

(TRANSLATION)



November 11, 2009

Condensed Statements of Financial Results for the Six Months Ended September 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"):	November 13, 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 Six Months Ended September 30, 2009

(1) Consolidated Operating Results

	Six Months Ended September 30,			
	2009		2008	
	Amount	Percentage	Amount	Percentage
	(In millions except percentages)			
Operating revenues	¥ 5,194	(73.8)%	¥ 19,811	-%
Operating losses	5,003	-	20,861	-
Ordinary losses	4,993	-	22,327	-
Net losses	1,363	-	30,921	-

	Six Months Ended September 30,	
	2009	2008
	(In yen)	
Net losses per share:		
Basic	¥5.69	¥129.05
Diluted	-	-

Notes: Diluted net income per share was not presented because of net losses per share.

(2) Consolidated Financial Position

	September 30, 2009	March 31, 2009
	(In millions except percentages and per share data)	
Total assets	¥80,962	¥88,403
Net assets	14,862	16,019
Net worth ratio (%)	3.4%	5.1%
Net assets per share (in yen)	11.44	18.78

Note: Net worth was ¥2,740 million as of September 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
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 for the year ending March 31, 2010.

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

	Year Ending March 31, 2010	
	Amount	Percentage ^(Note)
	(In millions except percentages)	
Operating revenues	¥10,000	(68.9)%
Operating losses	4,500	-
Ordinary losses	5,100	-
Net losses	1,200	-

	Year Ending March 31, 2010	
	Amount	
	(In yen)	
Net losses per share	¥5.01	

Notes: 1. The percentages indicated above represent the rates of increase (decrease) from the respective figures for the previous fiscal year.
2. Adjustment has been made to the financial forecasts for the year ending March 31, 2010.

4. Other

- (1) Changes in Significant Subsidiaries during the Six Months Ended September 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

	September 30, 2009	March 31, 2009
	(Shares)	
Number of issued shares	245,894,350	245,894,350
Of which treasury stock	6,288,444	6,285,085

	Six Months Ended September 30,	
	2009	2008
	(Shares)	
Weighted-average number of outstanding shares	239,607,419	239,614,404

(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 six months ended September 30, 2009, the Japanese economy has become increasingly uncertain due to reduction of corporate capital expenditure and worsening employment situation, although demand has been recovering in a part of industries reflecting economic stimulus measures. In addition, the global financial and capital markets has remained uncertain despite a recovery trend, and the financial environment for domestic companies and liquidity of real estate in Japan has remained stagnant

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 six months ended September 30, 2009, total operating revenues were ¥5,194 million, a decrease of ¥14,616 million, or 73.8%, 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 in the previous fiscal year.

Operating losses were ¥5,003 million, compared to ¥20,861 million of operating losses for the corresponding period of the previous fiscal year. This is mainly attributable to provision of ¥1,784 million for losses on excess interest repayments, while the Group recorded impairment losses of ¥12,098 million in real estate for sale and allowance of ¥4,904 million for loan losses of real estate-backed loans receivable for the corresponding period of the previous fiscal year.

Ordinary losses were ¥4,993 million, compared to ¥22,327 million of ordinary losses for the corresponding period of the previous fiscal year.

Net losses were ¥1,363 million, compared to ¥30,921 million of net losses for the corresponding period of the previous fiscal year. This is mainly attributable to gains of ¥3,988 million on retirement of repurchased bonds such as U.S. Dollar-denominated Unsecured Straight Bond, and special losses of ¥8,290 million incurred in the corresponding period of the previous fiscal year.

Operating results by business segment are described below:

(1) Integrated Financial Services

In integrated financial services, the Group mainly engages in investment banking business, trading support 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 focusing on the advisory business for mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operating investment funds by utilizing its expertise that the Group has cultivated thus far. With respect to trading support business, the Group is working to meet diverse needs of mid-sized SMEs such as factoring services related to international trading, development of new customers and suppliers, and negotiation services by utilizing its expertise that the Group has cultivated thus far. With respect to existing credit guarantee business and 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 six months ended September 30, 2009 were ¥2,766 million, a decrease of ¥6,887 million, or 71.3%, compared with the corresponding period of the previous fiscal year and operating losses were ¥4,264 million, compared to ¥9,213 million of operating losses for 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 six months ended September 30, 2009 were ¥2,420 million, an increase of ¥899 million, or 59.2%, compared with the corresponding period of the previous fiscal year and operating losses were ¥488 million, compared to ¥9,796 million of operating losses for the corresponding period of the previous fiscal year.

(3) Other Businesses

Operating revenues from other businesses for the six months ended September 30, 2009 were ¥7 million, a decrease of ¥8,628 million, or 99.9%, compared with the corresponding period of the previous fiscal year and operating losses were ¥10 million, compared to ¥3,506 million of operating losses for the corresponding period of the previous fiscal year.

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 September 30, 2009, total assets were ¥80,962 million, a decrease of ¥7,440 million, or 8.4%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥6,733 million in loans receivable, ¥1,710 million in loans to affiliated companies and ¥685 million in real estate for sale, despite an increase of ¥2,048 million in cash and deposits, ¥891 million in receivables from guarantees paid, compared with the end of the previous fiscal year, respectively.

As of September 30, 2009, total liabilities were ¥66,100 million, a decrease of ¥6,283 million, or 8.7%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥3,982 million in total interest-bearing debt due to a decrease in operating assets, and ¥726 million in reserve for guarantee losses due to a decrease in the balance of guarantees for loans and accounts receivable, compared with the end of the previous fiscal year, respectively.

As of September 30, 2009, net assets were ¥14,862 million, a decrease of ¥1,157 million, or 7.2%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥1,363 million in retained earnings because of net losses for the six months ended September 30, 2009.

(2) Cash Flows

As of September 30, 2009, cash and cash equivalents (“Cash”) were ¥4,124 million, an increase of ¥1,548 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 six months ended September 30, 2009 was ¥570 million, compared to ¥56,781 million provided for the corresponding period of the previous fiscal year.

Cash used during the six months ended September 30, 2009 mainly comprised ¥1,345 million in losses before income taxes and minority interest, ¥3,988 million in gains on retirement of bonds repurchased, and ¥2,253 million provided by net collection of loans receivable, compared to ¥50,467 million provided for the corresponding period of the previous fiscal year.

(Cash Flows from Investing Activities)

Net Cash provided by investing activities for the six months ended September 30, 2009 was ¥1,804 million, compared to ¥3,278 million provided for the corresponding period of the previous fiscal year.

Cash provided during the six months ended September 30, 2009 mainly comprised ¥1,710 million provided by collection of loans to affiliated companies, compared to ¥3,721 million provided for the corresponding period of the previous fiscal year.

(Cash Flows from Financing Activities)

Net Cash provided by financing activities for the six months ended September 30, 2009 was ¥317 million, compared to ¥64,813 million used for the corresponding period of the previous fiscal year.

Cash provided during the six months ended September 30, 2009 mainly comprised ¥991 million provided by issuance of new shares to minority interest, compared to ¥1,332 million provided for the corresponding period of the previous fiscal year, despite ¥425 million used in net repayments of interest-bearing debt, compared to ¥65,683 million used 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 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 Six 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 ¥5,003 million, ordinary losses of ¥4,993 million and net losses of ¥1,363 million for the six months ended September 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 unlisted companies, M&A and funds procurement, as well as in credit management and loan servicing business that the Group has cultivated thus far. In addition, the Group has started full-scale trading support business during the six months ended September 30, 2009, and is actively promoting those services which respond to various needs of mid-sized SMEs such as factoring services related to international trading, development of new customers and suppliers, and negotiation services, in order to ensure its stable revenues.

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. with regard to a strategic capital and business alliance in the previous fiscal year in order to reinforce relationships with Chusho-Kigyo Hosho Kiko. In addition, Incubator Bank of Japan, Limited has 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 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

	September 30, 2009	(Summary) March 31, 2009
	Amount	Amount
(In millions)		
ASSETS:		
Current Assets:		
Cash and deposits	¥ 5,475	¥ 3,427
Loans receivable	26,714	33,447
Receivables from guarantees paid	4,584	3,692
Real estate for sale in the real estate business	6,895	7,580
Real estate under construction for sale in the real estate business	6,193	6,193
Other	2,353	5,167
Allowance for loan losses	(5,050)	(7,373)
Total Current Assets	47,166	52,135
Fixed Assets:		
Tangible fixed assets	59	871
Intangible fixed assets	24	62
Investment and other assets:		
Investment securities	8,853	8,149
Bankrupt and delinquent loans receivable	47,457	46,955
Other	7,676	8,680
Allowance for loan losses	(30,318)	(28,609)
Total investment and other assets	33,669	35,175
Total Fixed Assets	33,753	36,109
Deferred Assets	43	159
Total Assets	¥ 80,962	¥ 88,403

	September 30, 2009	(Summary) March 31, 2009
	Amount	Amount
(In millions)		
LIABILITIES:		
Current Liabilities:		
Short-term borrowings	¥20,704	¥12,700
Current portion of long-term borrowings	6,361	13,763
Current portion of bonds	2,100	5,000
Obligation under security buy-back agreements	7,200	7,200
Accrued income taxes	1,339	1,162
Reserve for guarantee losses	1,927	2,653
Other reserves	42	336
Other	1,821	2,511
Total Current Liabilities	41,495	45,328
Long-term Liabilities:		
Bonds	3,319	11,198
Long-term borrowings	7,551	1,358
Reserve for losses on excess interest repayments	11,190	11,340
Reserve for losses on businesses of affiliated companies	2,353	2,726
Other reserves	27	27
Other	163	405
Total Long-term Liabilities	24,604	27,055
Total Liabilities	66,100	72,383
NET ASSETS:		
Shareholders' Equity:		
Common stock	26,289	26,289
Additional paid-in capital	30,180	30,180
Accumulated deficit	(50,084)	(48,711)
Treasury stock	(3,893)	(3,893)
Total Shareholders' Equity	2,491	3,864
Valuation and Translation Adjustments:		
Unrealized gains (losses) on investment securities	38	(148)
Deferred gains on hedging instruments	212	783
Foreign currency translation adjustments	(2)	-
Total Valuation and Translation Adjustments	249	634
Minority Interest	12,121	11,520
Total Net Assets	14,862	16,019
Total Liabilities and Net Assets	¥80,962	¥88,403

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

	Six Months Ended September 30,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Revenues	¥19,811	¥ 5,194
Operating Expenses	22,482	3,940
Net Operating (Expenses) Revenues	(2,671)	1,254
Selling, General and Administrative Expenses	18,190	6,257
Operating Losses	20,861	5,003
Other Income:		
Interest received	68	166
Dividends received	26	34
Guarantee fees received	240	101
Equity in income of affiliates accounted for under the equity method	-	162
Gains on foreign exchange	223	528
Other	76	29
Total Other Income	635	1,023
Other Expenses:		
Interest expenses	1,198	905
Equity in losses of affiliates accounted for under the equity method	575	-
Losses on investment funds	123	85
Other	203	22
Total Other Expenses	2,101	1,013
Ordinary Losses	22,327	4,993
Special Gains:		
Gains on sales of fixed assets	2	0
Gains on sales of investment securities	135	4
Gains on retirement of bonds repurchased	-	3,988
Compensation income	200	-
Other	24	244
Total Special Gains	363	4,237
Special Losses:		
Losses on sales of fixed assets	7	-
Losses on disposal of fixed assets	11	0
Losses on impairment	1,069	60
Losses on impairment of investment securities	2,235	453
Losses on impairment of investment in affiliated companies	1,428	-
Losses on cancellation of derivative transactions	2,372	-
Other	1,165	75
Total Special Losses	8,290	589
Losses before Income Taxes and Minority Interest	30,254	1,345
Income Taxes:		
Current	16	14
Deferred	2,330	-
Total Income Taxes	2,347	14
Minority Interest in Net (Losses) Income of Subsidiaries	(1,680)	3
Net Losses	¥30,921	¥1,363

(3) Consolidated Statement of Cash Flows

	Six Months Ended September 30,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Activities:		
Losses before income taxes and minority interest	¥(30,254)	¥(1,345)
Depreciation and amortization	1,066	30
Losses on impairment	1,069	60
Increase (Decrease) in allowance for loan losses	4,325	(594)
Decrease in reserve for losses on excess interest repayments	(406)	(150)
Decrease in reserve for losses on businesses of affiliated companies	(2,447)	(372)
Increase (Decrease) in reserve for guarantee losses	2,475	(726)
Decrease in other reserves	(682)	(210)
Interest and dividends received	(195)	(201)
Interest expenses	2,534	2,106
Losses on sales and disposal of fixed assets	15	0
Gains on sales of investment securities	(127)	(4)
Losses on impairment of investment securities	2,235	453
Losses on impairment of investment in affiliated companies	1,428	-
Losses on impairment of real estate for sale in the servicing business	3,396	-
Losses on impairment of real estate for sale and real estate under construction for sale in the real estate business	8,702	370
Losses on cancellation of derivative transactions	2,372	-
Gains on retirement of bonds repurchased	-	(3,988)
Charge-offs of loans receivable	5,693	3,789
Decrease in interest receivable	320	41
Decrease in advanced interest received	(4)	(13)
Other	1,134	(753)
Sub-total	2,651	(1,508)
Proceeds from interest and dividends received	174	201
Interest paid	(2,382)	(2,414)
Proceeds from compensation received	-	39
Income taxes paid	(941)	161
Sub-total	(498)	(3,520)
Decrease in loans receivable	50,467	2,253
Decrease in purchased loans receivable	3,375	-
Decrease in real estate for sale in the servicing business	2,393	-
Purchases of assets held for leases	(150)	-
Decrease in installment loans receivable	657	-
(Increase) decrease in real estate for sale and real estate under construction for sale in the real estate business	(564)	696
Decrease in operational investment securities	1,100	-
Net cash provided by (used in) operating activities	56,781	(570)

(Continued)

	Six Months Ended September 30,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Investing Activities:		
Time deposits	(1,351)	-
Proceeds from withdrawal of time deposits	1,450	-
Purchases of tangible fixed assets	(35)	(4)
Proceeds from sales of tangible fixed assets	19	11
Purchases of intangible fixed assets	(37)	(11)
Purchases of investment securities	(2,595)	(834)
Proceeds from sales of investment securities	1,828	211
Proceeds from redemption of other investment in affiliated companies	1,387	-
Payments for acquisition of investment in subsidiaries resulting in change in the scope of consolidation	-	(234)
Proceeds from sales of investment in subsidiaries resulting in change in the scope of consolidation	-	795
Payments for loan origination	(2,000)	-
Proceeds from collection of loans to affiliated companies	3,721	1,710
Other	891	160
Net cash provided by investing activities	3,278	1,804
Financing Activities:		
Deposits of restricted cash in banks	(1,039)	(0)
Proceeds from withdrawal of restricted cash in banks	-	204
Proceeds from short-term borrowings	8,350	15,700
Repayments of short-term borrowings	(18,447)	(7,696)
Proceeds from long-term borrowings	3,738	6,380
Repayments of long-term borrowings	(38,710)	(7,830)
Payments for redemption of bonds	(17,530)	(6,978)
Decrease in asset-backed securities	(10,185)	-
Increase in obligation under receivable buy-back agreements	4,436	-
Increase in obligation under security buy-back agreements	2,665	-
Proceeds from issuance of new shares to minority interest	1,332	991
Repayments to minority interest	-	(454)
Other	576	2
Net cash (used in) provided by financing activities	(64,813)	317
Effect of exchange rate changes on cash and cash equivalents	5	(3)
Net (decrease) increase in cash and cash equivalents	(4,748)	1,548
Cash and cash equivalents at beginning of period	9,552	2,575
Cash and cash equivalents at end of period	¥ 4,804	¥ 4,124

(4) Going Concern

(April 1, 2009 ~ September 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 ¥5,003 million, ordinary losses of ¥4,993 million and net losses of ¥1,363 million for the six months ended September 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 unlisted companies, M&A and funds procurement, as well as in credit management and loan servicing business that the Group has cultivated thus far. In addition, the Group has started full-scale trading support business during the six months ended September 30, 2009, and is actively promoting those services which respond to various needs of mid-sized SMEs such as factoring services related to international trading, development of new customers and suppliers, and negotiation services, in order to ensure its stable revenues.

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. with regard to a strategic capital and business alliance in the previous fiscal year in order to reinforce relationships with Chusho-Kigyo Hosho Kiko. In addition, Incubator Bank of Japan, Limited has 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 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 six months ended September 30, 2008 is as follows:

	Six Months Ended September 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	¥9,653	¥8,292	¥1,520	¥344	¥19,811	¥ -	¥19,811
(2) Operating revenues from inter-segment sales or transfers	387	-	173	0	561	(561)	-
Total operating revenues	10,041	8,292	1,693	345	20,372	(561)	19,811
Operating losses	¥9,213	¥3,389	¥9,796	¥117	¥22,516	¥(1,654)	¥20,861

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 transactions
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 six months ended September 30, 2009 is as follows:

	Six Months Ended September 30, 2009					
	Integrated Financial Services	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
(In millions)						
Operating revenues:						
(1) Operating revenues from third parties	¥2,766	¥2,420	¥ 7	¥5,194	¥ -	¥5,194
(2) Operating revenues from inter-segment sales or transfers	384	58	-	442	(442)	-
Total operating revenues	3,151	2,478	7	5,637	(442)	5,194
Operating losses	¥4,264	¥ 488	¥10	¥4,762	¥240	¥5,003

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 six months ended September 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 six months ended September 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

	Six Months Ended September 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	¥ 1,617	8.1%	¥ 386	7.5%
SME loans	2,017	10.2	269	5.2
Discount notes	2	0.0	0	0.0
Consumer loans	1,404	7.1	565	10.9
Total	5,040	25.4	1,222	23.6
Fees received	112	0.6	22	0.4
Guarantee fees received	925	4.7	755	14.5
Revenue from leases and installment loans receivable	1,941	9.8	-	-
Other	1,632	8.2	765	14.8
Total	4,612	23.3	1,544	29.7
Sub-total	9,653	48.7	2,766	53.3
Real Estate Business:				
Revenue from sales of real estate	830	4.2	1,953	37.6
Other	690	3.5	467	9.0
Sub-total	1,520	7.7	2,420	46.6
Other Businesses:				
Revenue from collections of purchased loans receivable	4,806	24.3	-	-
Revenue from sales of real estate	2,483	12.5	-	-
Other	1,346	6.8	7	0.1
Sub-total	8,636	43.6	7	0.1
Total	¥19,811	100.0%	¥5,194	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

	September 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
(In millions except percentages)				
Integrated Financial Services:				
Notes and loans receivable:				
Secured Loans	¥ 34,069	25.7%	¥ 8,171	18.1%
SME loans	15,169	11.5	10,195	22.5
Discount notes	32	0.0	3	0.0
Consumer loans	14,767	11.2	8,347	18.4
Total	64,039	48.4	26,718	59.0
Receivables from guarantees paid	2,618	2.0	4,584	10.1
Assets held for finance leases, of which ownership is non-transferable:				
Machinery	198	0.2	-	-
Equipment	1,647	1.2	-	-
Software	345	0.3	-	-
Other	24	0.0	-	-
Total	2,215	1.7	-	-
Assets held for operating leases	1,834	1.4	-	-
Installment loans receivable	3,435	2.6	-	-
Other	3,098	2.3	747	1.7
Sub-total	77,241	58.4	32,050	70.8
Real Estate Business:				
Real estate for sale	10,840	8.2	6,895	15.2
Real estate under construction for sale	6,609	5.0	6,193	13.7
Sub-total	17,449	13.2	13,088	28.9
Other Businesses:				
Purchased loans receivable	24,051	18.1	-	-
Real estate for sale in the servicing business	13,596	10.3	-	-
Other	-	-	126	0.3
Sub-total	37,647	28.4	126	0.3
Total	¥132,338	100.0%	¥45,266	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:

	September 30,	
	2008	2009
	Amount	Amount
(In millions)		
Guarantees for loans and accounts receivable	¥34,768	¥14,859

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 businesses 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 during the year ended March 31, 2009.