

(TRANSLATION)



MEMBERSHIP

August 12, 2009

Condensed Statements of Financial Results for the Three Months Ended June 30, 2009

Company Name:	NIS GROUP CO., LTD. (URL: http://www.nisgroup.jp/)
Stock Exchange Listings:	Tokyo Stock Exchange, First Section (Code: 8571)
Representative:	Kunihiko Sakioka President and Representative Director of the Board
Inquiries:	Shigeharu Nakashima Head of Strategic Planning Department (Tel: 81-3-5652-2270)
Scheduled Filing Date of Quarterly Financial Report ("Shihanki-Houkokusho"):	August 14, 2009
Application of GAAP:	Japanese GAAP

(Note: All amounts in these financial statements are rounded down to the nearest million yen and percentages represent the rates of changes from the respective figures for the corresponding period of the previous year)

1. Consolidated Financial Results for the Three Months Ended June 30, 2009

(1) Consolidated Operating Results

	Three Months Ended June 30,			
	2009		2008	
	Amount	Percentage	Amount	Percentage
	(In millions except percentages)			
Operating revenues	¥ 1,737	(85.8)%	¥ 12,249	-%
Operating (losses) income	(2,441)	-	1,028	-
Ordinary (losses) income	(2,387)	-	600	-
Net (losses) income	(541)	-	549	-

	Three Months Ended June 30,	
	2009	2008
	(In yen)	
Net (losses) income per share:		
Basic	¥(2.26)	¥2.29
Diluted	-	-

Notes: 1. Diluted net income per share for the three months ended June 30, 2008 was not presented because there existed no shares with dilutive effect.
2. Diluted net income per share for the three months ended June 30, 2009 was not presented because of net losses per share.

(2) Consolidated Financial Position

	June 30, 2009	March 31, 2009
	(In millions except percentages and per share data)	
Total assets	¥87,142	¥88,403
Net assets	15,530	16,019
Net worth ratio (%)	4.6%	5.1%
Net assets per share (in yen)	16.72	18.78

Note: Net worth was ¥4,005 million as of June 30, 2009 and ¥4,499 million as of March 31, 2009.

2. Dividends

	Year Ended March 31,	
	2009	2010
	(In yen)	
Dividend per share:		
First quarter-end	¥ -	¥ -
Second quarter-end	0.00	0.00 (forecast)
Third quarter-end	-	- (forecast)
Year-end	0.00	0.00 (forecast)
Full-year	¥0.00	¥0.00 (forecast)

Note: No adjustment has been made to dividend forecasts during the three months ended June 30, 2009.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2010

	Six Months Ending September 30, 2009		Year Ending March 31, 2010	
	Amount	Percentage ^(Note)	Amount	Percentage ^(Note)
	(In millions except percentages)			
Operating revenues	¥3,600	(81.8)%	¥8,000	(75.1)%
Operating losses	(3,800)	-	(3,100)	-
Ordinary losses	(4,000)	-	(3,500)	-
Net losses	(1,500)	-	(1,000)	-

	Six Months Ending September 30, 2009		Year Ending March 31, 2010	
	Amount	Amount	Amount	Amount
	(In yen)			
Net losses per share	¥(6.26)		¥(4.17)	

Notes: 1. The percentages indicated in the rows for operating revenues, operating income, ordinary income and net income represent the rates of increase (decrease) from the respective figures for the corresponding period of the previous fiscal year.

2. Adjustment has been made to the financial forecasts during the three months ended June 30, 2009.

4. Other

- (1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2009 (changes in the scope of consolidation of specified subsidiaries): None
- (2) Adoption of Simplified Accounting Treatments or Particular Accounting Treatments for the Preparation of Quarterly Financial Statements : None
- (3) Changes in Accounting Principles and Procedures, Presentation and Other Items Relating to the Preparation of Quarterly Consolidated Financial Statements (described in “Changes in Significant Items Relating to the Preparation of Quarterly Consolidated Financial Statements”):
 - 1) Changes in accordance with the amendment of accounting standards: None
 - 2) Other changes: None
- (4) Number of Issued Shares of Common Stock

	June 30, 2009		March 31, 2009	
			(Shares)	
Number of issued shares	245,894,350		245,894,350	
Of which treasury stock	6,287,098		6,285,085	

	Three Months Ended June 30,	
	2009	2008
	(Shares)	
Weighted-average number of outstanding shares	239,608,295	239,615,948

(Special Note Regarding Forward-looking Statements and Other Notes)

Forward-looking statements in this document reflect our judgment based on the information available at this time. Various factors could cause actual results to differ materially from any of the forward-looking statements. For an explanation of certain factors affecting these financial forecasts and other related considerations, see “QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS - 3. Qualitative Information on Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2010” on page 5.

QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

1. Qualitative Information on Consolidated Financial Results

For the three months ended June 30, 2009, the financing environment for companies and liquidity of real estate in Japan has remained stagnant in the midst of prolonged period of global financial and capital markets turmoil, although a part of indicators, such as export and production data which had declined largely, have showed a recovery trend since the last autumn.

NIS Group Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) steadily implemented its rehabilitation plan which has been underway since the previous fiscal year to achieve a turnaround of its business structure.

With regard to the financial results for the three months ended June 30, 2009, total operating revenues were ¥1,737 million, a decrease of ¥10,512 million, or 85.8%, compared with the corresponding period of the previous fiscal year. This is mainly attributable to a decrease in interest income from loans receivable due to a decrease in the balance of loans receivable, and sales of a part of the Group’s shares in consolidated subsidiaries resulting in their becoming affiliates accounted for under the equity method.

Operating income decreased by ¥3,469 million, compared with the corresponding period of the previous fiscal year, to ¥2,441 million of operating losses. This is mainly attributable to an additional reserve of ¥1,180 million for losses on excess interest repayments and allowance for loan losses of ¥792 million for real estate-backed loans receivable, despite significant reduction of personnel and rental expenses as a result of improvement of management efficiency which has been underway since the previous fiscal year.

Ordinary income decreased by ¥2,988 million, compared with the corresponding period of the previous fiscal year, to ¥2,387 million of ordinary losses.

Net income for the three months ended June 30, 2009 decreased by ¥1,091 million, compared with the corresponding period of the previous fiscal year, to ¥541 million of net losses. This is mainly attributable to gains of ¥2,200 million on retirement of repurchased bonds such as U.S. Dollar-denominated Unsecured Straight Bond, and losses of ¥391 million on impairment of investment securities.

Operating results by business segment are described below:

(1) Integrated Financial Services

In integrated financial services, the Group mainly engages in investment banking business, credit guarantee business, and secured and unsecured lending to small and medium-sized enterprises (“SMEs”) in Japan.

With respect to investment banking business, the Group is working to expand fee income focusing on the advisory business for mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, operating investment funds by utilizing its expertise that the Group has cultivated thus far. In addition, the Group commenced trading support services as a new business. With respect to existing loan business, taking into account the current business environment, the Company is undertaking constraints on the origination of new loans, and integration and improvement of efficiency in its operations in order to maximize collection of loans receivable.

As a result, operating revenues from integrated financial services for the three months ended June 30, 2009 were ¥1,475 million, a decrease of ¥3,949 million, or 72.8%, and operating income decreased by ¥1,879 million to ¥2,086 million of operating losses, compared with the corresponding period of the previous fiscal year.

(2) Real Estate Business

In the real estate business, the Group attempted to improve the value of assets held as well as its investment efficiency.

As a result, operating revenues from the real estate business for the three months ended June 30, 2009 were ¥254 million, a decrease of ¥896 million, or 77.9%, and operating income decreased by ¥887 million to ¥236 million of operating losses, compared with the corresponding period of the previous fiscal year, respectively.

(3) Other Businesses

Operating revenues from other businesses for the three months ended June 30, 2009 were ¥7 million, a decrease of ¥5,667 million, or 99.9%, and operating income decreased by ¥679 million to ¥0 million of operating losses, compared with the corresponding period of the previous fiscal year, respectively.

As stated in “(5) Segment Information — 1) Business Segment Information — (Additional information),” there is no longer the “Servicing Business” segment and, accordingly, the information above is based on the financial results under the current business segments after the change.

2. Qualitative Information on Consolidated Financial Position

(1) Assets, Liabilities and Net assets

As of June 30, 2009, total assets were ¥87,142 million, a decrease of ¥1,261 million, or 1.4%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥3,195 million in loans receivable and ¥1,710 million in loans to affiliated companies, offset by an increase of ¥2,625 million in cash and deposits and ¥985 million in investment securities, compared with the end of the previous fiscal year, respectively

As of June 30, 2009, total liabilities were ¥71,612 million, a decrease of ¥771 million, or 1.1%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥451 million in reserve for guarantee losses reflecting a decrease in the balance of guarantees for loans and accounts receivable, compared with the end of the previous fiscal year.

As of June 30, 2009, net assets were ¥15,530 million, a decrease of ¥489 million, or 3.1%, compared with the end of the previous fiscal year. This is attributable to a decrease of ¥550 million in retained earnings because of net losses for the three months ended June 30, 2009.

(2) Cash Flows

As of June 30, 2009, cash and cash equivalents (“Cash”) were ¥5,200 million, an increase of ¥2,624 million, compared with the end of the previous fiscal year. The overview of cash flows is as follows:

(Cash Flows from Operating Activities)

Net Cash used in operating activities for the three months ended June 30, 2009 was ¥1,025 million, compared to ¥35,889 million provided for the corresponding period of the previous fiscal year.

Cash used during the three months ended June 30, 2009 mainly comprised ¥529 million in losses before income taxes and minority interest, ¥2,200 million in gains on retirement of bonds repurchased, and ¥1,930 million provided by net collection of loans receivable, compared to ¥31,716 million provided for the corresponding period of the previous fiscal year.

(Cash Flows from Investing Activities)

Net Cash provided by investing activities for the three months ended June 30, 2009 was ¥1,703 million, compared to ¥1,001 million provided for the corresponding period of the previous fiscal year.

Cash provided during the three months ended June 30, 2009 mainly comprised ¥1,710 million provided by collection of loans to affiliated companies, compared to ¥1,714 million provided for the corresponding period of the previous fiscal year.

(Cash Flows from Financing Activities)

Net Cash provided by financing activities for the three months ended June 30, 2009 was ¥1,947 million, compared to ¥38,883 million used for the corresponding period of the previous fiscal year.

Cash provided during the three months ended June 30, 2009 mainly comprised ¥1,947 million provided by net proceeds from interest-bearing debt, compared to ¥39,459 million used in net repayments for the corresponding period of the previous fiscal year.

3. Qualitative Information on Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2010

For the consolidated financial forecasts for the six month ending September 30, 2009 and for the year ending March 31, 2010, see “Notice regarding Adjustments in Financial Forecasts” announced today.

Certain risks that affect our business results, stock price and financial position are discussed below.

These materials contain forward-looking statements about our industry, our business, our plans and objectives, our financial condition and our results of operations that are based on our current expectations, assumptions, estimates and projections as of the date of filing of this earnings release (“kessan tanshin”) in Japan. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of financial condition, or state other forward-looking information.

Our business results and these forward-looking statements are subject to various risks and uncertainties. Known and unknown risks, uncertainties and other factors could cause our actual results to differ materially from and be worse than those contained in or suggested by any forward-looking statement. We cannot promise that our expectations, projections, anticipated results or other information expressed in or underlying these forward-looking statements will turn out to be correct.

1. Risks related to the Business Environment

- (a) Weak economic conditions
- (b) Misconduct by an employee or director, or negative publicity for our industry or the Group

2. Risks related to Laws and Regulations

- (a) Regulations concerning the loan business
 - i) Regulation concerning interest rates
 - ii) Regulation concerning excessive lending
 - iii) Regulation concerning loan operations
- (b) Financial Instruments and Exchange Law
- (c) Other related regulations

3. Business Risks

- (a) Funding and market interest rates
- (b) Claims for excess interest repayments
- (c) Outsourcing of operations
- (d) Investment banking businesses
- (e) Condition and liquidity in stock markets
- (f) Ability to pursue and maintain successful strategic alliances
- (g) Economic trends and liquidity in real estate markets
- (h) Transfer of receivables

4. Other

- (1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2009 (changes in the scope of the consolidation of specified subsidiaries):

None

- (2) Adoption of Simplified Accounting Treatments or Particular Accounting Treatments for the Preparation of Consolidated Financial Statements:

None

- (3) Changes in Accounting Principles and Methods, Presentation and Other Items Relating to the Preparation of Quarterly Consolidated Financial Statements:

None

- (4) Going Concern

For the year ended March 31, 2009, the Group recorded significant operating losses, ordinary losses and net losses for the second consecutive fiscal year. In addition, the Group recorded operating losses of ¥2,441 million, ordinary losses of ¥2,387 million and net losses of ¥541 million for the three months ended June 30, 2009, and these conditions continuously raise substantial doubt concerning the Group's ability to continue as a going concern.

In order to resolve this situation, the Group has been implementing a rehabilitation plan for reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure as follows since the previous fiscal year.

1. Reorganization of the Group's business structure

The Group is working to expand fee income through a shift to businesses generating fee income focusing on the advisory business on mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operation of investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

2. Stabilization of the Group's capital base

In order to establish a stable capital base, the Company entered into an agreement with Chusho-Kigyo Hosho Kiko Co., Ltd., a company providing management, capital and business support to SMEs, with regard to a strategic capital and business alliance in the previous fiscal year. The Company reinforces relationships with Chusho-Kigyo Hosho Kiko and further implements its management rehabilitation.

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have provided necessary financial support, and the Company is striving to stabilize its funds procurement through financial support from certain other lenders as well as disposal of assets.

3. Establishment of a lean organizational structure

In order to improve management efficiency through concentration in areas of core competence, the Group implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets, integration of sales offices to enhance its credit management system, and employment transfers and secondments during the year ended March 31, 2009. In addition, the Group has been continuously implementing cost reduction in this fiscal year, such as relocation of its headquarters and outsourcing of its operations.

Despite these measures, however, the Group recognizes substantial doubt concerning its ability to continue as a going concern at this time, because the possibility for the Group to ensure its operating revenues that could absorb increases in losses on excess interest repayments and loan loss-related expenses on loans receivable is highly dependent on external factors with uncertainties.

Nevertheless, the quarterly consolidated financial statements have been prepared on a going-concern basis and reflect no material doubt in those respects.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	June 30, 2009	(Summary) March 31, 2009
	Amount	Amount
(In millions)		
ASSETS:		
Current Assets:		
Cash and deposits	¥ 6,052	¥ 3,427
Loans receivable	30,252	33,447
Receivables from guarantees paid	4,200	3,692
Real estate for sale in the real estate business	7,550	7,580
Real estate under construction for sale in the real estate business	6,193	6,193
Other	2,671	5,167
Allowance for loan losses	(5,484)	(7,373)
Total Current Assets	51,434	52,135
Fixed Assets:		
Tangible fixed assets	108	871
Intangible fixed assets	43	62
Investment and other assets:		
Investment securities	9,134	8,149
Bankrupt and delinquent loans receivable	47,948	46,955
Other	8,092	8,680
Allowance for loan losses	(29,718)	(28,609)
Total investment and other assets	35,457	35,175
Total Fixed Assets	35,610	36,109
Deferred Assets	97	159
Total Assets	¥ 87,142	¥ 88,403

	June 30, 2009	(Summary) March 31, 2009
	Amount	Amount
(In millions)		
LIABILITIES:		
Current Liabilities:		
Short-term borrowings	¥ 20,120	¥ 12,700
Current portion of long-term borrowings	8,533	13,763
Current portion of bonds	4,000	5,000
Obligation under security buy-back agreements	7,200	7,200
Accrued income taxes	1,081	1,162
Reserve for guarantee losses	2,202	2,653
Other reserves	28	336
Other	3,075	2,511
Total Current Liabilities	46,241	45,328
Long-term Liabilities:		
Bonds	7,248	11,198
Long-term borrowings	3,978	1,358
Reserve for losses on excess interest repayments	11,210	11,340
Reserve for losses on business of affiliated companies	2,502	2,726
Other reserves	27	27
Other	403	405
Total Long-term Liabilities	25,370	27,055
Total Liabilities	71,612	72,383
NET ASSETS:		
Shareholders' Equity:		
Common stock	26,289	26,289
Additional paid-in capital	30,180	30,180
Accumulated deficit	(49,262)	(48,711)
Treasury stock	(3,893)	(3,893)
Total Shareholders' Equity	3,313	3,864
Valuation and Translation Adjustments:		
Unrealized gains (losses) on investment securities	215	(148)
Deferred gains on hedging instruments	476	783
Total Valuation and Translation Adjustments	691	634
Minority Interest	11,524	11,520
Total Net Assets	15,530	16,019
Total Liabilities and Net Assets	¥ 87,142	¥ 88,403

(2) Consolidated Statement of Operations
For the Three Months Ended June 30, 2008 and 2009

	Three Months Ended June 30,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Revenues	¥12,249	¥ 1,737
Operating Expenses	6,517	996
Net Operating Revenues	5,732	741
Selling, General and Administrative Expenses	4,704	3,182
Operating Income (Losses)	1,028	(2,441)
Other Income:		
Interest received	39	106
Dividends received	25	32
Guarantee fees received	152	55
Equity in Income of affiliates accounted for under the equity method	-	122
Gains on foreign exchange	-	246
Other	68	28
Total Other Income	285	592
Other Expenses:		
Interest expenses	575	476
Equity in losses of affiliates accounted for under the equity method	65	-
Losses on investment funds	34	44
Other	37	17
Total Other Expenses	713	538
Ordinary Income (Losses)	600	(2,387)
Special Gains:		
Gains on sales of fixed assets	2	-
Gains on sales of investment securities	105	-
Gains on retirement of bonds repurchased	-	2,200
Compensation income	200	-
Other	2	144
Total Special Gains	310	2,344
Special Losses:		
Losses on sales of fixed assets	0	-
Losses on disposal of fixed assets	9	0
Losses on impairment	64	19
Losses on impairment of investment securities	31	391
Other	33	75
Total Special Losses	139	487
Income (Losses) before Income Taxes and Minority Interest	771	(529)
Income Taxes:		
Current	104	8
Deferred	37	-
Total Income Taxes	141	8
Minority Interest in Net Income of Subsidiaries	80	3
Net Income (Losses)	¥ 549	¥ (541)

(3) Consolidated Statement of Cash Flows

	Three Months Ended June 30,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Activities:		
Income (Losses) before income taxes and minority interest	¥ 771	¥ (529)
Depreciation and amortization	540	19
Losses on impairment	64	19
Decrease in allowance for loan losses	(2,189)	(760)
Decrease in reserve for losses on excess interest repayments	(689)	(130)
Decrease in reserve for losses on business of affiliated companies	(609)	(223)
Decrease in reserve for guarantee losses	-	(451)
Decrease in other reserves	(205)	(227)
Interest and dividends received	(129)	(139)
Interest expenses	1,293	1,078
Losses on sales and disposal of fixed assets	7	0
(Gains) Losses on sales of investment securities	(105)	0
Losses on impairment of investment securities	31	391
Gains on retirement of bonds repurchased	-	(2,200)
Charge-offs of loans receivable	3,201	2,185
Decrease in interest receivable	81	19
Decrease in advanced interest received	(4)	(13)
Other	(682)	(423)
Sub-total	1,376	(1,384)
Proceeds from interest and dividends received	106	139
Interest paid	(1,608)	(1,413)
Income taxes paid	(920)	(42)
Sub-total	(1,045)	(2,702)
Decrease in loans receivable	31,716	1,930
Decrease in purchased loans receivable	2,473	-
Decrease in real estate for sale in the servicing business	1,609	-
Purchases of assets held for leases	(138)	-
Decrease in installment loans receivable	326	-
Increase in real estate for sale and real estate under construction for sale in the real estate business	(151)	(253)
Decrease in operational investment securities	1,100	-
Net cash provided by (used in) operating activities	35,889	(1,025)

(Continued)

	Three Months Ended June 30,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Investing Activities:		
Time deposits	(450)	-
Purchases of tangible fixed assets	(21)	-
Proceeds from sales of tangible fixed assets	18	-
Purchases of intangible fixed assets	(16)	(7)
Purchases of investment securities	(1,839)	(639)
Proceeds from sales of investment securities	1,203	13
Proceeds from redemption of other investment in affiliated companies	369	-
Proceeds from collections of loans to affiliated companies	1,714	1,710
Other	23	627
Net cash provided by investing activities	1,001	1,703
Financing Activities:		
Deposits of restricted cash in banks	(638)	(0)
Proceeds from short-term borrowings	7,400	10,050
Repayments of short-term borrowings	(11,560)	(2,630)
Proceeds from long-term borrowings	3,238	1,000
Repayments of long-term borrowings	(22,787)	(3,601)
Payments for redemption of bonds	(7,500)	(2,870)
Decrease in asset-backed securities	(8,250)	-
Other	1,214	(0)
Net cash (used in) provided by financing activities	(38,883)	1,947
Effect of exchange rate changes on cash and cash equivalents	-	(0)
Net decrease in cash and cash equivalents	(1,992)	2,624
Cash and cash equivalents at beginning of period	9,552	2,575
Cash and cash equivalents at end of period	¥ 7,560	¥ 5,200

(4) Going Concern

(April 1, 2009 ~ June 30, 2009)

For the year ended March 31, 2009, the Group recorded significant operating losses, ordinary losses and net losses for the second consecutive fiscal year. In addition, the Group recorded operating losses of ¥2,441 million, ordinary losses of ¥2,387 million and net losses of ¥541 million for the three months ended June 30, 2009, and these conditions continuously raise substantial doubt concerning the Group's ability to continue as a going concern.

In order to resolve this situation, the Group has been implementing a rehabilitation plan for reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure as follows since the previous fiscal year.

1. Reorganization of the Group's business structure

The Group is working to expand fee income through a shift to businesses generating fee income focusing on the advisory business on mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operation of investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

2. Stabilization of the Group's capital base

In order to establish a stable capital base, the Company entered into an agreement with Chusho-Kigyo Hosho Kiko Co., Ltd., a company providing management, capital and business support to SMEs, with regard to a strategic capital and business alliance in the previous fiscal year. The Company reinforces relationships with Chusho-Kigyo Hosho Kiko and further implements its management rehabilitation.

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have provided necessary financial support, and the Company is striving to stabilize its funds procurement through financial support from certain other lenders as well as disposal of assets.

3. Establishment of a lean organizational structure

In order to improve management efficiency through concentration in areas of core competence, the Group implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets, integration of sales offices to enhance its credit management system, and employment transfers and secondments during the year ended March 31, 2009. In addition, the Group has been continuously implementing cost reduction in this fiscal year, such as relocation of its headquarters and outsourcing of its operations.

Despite these measures, however, the Group recognizes substantial doubt concerning its ability to continue as a going concern at this time, because the possibility for the Group to ensure its operating revenues that could absorb increases in losses on excess interest repayments and loan loss-related expenses on loans receivable is highly dependent on external factors with uncertainties.

Nevertheless, the quarterly consolidated financial statements have been prepared on a going-concern basis and reflect no material doubt in those respects.

(5) Segment Information

1) Business Segment Information

Business segment information for the three months ended June 30, 2008 is as follows:

	Three Months Ended June 30, 2008						
	Integrated Financial Services	Servicing Business	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
	(In millions)						
Operating revenues:							
(1) Operating revenues from third parties	¥5,424	¥5,626	¥1,150	¥48	¥12,249	¥ -	¥12,249
(2) Operating revenues from inter-segment sales or transfers	192	-	-	0	193	(193)	-
Total operating revenues	5,617	5,626	1,150	48	12,443	(193)	12,249
Operating (losses) income	¥ (206)	¥ 734	¥ 651	¥(55)	¥ 1,124	¥ (95)	¥ 1,028

Notes: 1. Classification of business segments

Business segments are classified by taking into consideration similarities in the type and nature of businesses and operating transactions.

2. Main descriptions of each business segment

- (1) Integrated Financial Services: Provider of loan products to individuals including consumers, SMEs, and their owners
Provider of leases, etc.
Provider of guarantee services
Securities business
- (2) Servicing Business: Management, collection, acquisition, and investment in specific money claims
- (3) Real Estate Business: Real estate transaction
Real estate development
Asset management
- (4) Other Businesses: SME support services
Agent for life or non-life insurance companies, etc.

Business segment information for the three months ended June 30, 2009 is as follows:

	Three Months Ended June 30, 2009					
	Integrated Financial Services	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
	(In millions)					
Operating revenues:						
(1) Operating revenues from third parties	¥1,475	¥254	¥7	¥1,737	¥ -	¥1,737
(2) Operating revenues from inter-segment sales or transfers	193	7	-	201	(201)	-
Total operating revenues	1,669	261	7	1,938	(201)	1,737
Operating losses	¥2,086	¥236	¥0	¥2,323	¥ 177	¥2,441

Notes: 1. Classification of business segments

Business segments are classified by taking into consideration similarities in the type and nature of businesses and operating transactions.

2. Main descriptions of each business segment

- (1) Integrated Financial Services: Provider of loan products to individuals including consumers, SMEs, and their owners
Provider of guarantee services
Investment banking business
- (2) Real Estate Business: Real estate transactions
Real estate development
Asset management
- (3) Other Businesses: SME support services, etc.

(Additional information)

“Servicing Business,” which was previously presented as a separate business segment, no longer exists as a result of Nissin Servicer Co., Ltd., a former consolidated subsidiary engaging in the serving business, becoming an affiliate accounted for under the equity method during the year ended March 31, 2009.

2) Geographical Segment Information

Geographical segment information is omitted for the three months ended June 30, 2008 and 2009 as domestic operating revenues accounted for more than 90% of total operating revenues for all segments during the period.

3) Overseas Operating Revenues

Information on overseas operating revenues is omitted for the three months ended June 30, 2008 and 2009 as overseas operating revenues accounted for less than 10% of total operating revenues during the period.

(6) Note to Significant Changes in Shareholders' Equity

Not Applicable

6. Other Information

Operating Results of the Group

(1) Operating Revenues by Business Segment

	Three Months Ended June 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
(In millions except percentages)				
Integrated Financial Services:				
Interest income from notes and loans receivable:				
Secured loans	¥ 977	8.0%	¥ 198	11.4%
SME loans	1,430	11.7	149	8.6
Discount notes	1	0.0	-	-
Consumer loans	771	6.3	313	18.1
Total	3,180	26.0	661	38.1
Fees received	52	0.4	17	1.0
Guarantee fees received	258	2.1	408	23.5
Revenue from leases and installment loans receivable	1,054	8.6	-	-
Other	878	7.2	388	22.4
Total	2,244	18.3	813	46.9
Sub-total	5,424	44.3	1,475	85.0
Real Estate Business:				
Revenue from sales of real estate	830	6.8	-	-
Other	320	2.6	254	14.6
Sub-total	1,150	9.4	254	14.6
Other Businesses:				
Revenue from collections of purchased loans receivable	3,320	27.1	-	-
Revenue from sales of real estate	1,727	14.1	-	-
Other	626	5.1	7	0.4
Sub-total	5,674	46.3	7	0.4
Total	¥12,249	100.0%	¥1,737	100.0%

Note: 1. Business segments presented above are identical to the business segments presented in "Business Segment Information."

In addition, with respect to the business segment, "Servicing Business," which was previously presented as a separate business segment, no longer exists as a result of Nissin Servicer Co., Ltd., a former consolidated subsidiary engaging in the servicing business, becoming an affiliate accounted for under the equity method during the year ended March 31, 2009.

2. In integrated financial services, NIS Lease Co., Ltd., a former consolidated subsidiary mainly engaging in the leasing business, became an affiliate accounted for under the equity method during the year ended March 31, 2009.

3. Consumption taxes are excluded from the amount presented above.

(2) Operating Assets by Business Segment

	June 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
(In millions except percentages)				
Integrated Financial Services:				
Notes and loans receivable:				
Secured Loans	¥42,139	24.0%	¥9,532	19.4%
SME loans	27,258	15.6	11,081	22.6
Discount notes	28	0.0	1	0.0
Consumer loans	19,045	10.9	9,638	19.7
Total	88,472	50.5	30,253	61.7
Receivables from guarantees paid	2,851	1.6	4,200	8.6
Assets held for finance leases, of which ownership is non-transferable:				
Machinery	233	0.1	-	-
Equipment	1,890	1.1	-	-
Software	386	0.2	-	-
Other	27	0.0	-	-
Total	2,538	1.4	-	-
Assets held for operating leases	1,906	1.1	-	-
Installment loans receivable	3,922	2.2	-	-
Margin transaction assets	2,628	1.5	-	-
Other	3,501	2.1	808	1.7
Sub-total	105,821	60.4	35,262	72.0
Real Estate Business:				
Real estate for sale	15,871	9.1	7,550	15.4
Real estate under construction for sale	10,167	5.8	6,193	12.6
Sub-total	26,039	14.9	13,743	28.0
Other Business:				
Purchased loans receivable	25,712	14.7	-	-
Real estate for sale in the servicing business	17,533	10.0	-	-
Other	-	-	20	0.0
Sub-total	43,245	24.7	20	0.0
Total	¥175,107	100.0%	¥49,026	100.0%

Notes: 1. Installment loans receivable presented above are the amount after the deduction of unearned revenues from installment loans receivable.

2. In addition to those presented above, the amount of loans and accounts receivable of other companies that the Group guarantees in connection with the credit guarantee business in the integrated financial services segment is as follows:

	June 30,	
	2008	2009
	Amount	Amount
(In millions)		
Guarantees for loans and accounts receivable	¥28,526	¥17,746

Note: Guarantees for loans and accounts receivable presented above are the amounts after the deduction of the reserve for guarantee losses and reserve for losses on business of affiliated companies.

3. With respect to the business segment, "Servicing Business," which was previously presented as a separate business segment, no longer exists as a result of Nissin Servicer Co., Ltd., a former consolidated subsidiary engaging in the servicing business, becoming an affiliate accounted for under the equity method during the year ended March 31, 2009.
4. In integrated financial services, NIS Lease Co., Ltd., a former consolidated subsidiary mainly engaging in the leasing business, became an affiliate accounted for under the equity method, and NIS Securities Co., Ltd. (currently, Yamagen Securities Co., Ltd.), a former consolidated subsidiary mainly engaging in the securities business, was excluded from the scope of consolidation during the year ended March 31, 2009.