2008 (As of Dec. 20, 2008) Amount		%
Liabilities							
I Current liabilities							
1. Notes payable-trade			7			8	
2. Short-term bank loans	*2		633			14,655	
3. Long-term loans due within one year			1,660			1,660	
4. Accounts payable-other	*2		1,012			570	
5. Accrued expenses			39			100	
6. Income tax payable			-			293	
7. Deposits received			15			-	
8. Notes payable-equipment			-			492	
9. Accounts payable-equipment			751			139	
10. Others			8			30	
Total current liabilities			4,127	9.5		17,950	40.0
II Long-term liabilities							
1. Long-term bank loans			2,510			850	
2. Provision for loss on business of subsidiaries and affiliates			-			1,231	
Total long-term liabilities			2,510	5.8		2,081	4.6
Total liabilities			6,637	15.3		20,032	44.6
Net assets							
I Shareholders' equity							
1. Common stock			11,218	26.0		11,218	25.0
2. Capital surplus							
(1) Additional paid-in capital		11,260			11,260		
Total capital surplus			11,260	26.1		11,260	25.1
3. Retained earnings							
(1) Legal reserves		256			256		
(2) Other retained earnings							
Special reserves		17,300			16,509		
Retained earnings carried forward		(376)			(7,320)		
Total retained earnings			17,180	39.7		9,445	21.0
4. Treasury stock			(3,282)	(7.6)		(7,177)	(16.0)
Total shareholders' equity			36,376	84.2		24,747	55.1
II Valuation and translation adjustments							
1. Net unrealized holding gain (loss) on securities			226	0.5		122	0.3
Total valuation and translation adjustments			226	0.5		122	0.3
Total net assets			36,603	84.7		24,869	55.4
Total liabilities and net assets			43,240	100.0		44,901	100.0

(2) Non-consolidated Statement of Income

(Millions of yen)

		FY2007 (Dec. 21, 2006 – Dec. 20, 2007)			FY2008 (Dec. 21, 2007 – Dec. 20, 2008)		
Item	Note	Amount		%	Amount		%
I Net sales							
1. Dividend revenue from affiliates	*1,3	41			38		
2. Outsourcing service fee revenue	*1,3	2,445			4,920		
3. Sales		72,513			-		
4. Other operating revenue	*3	4,563	79,564	100.0	385	5,344	100.0
II Cost of sales							
1. Beginning inventories		13,456			-		
2. Purchases		34,842			-		
Sub-total		48,299			-		
3. Transfer to other accounts	*2	1,457			-		
4. Decrease due to spin-off		12,328			-		
5. Cost of outsourcing service fee revenue	*1	1,517			3,079		
6. Cost of other operating revenue		5	36,036	45.3	25	3,104	58.1
Gross profit			43,527	54.7		2,239	41.9
Provision of allowance for return goods unsold			545	0.7		-	-
Reversal of allowance for return goods unsold			(556)	(0.7)		-	-
Gross profit –net			43,538	54.7		2,239	41.9
III Selling, general and administrative expenses							
1. Advertising expenses		12,307			187		
2. Shipping expenses		162			-		
3. Sales promotion expenses		3,866			-		
4. Provision of allowance for doubtful receivables		333			56		
5. Salaries and allowances		6,369			581		
6. Bonuses		1,201			75		
7. Welfare expenses		1,032			91		
8. Telecommunications expenses		539			-		
9. Rents		855			-		
10. Charges for custody and storage		96			-		
11. Taxes and dues		-			128		
12. Depreciation		359			65		
13. IT system expenses		-			121		
14. Commission expenses		12,727			507		
15. Others		1,384	41,237	51.8	201	2,016	37.7
Operating income			2,301	2.9		223	4.2
IV Non-operating income							
1. Interest income	*3	87			101		
2. Dividend income		55			23		
3. Commission income	*3	99			7		
4. Gain on valuation of forward foreign exchange contracts		1,009			-		
5. Miscellaneous income	*3	153	1,404	1.8	36	168	3.1

(Millions of yen)

Item	Note	FY2007 (Dec. 21, 2006 – Dec. 20, 2007) Amount		%	FY2008 (Dec. 21, 2007 – Dec. 20, 2008) Amount		%
V Non-operating expenses							
1. Interest expense		59			72		
2. Amortization of stock issue expenses		37			-		
3. Loss on write-off of merchandise	*2	1,457			-		
4. Foreign exchange loss		8			1		
5. Provision of allowance for doubtful receivables		328			773		
6. Provision of allowance for returned goods damaged		5			-		
7. Provision of reserve for overcharged interest repayment		3			-		
8. Miscellaneous expenses		130	2,031	2.6	78	926	17.3
Ordinary income (loss)			1,674	2.1		(534)	(10.0)
VI Extraordinary income							
1. Gain on sales of fixed assets	*4	0			0		
2. Gain on sales of investments in securities		103	103	0.1	0	0	0.0
VII Extraordinary loss							
1. Loss on sales of fixed assets	*5	7			-		
2. Loss on disposal of fixed assets	*6	137			3		
3. Loss on sales of investments in securities		9			-		
4. Loss on write-down of investments in securities		78			570		
5. Loss on write-down of investment in affiliates		90			143		
6. Loss on business restructuring	*7	1,509			-		
7. Loss on business liquidation of subsidiaries and affiliates	*8	-	1,835	2.3	4,612	5,329	99.7
Earnings (loss) before income taxes			56	(0.1)		5,863	(109.7)
Current income taxes		842			266		
Prior-year current income taxes		-			87		
Deferred income taxes		(824)	18	0.0	27	381	7.1
Net loss			75	(0.1)		6,244	(116.8)

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

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

(Millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserves	Special reserves	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
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

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

(Millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserves	Special reserves	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
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 fiscal year									
Dividend of surplus	-	-	-	-	-	(1,490)	(1,490)	-	(1,490)
Net loss	-	-	-	-	-	(6,244)	(6,244)	-	(6,244)
Reversal of special reserves	-	-	-	-	(790)	790	-	-	-
Purchases of treasury stock	-	-	-	-	-	-	-	(3,895)	(3,895)
Disposal of treasury stock	-	-	-	-	-	(0)	(0)	0	0
Changes (net) in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes in the fiscal year	-	-	-	-	(790)	(6,943)	(7,734)	(3,894)	(11,629)
Balance as of Dec. 20, 2008	11,218	11,260	11,260	256	16,509	(7,320)	9,445	(7,177)	24,747

(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 fiscal year			
Dividend of surplus	-	-	(1,490)
Net loss	-	-	(6,244)
Reversal of special reserves	-	-	-
Purchases of treasury stock	-	-	(3,895)
Disposal of treasury stock	-	-	0
Changes (net) in items other than shareholders' equity	(104)	(104)	(104)
Total changes in the fiscal year	(104)	(104)	(11,734)
Balance as of Dec. 20, 2008	122	122	24,869

Events and situations causing serious doubt about the basic assumptions regarding the entity's ability to continue as a going concern

No reportable information.

Significant accounting policies

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
1. Valuation standard and method for securities Subsidiary and affiliate stock Stated at cost, cost being determined by the moving-average 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.	1. Accounting principles Subsidiary and affiliate stock Same as on the left. Other securities Securities with market quotations Same as on the left. Securities without market quotations Same as on the left.
2. Valuation standard and method for derivatives By the mark-to-market method.	2. ―――――
3. Valuation standard and method for inventories (merchandise) Stated at cost, cost being determined by the first-in first-out method.	3. ―――――
4. Depreciation and amortization method for fixed assets (1) Property, plant and equipment Buildings (excluding fixtures): a. Acquisitions on or before March 31, 2007: By the former straight-line method. b. Acquisitions on or after April 1, 2007: By the straight-line method. Others: a. Acquisitions on or before March 31, 2007: By the former declining-balance method. b. Acquisitions on or after April 1, 2007: By the declining-balance method. Useful lives of principal assets are as follows: Buildings: 2-49 years Attached structures: 2-15 years ―――――	4. Depreciation and amortization method for fixed assets 1) Property, plant and equipment Buildings (excluding fixtures): Same as on the left. Others: Same as on the left. Useful lives of principal assets are as follows: Buildings: 2-50 years Attached structures: 3-20 years Tools, furniture and fixtures: 2-15 years (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.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(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 five years by the straight-line method.	(2) Intangible assets Same as on the left.
5. Accounting for significant deferred assets Stock issue expenses Charged to income as accrued.	5. ―――――
6. 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.	6. Recognition of significant allowances (1) Allowance for doubtful receivables Same as on the left.
(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.	(2) ―――――
(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.	(3) ―――――
(4) 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.	(4) ―――――
(5) Accrued retirement benefits for employees To provide for accrued employees' retirement benefits (female sales force called "Nissen Lady"), the Company provides an allowance in the amount deemed to have accrued at the end of the fiscal year based on future estimated retirement benefit obligations.	(5) ―――――
(6) ―――――	(6) Provision for loss on business of subsidiaries and affiliates To prepare for losses on business of subsidiary, the Company has booked an allowance, taking into account the financial conditions of subsidiary, for estimated losses of subsidiary. (Additional information) The Company booked an allowance for estimated losses of subsidiary at the end of the current fiscal year.
7. 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.	7. Accounting for leases Same as on the left.

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
8. 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 fiscal year.	8. ――――――
9. Other significant accounting policies in the preparation of consolidated financial statements Accounting for consumption taxes All amounts stated are exclusive of consumption and local taxes.	9. Other significant accounting policies in the preparation of consolidated financial statements Accounting for consumption taxes Same as on the left.

Changes in significant accounting policies in the preparation of non-consolidated financial statements

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(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 is 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 the change on profit/loss is insignificant.	―――――
(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).	―――――

Reclassification

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)	FY2008 (Dec. 21, 2007 – Dec. 20, 2008)
(Balance sheets) 1. "Prepaid expenses" (68 million yen as of the end of the current fiscal year), presented as a separate line item in the previous fiscal year, is reclassified and included in "Others" under "Current assets" given that the amount is insignificant in the context of the non-consolidated financial statements. 2. "Long-term prepaid expenses" (17 million yen as of the end of the current fiscal year) and "Lease deposits" (113 million yen as of the end of the current fiscal year), presented as separate line items in the previous fiscal year, are reclassified and included in "Others" under "Investments and other assets" given that the amount is insignificant in the context of the non-consolidated financial statements.	(Balance sheets) 1. "Accounts receivable-others" (1 million yen as of the end of the current fiscal year) and "Advance money to affiliates" (7 million yen as of the end of the current fiscal year), presented as separate line items in the previous fiscal year, are reclassified and included in "Others" under "Current assets" given that the amount is insignificant in the context of the non-consolidated financial statements. 2. "Deposits received" (26 million yen as of the end of the current fiscal year), presented as a separate line item in the previous fiscal year, is reclassified and included in "Others" under "Current liabilities" given that the amounts are insignificant in the context of the non-consolidated financial statements.
―――――	(Statements of income) 1. "Telecommunications expenses" (12 million yen in the current fiscal year) and "Rents" (10 million yen in the current fiscal year), presented as separate line items in the previous fiscal year, are reclassified and included in "Others" under "Selling, general and administrative expenses" given that the amounts are insignificant in the context of the non-consolidated financial statements. 2. Effective from the current fiscal year, "IT system expenses" and "Taxes and dues", included in "Others" under "Selling, general and administrative expenses" in the previous fiscal year, are reclassified and presented as separate line items since those represent more than 5/100 of total selling, general and administrative expenses. In the previous fiscal year, "IT system expenses" totaled 65 million yen and "Taxes and dues" totaled 197 million yen.

Notes

Notes to balance sheets

(Millions of yen)

FY2007 (As of Dec. 20, 2007)			FY2008 (As of Dec. 20, 2008)		
*1	Assets for affiliates		*1	Assets for affiliates	
	Short-term loans receivable	1,992		Short-term loans receivable	2,497
	Long-term loans receivable	7,362		Long-term loans receivable	10,945
	Accounts receivable-others	579		Accounts receivable-others	885
	Advance payment	31			
*2	Liabilities for affiliates		*2	Liabilities for affiliates	
	Short-term bank loans	633		Short-term bank loans	255
	Accounts payable-other	486		Accounts payable-other	23
3	Loan guarantees		3	Loan guarantees	
	Guarantees for loans taken out by the Group's employees from financial institutions	61		Guarantees for loans taken out by the Group's employees from financial institutions	47
	Loan guarantees for transaction between following subsidiaries and financial institutions			Loan guarantees for transaction between following subsidiaries and financial institutions	
	Spark Ace Limited.	558		Spark Ace Limited.	378
	Nissen Co., Ltd.	100		Nissen Co., Ltd.	5,744
	Loan guarantees for notes and accounts payable of following subsidiary			Loan guarantees for notes and accounts payable of following subsidiary	
	Nissen Co., Ltd.	5,540		Nissen Co., Ltd.	4,332
4	Current account overdraft and commitment line agreements		4	Current account overdraft and commitment line agreements	
	To efficiently raise working capital, the Company has entered into overdraft and commitment line agreements with 12 banks. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:			To efficiently raise working capital, the Company has entered into overdraft and commitment line agreements with 12 banks. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:	
	Current account of overdraft and commitment line	31,150		Current account of overdraft and commitment line	31,150
	Credit used	5,000		Credit used	19,400
	Credit available	26,150		Credit available	11,750
	Of which			Of which	
	Current account of overdraft	16,150		Current account of overdraft	16,150
	Credit used	-		Credit used	4,400
	Credit available	16,150		Credit available	11,750
	Current account of commitment line	10,000		Current account of commitment line	10,000
	Credit used	-		Credit used	10,000
	Credit available	10,000		Credit available	-
	Current account of term-loan	5,000		Current account of term-loan	5,000
	Credit used	5,000		Credit used	5,000
	Credit available	-		Credit available	-
				The Company infringed upon the following financial covenant of its commitment line agreement due to one-time losses from the cancellation of forward foreign exchange contracts, and withdrawal from the event-based sales business, in the current fiscal year. However, the Company won the understanding of major financial institutions to not use infringement of the financial covenant as a reason to lose term profits.	

FY2007 (As of Dec. 20, 2007)	FY2008 (As of Dec. 20, 2008)
	(Financial covenants) 1) Total net assets in the balance sheet (both consolidated and non-consolidated) at the end of each fiscal year must be 75% or greater than the higher of total net assets at the end of the previous fiscal year, or total net assets at the end of the fiscal year ended in December 2004. 2) Ordinary losses in the statements of income (both consolidated and non-consolidated) for each fiscal year must not be booked for two consecutive fiscal years.

Notes to statement of income

(Millions of yen)

FY2007 (Dec. 21, 2006 – Dec. 20, 2007)			FY2008 (Dec. 21, 2007 – Dec. 20, 2008)		
*1	The Company moved to a pure holding company structure effective June 21, 2007, and began receiving outsourcing service fee revenue and dividend revenue from affiliates from the current fiscal year. Also, it books a cost of outsourcing service fee revenue as the cost for outsourcing service fee revenue.		*1	――――	
*2	Transfer from other accounts		*2	――――	
	Loss on write-down of merchandise	1,457			
*3	Income related to affiliates		*3	Income related to affiliates	
	Interest income	64		Outsourcing service fee revenue	4,918
	Miscellaneous income	25		Other operating revenue	378
				Dividend revenue from affiliates	38
				Interest income	99
				Commission income	3
*4	Breakdown of gain on sales of fixed assets		*4	Breakdown of gain on sales of fixed assets	
	Tools, furniture and fixtures	0		Automotive equipment and vehicles	0
	Total	0		Total	0
*5	Breakdown of loss on sales of fixed assets		*5	――――	
	Buildings	1			
	Tools, furniture and fixtures	0			
	Land	6			
	Total	7			
*6	Breakdown of loss on disposal of fixed assets		*6	Breakdown of loss on disposal of fixed assets	
	Buildings	46		Tools, furniture and fixtures	3
	Tools, furniture and fixtures	5		Total	3
	Structures	1			
	Software	84			
	Total	137			
*7	Breakdown of loss on business restructuring (Direct sales business)		*7	――――	
	Store consolidation costs	1,025			
	Special retirement bonuses and re-employment assistance for voluntary retirees	484			
	Total	1,509			
*8	――――		*8	Breakdown of loss on business liquidation of subsidiaries and affiliates	
				Provision of allowance for doubtful receivables	2,150
				Provision for loss on business of subsidiaries and affiliates	1,231
				Loss on write-down of investment in affiliates	1,231
				Total	4,612

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

1. Type and number of treasury stock

	Number of shares as of Dec. 20, 2006 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2007 (Shares)
Common shares (see notes)	2,599,312	1,573	7,500	2,593,385
Total	2,599,312	1,573	7,500	2,593,385

Notes: 1. The increase in the number of common shares of treasury stock (1,573 shares) was resulted from the purchase of odd-lot shares.

2. The decline in the number of common shares of treasury stock (7,500 shares) was resulted from the exercise of stock options.

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

1. Type and number of treasury stock

	Number of shares as of Dec. 20, 2007 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2008 (Shares)
Common shares (see notes)	2,593,385	10,033,420	104	12,626,701
Total	2,593,385	10,033,420	104	12,626,701

Notes: 1. The increase in the number of common shares of treasury stock (10,033,420 shares) was resulted from the purchase of treasury stock based on the Board of Directors' resolution (10,032,500 shares) and the purchase of odd-lot shares (920 shares).

2. The decline in the number of common shares of treasury stock (104 shares) was resulted from the sales of odd-lot shares.

7. Others

(1) Changes in Directors

1) Changes in representative director

No reportable information.

(2) Change in other directors

The Company plans to propose the following changes in directors to the annual shareholders meeting to be held on March 18, 2009.

Candidates for substitute corporate auditor

Position	Name
Substitute corporate auditor (non-permanent)	Shinichiro Kawazoe

Note: Candidate Mr. Kawazoe is an external auditor as prescribed in Article 2-16 of the Corporation Law.

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