

Quarterly Financial Report

(Japanese GAAP)

This report is an English translation of “Shihanki-Houkokusho” as of and for the three months ended September 30, 2009, filed through the Electronic Disclosure for Investors’ Network (EDINET) in Japan, pursuant to the Japanese Financial Instruments and Exchange Law, Regulation Section 27-30 Paragraph 2.

Quarterly Financial Report

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FIRST SECTION: CORPORATE INFORMATION

Note: All amounts are rounded down to the nearest million yen, and all percentages are rounded to the nearest one-tenth of one percent in this quarterly financial report.

ITEM 1. OVERVIEW OF THE CORPORATION

1. KEY FINANCIAL DATA AND TRENDS

	Six Months Ended / As of September 30, 2008	Six Months Ended / As of September 30, 2009	Three Months Ended / As of September 30, 2008	Three Months Ended / As of September 30, 2009	Year Ended / As of March 31, 2009
(In millions except percentages, per share data and number of employees)					
Consolidated Financial Data:					
Operating revenues	¥19,811	¥5,194	¥7,561	¥3,457	¥32,170
Ordinary losses	22,327	4,993	22,935	2,606	38,412
Net losses	30,921	1,363	31,470	821	50,805
Net assets	-	-	28,848	14,862	16,019
Total assets	-	-	169,746	80,962	88,403
Net assets per share (in yen)	-	-	105.89	11.44	18.78
Net losses per share (in yen):					
Basic	129.05	5.69	131.34	3.43	212.03
Diluted	-	-	-	-	-
Net worth ratio (%)	-	-	14.9	3.4	5.1
Net cash provided by (used in) operating activities	56,781	(570)	-	-	64,853
Net cash provided by investing activities	3,278	1,804	-	-	6,767
Net cash (used in) provided by financing activities	(64,813)	317	-	-	(78,598)
Cash and cash equivalents at end of period	-	-	4,804	4,124	2,575
Number of employees (persons)	-	-	598	140	134

Notes: 1. Consumption taxes are excluded from operating revenues.

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

2. DESCRIPTION OF BUSINESS

There were no significant changes in the business operations of the NIS Group corporate group, comprised of NIS Group Co., Ltd., (the “Company”) and its subsidiaries and affiliates (collectively the “Group”) during the three months ended September 30, 2009.

In addition, changes in the principal subsidiaries and affiliates are stated in “3. OVERVIEW OF SUBSIDIARIES AND AFFILIATES.”

3. OVERVIEW OF SUBSIDIARIES AND AFFILIATES

Changes in significant subsidiaries and affiliates during the three months ended September 30, 2009, are as follows:

Newly-included

Company Name	Location	Common Stock (In millions of yen)	Main Business ¹	Voting Interest Owned (%)	Relationship
(Consolidated Subsidiary) Agasta Co., Ltd.	Minato-ku, Tokyo	364	Other Businesses	92.3	4 shared directors

Notes: 1. “Main Business” refers to the business segment.

2. The company is required to file its annual financial report (Yukashoken-Houkokusho) with the Ministry of Finance.

4. EMPLOYEES

(1) Employees of the Group

	September 30, 2009
	(Persons)
Number of Employees	140

Note: The number of employees represents the number of full-time employees, including employees of third parties seconded to the Group, net of employees seconded to third parties by the Group.

(2) Employees of the Company

	September 30, 2009
	(Persons)
Number of Employees	115

Note: The number of employees represents the number of full-time employees, including employees of third parties seconded to the Company, net of employees seconded to third parties by the Company.

ITEM 2. OVERVIEW OF BUSINESS

1. OPERATING RESULTS

(1) 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%

Notes: 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 three months ended March 31, 2009.

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

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	Three 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	¥ 640	8.5%	¥ 188	5.4%
SME loans	586	7.7	119	3.5
Discount notes	0	0.0	0	0.0
Consumer loans	632	8.4	252	7.3
Total	1,860	24.6	560	16.2
Fees received	60	0.8	5	0.2
Guarantee fees received	667	8.8	347	10.0
Revenue from leases and installment loans receivable	886	11.7	-	-
Other	754	10.0	377	10.9
Total	2,368	31.3	730	21.1
Sub-total	4,229	55.9	1,291	37.3
Real Estate Business:				
Revenue from sales of real estate	-	-	1,953	56.5
Other	369	4.9	212	6.2
Sub-total	369	4.9	2,165	62.7
Other Businesses:				
Revenue from collections of purchased loans receivable	1,485	19.6	-	-
Revenue from sales of real estate	756	10.0	-	-
Other	720	9.6	0	0.0
Sub-total	2,962	39.2	0	0.0
Total	¥7,561	100.0%	¥3,457	100.0%

Notes: 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 three months 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 amount after the deduction of 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 three months ended March 31, 2009.

(2) Operating Results of the Company

A. Disclosure under the “Regulation for Disclosure of Special Finance Companies”

1) Loans Outstanding by Category

Loan Category	September 30, 2008				
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Average Interest Rate
(In millions except accounts, percentages and interest rates)					
Consumers:					
Unsecured loans (excluding housing loans)	14,482	56.7%	¥14,675	23.1%	21.73%
Secured loans (excluding housing loans)	85	0.3	442	0.7	13.12
Housing loans	-	-	-	-	-
Sub-total	14,567	57.0	15,118	23.8	21.48
SMEs:					
Unsecured loans	10,816	42.3	14,371	22.6	22.32
Secured loans	166	0.6	33,977	53.5	7.58
Discount notes	17	0.1	32	0.1	9.58
Sub-total	10,999	43.0	48,382	76.2	11.96
Total	25,566	100.0%	¥63,501	100.0%	14.22%

Loan Category	September 30, 2009				
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Average Interest Rate
(In millions except accounts, percentages and interest rates)					
Consumers:					
Unsecured loans (excluding housing loans)	8,956	56.6%	¥8,277	31.0%	21.14%
Secured loans (excluding housing loans)	46	0.3	156	0.6	13.99
Housing loans	-	-	-	-	-
Sub-total	9,002	56.9	8,433	31.6	21.00
SMEs:					
Unsecured loans	6,715	42.4	9,243	34.6	21.36
Secured loans	102	0.7	9,036	33.8	7.51
Discount notes	4	0.0	3	0.0	10.80
Sub-total	6,821	43.1	18,284	68.4	14.51
Total	15,823	100.0%	¥26,718	100.0%	16.56%

Note: Each amount represents the sum of loans receivable and notes receivable.

2) Loans Outstanding by Type of Pledged Assets

Pledged Assets	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
(In millions except accounts and percentages)								
Investment securities	7	0.0%	¥ 961	1.5%	4	0.0%	¥ 65	0.3%
Of which equity stock	3	0.0	928	1.5	1	0.0	38	0.1
Receivables	16	0.1	625	1.0	23	0.1	727	2.7
Of which bank deposits	-	-	-	-	-	-	-	-
Commodities	1	0.0	150	0.2	2	0.0	212	0.8
Real estate	227	0.9	32,683	51.5	119	0.8	8,188	30.6
Foundations	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub-total	251	1.0	34,420	54.2	148	0.9	9,193	34.4
Guaranteed	16,957	66.3	23,738	37.4	10,837	68.5	14,677	55.0
Unsecured	8,341	32.6	5,309	8.3	4,834	30.6	2,843	10.6
Discount notes	17	0.1	32	0.1	4	0.0	3	0.0
Sub-total	25,315	99.0	29,080	45.8	15,675	99.1	17,525	65.6
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%

Note: Each amount represents the sum of loans receivable and notes receivable.

3) Loans Outstanding by Loan Term

Loan Term	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
Revolving loans	8,341	32.6%	¥ 5,309	8.4%	4,834	30.6%	¥ 2,843	10.6%
1 year or less	203	0.8	24,732	38.9	146	0.9	9,040	33.9
Over 1 year to 5 years	15,937	62.4	30,483	48.1	10,013	63.3	12,992	48.6
Over 5 years to 10 years	1,078	4.2	2,948	4.6	826	5.2	1,839	6.9
Over 10 years to 15 years	7	0.0	26	0.0	4	0.0	2	0.0
Over 15 years to 20 years	-	-	-	-	-	-	-	-
Over 20 years to 25 years	-	-	-	-	-	-	-	-
Over 25 years	-	-	-	-	-	-	-	-
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%
Average loan term per account	50 months				50 months			

Notes: 1. The average loan term per account is calculated based on the assumption that the loan term of revolving loans is three years, as the contract is automatically renewed every three years.

2. Each amount represents the sum of loans receivable and notes receivable.

4) Loans Outstanding by Type of Industry

Type of Industry	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
Manufacturing	512	2.0%	¥ 819	1.3%	324	2.0%	¥ 717	2.7%
Construction	1,112	4.3	1,439	2.3	661	4.2	903	3.4
Public utilities	-	-	-	-	-	-	-	-
Transportation / Communication	257	1.0	554	0.9	152	1.0	382	1.4
Wholesale / Retail / Restaurants	6,395	25.0	9,998	15.7	4,028	25.5	4,449	16.6
Finance / Insurance	69	0.3	1,439	2.3	52	0.3	479	1.8
Real estate	217	0.8	22,347	35.2	125	0.8	3,277	12.3
Services	2,193	8.6	10,508	16.5	1,332	8.4	6,912	25.9
Individuals	14,567	57.0	15,118	23.8	9,002	56.9	8,433	31.6
Other	244	1.0	1,274	2.0	147	0.9	1,161	4.3
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%

Note: Each amount represents the sum of loans receivable and notes receivable.

5) Funding Status

	September 30,			
	2008		2009	
	Amount	Average Borrowing Interest Rate	Amount	Average Borrowing Interest Rate
	(In millions except accounts and percentages)			
Borrowings from financial institutions	¥40,715	2.90%	¥28,364	5.18%
Other	50,141	4.03	35,918	10.62
Of which bonds	35,664	3.14	5,419	5.20
Total	¥90,856	3.51%	¥64,283	8.16%
Company's capital	¥75,120	-%	¥58,557	-%
Of which common stock	26,289	-	26,289	-

Notes: 1. The Company's capital represents the amount of total assets plus allowances and reserves (including those under special laws), less the sum of total liabilities and the planned amount of dividends.

2. The average borrowing interest rate is the weighted-average interest rate of borrowings during the period.

B. Overview of Operations

1) Number of Branches

	September 30,	
	2008	2009
Manned branches and loan offices	12	2

2) Operating Revenues

(a) Operating Revenue by Operating Activity

	Six Months Ended September 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
	(In millions except percentages)			
Interest income from notes and loans receivable:				
Secured loans	¥1,595	21.5	¥ 402	11.1
SME loans	2,017	27.2	269	7.5
Discount notes	2	0.0	0	0.0
Consumer loans	1,404	19.0	565	15.7
Sub-total	5,019	67.7	1,238	34.3
Other financial income:				
Interest income from deposits	29	0.4	0	0.0
Interest income from securities	425	5.7	368	10.2
Other	-	-	-	-
Sub-total	455	6.1	368	10.2
Sales from the real estate business:				
Revenue from sales of real estate	-	-	163	4.5
Rental revenues from real estate	202	2.7	146	4.1
Other	107	1.5	182	5.1
Sub-total	310	4.2	492	13.7
Other operating income:				
Fees received	112	1.5	22	0.6
Recovery from loans previously charged-off	490	6.6	346	9.6
Guarantee fees received	754	10.2	755	20.9
Other	278	3.7	390	10.7
Sub-total	1,636	22.0	1,515	41.8
Total	¥7,421	100.0%	¥3,615	100.0%

Note: Consumption taxes are excluded from the amounts presented above.

(b) Interest Income from Notes and Loans Receivable by Region

Region	Six Months Ended September 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
	(In millions except percentages)			
Hokkaido	¥ 43	0.9%	¥ -	-%
Tohoku	86	1.7	-	-
Kanto	4,155	82.8	1,238	100.0
Chubu	105	2.1	-	-
Kinki	360	7.2	-	-
Chugoku	131	2.6	-	-
Shikoku	-	-	-	-
Kyushu	136	2.7	-	-
Total	¥5,019	100.0%	¥1,238	100.0%

Notes: 1. Consumption taxes are excluded from the amounts presented above.

2. "Regions" are categorized by location of branches and/or loan offices.

The prefectures included in each region are as follows:

(The same definitions of regions also apply to those under 4) - (d))

Hokkaido: Hokkaido
 Tohoku: Miyagi
 Kanto: Saitama, Tokyo
 Chubu: Aichi
 Kinki: Osaka
 Chugoku: Hiroshima
 Shikoku: -
 Kyushu: Fukuoka, Okinawa

3) Originated Loan Amounts by Product

Loan Product	Six Months Ended September 30,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
	(In millions except percentages)			
Secured loans	¥27,643	94.9%	¥2,494	78.0%
SME loans	1,401	4.8	528	16.5
Discount notes	56	0.2	28	0.9
Consumer loans	24	0.1	146	4.6
Total	¥29,126	100.0%	¥3,198	100.0%

4) Loans Outstanding

(a) Loans Outstanding by Product

Loan Product	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
Secured loans	199	0.8%	¥33,531	52.8%	96	0.6%	¥8,171	30.6%
SME Loans	10,843	42.4	15,169	23.9	6,747	42.7	10,195	38.2
Discount notes	17	0.1	32	0.1	4	0.0	3	0.0
Consumer loans	14,507	56.7	14,767	23.2	8,976	56.7	8,347	31.2
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%

Note: Each amount represents the sum of loans receivable and notes receivable.

(b) Loans Outstanding by Loan Balance

Loan Balance	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
¥500,000 or less	10,082	39.4%	¥ 2,266	3.6%	6,187	39.1%	¥ 1,326	5.0%
¥500,001 ~ ¥1,000,000	5,004	19.6	3,715	5.8	3,383	21.4	2,506	9.4
¥1,000,001 ~ ¥3,000,000	8,596	33.6	14,776	23.3	5,304	33.5	8,940	33.5
¥3,000,001 ~ ¥5,000,000	1,464	5.7	5,463	8.6	714	4.5	2,659	9.9
¥5,000,001 ~ ¥10,000,000	281	1.1	1,784	2.8	148	0.9	943	3.5
Over ¥10,000,000	139	0.6	35,495	55.9	87	0.6	10,342	38.7
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%
Average balance of loans outstanding per account (in thousands)			¥2,483				¥1,688	

Note: Each amount represents the sum of loans receivable and notes receivable.

(c) Loans Outstanding by Interest Rate

Interest Rate	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
Less than 15%	396	1.5%	¥36,135	56.9%	363	2.3%	¥10,887	40.8%
From 15% to less than 20%	3,307	12.9	6,764	10.7	2,634	16.6	4,380	16.4
From 20% to less than 25%	13,901	54.4	15,966	25.1	8,244	52.1	8,930	33.4
From 25% to 29.2%	7,962	31.2	4,634	7.3	4,582	29.0	2,519	9.4
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%
Average contractual interest rate (%)			14.22%				16.59%	

Notes: 1. Each amount represents the sum of loans receivable and notes receivable.

2. The average contractual interest rate is the weighted-average interest rate as of September 30 and does not include fees, etc.

(d) Loans Outstanding by Region

Region	September 30,							
	2008				2009			
	Number of Accounts	Percentage of Total	Balance	Percentage of Total	Number of Accounts	Percentage of Total	Balance	Percentage of Total
	(In millions except accounts and percentages)							
Hokkaido	124	0.5%	¥ 123	0.2%	-	-%	¥ -	-%
Tohoku	262	1.0	335	0.5	-	-	-	-
Kanto	23,356	91.3	60,244	94.9	15,823	100.0	26,718	100.0
Chubu	358	1.4	332	0.5	-	-	-	-
Kinki	764	3.0	1,765	2.8	-	-	-	-
Chugoku	377	1.5	435	0.7	-	-	-	-
Shikoku	-	-	-	-	-	-	-	-
Kyushu	325	1.3	263	0.4	-	-	-	-
Total	25,566	100.0%	¥63,501	100.0%	15,823	100.0%	¥26,718	100.0%

Notes: 1. The definitions of the regions are listed in 2) - (b).

2. Each amount represents the sum of loans receivable and notes receivable.

2. BUSINESS RISK FACTORS

Forward -looking statements in the following sections reflect our judgment based on the information available as of the filing date of this Quarterly Financial Report.

- (1) **For the three months ended September 30, 2009, there are no extraordinary changes in financial position, results of operations and cash flows, and significant changes in “BUSINESS RISK FACTORS” described in the Annual Financial Report (“Yukashoken-Houkokkusho”) for the year ended March 31, 2009.**
- (2) **Events or Situations Raising Substantial Doubt concerning the Company’s Ability to Continue as a Going Concern, and Other Factors Having a Material Impact on the Company’s Operations**

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.

3. SIGNIFICANT CONTRACTS

None

4. MANAGEMENT’S DISCUSSION AND ANALYSIS

Forward -looking statements in the following sections reflect our judgment based on the information available as of the filing date of this Quarterly Financial Report.

(1) Management’s Discussion and Analysis on Financial Position, Results on Operations and Cash Flows

1) Analysis of Business Performance

For the three 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 three months ended September 30, 2009, total operating revenues were ¥3,457 million, a decrease of ¥4,103 million, or 54.3%, 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 ¥2,562 million, compared to ¥21,897 million of operating losses for the corresponding period of the previous fiscal year. This is mainly attributable to significant reduction of personnel and rental expenses as a result of improvement of management efficiency which has been underway since the previous fiscal year, in addition to impairment losses of ¥12,066 million in real estate for sale and allowance of ¥5,277 million for loan losses of real estate-backed loans receivable, both of which were incurred in the corresponding period of the previous fiscal year.

Ordinary losses were ¥2,606 million, compared to ¥22,935 million of ordinary losses for the corresponding period of the previous fiscal year.

Net losses were ¥821 million, compared to ¥31,470 million of net losses for the corresponding period of the previous fiscal year. This is mainly attributable to gains of ¥1,788 million on retirement of repurchased bonds such as U.S. Dollar-denominated Unsecured Straight Bond, and special losses of ¥8,151 million incurred in the corresponding period of the previous fiscal year.

Operating results by business segment are described below:

i) 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 three months ended September 30, 2009 were ¥1,291 million, a decrease of ¥2,938 million, or 69.5%, compared with the corresponding period of the previous fiscal year and operating losses were ¥2,177 million, compared to ¥9,007 million of operating losses for the corresponding period of the previous fiscal year.

ii) 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 September 30, 2009 were ¥2,165 million, an increase of ¥1,795 million, or 485.5%, compared with the corresponding period of the previous fiscal year and operating losses were ¥252 million, compared to ¥10,448 million of operating losses for the corresponding period of the previous fiscal year.

iii) Other Businesses

Operating revenues from other businesses for the three months ended September 30, 2009 were ¥0 million, a decrease of ¥2,961 million, or 100.0%, compared with the corresponding period of the previous fiscal year and operating losses were ¥9 million, compared to ¥4,192 million of operating losses for the corresponding period of the previous fiscal year.

As stated in “ITEM 5. FINANCIAL STATEMENTS—1. CONSOLIDATED FINANCIAL STATEMENTS—NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—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) Analysis of Consolidated Financial Position

As of September 30, 2009, total assets were ¥80,962 million, a decrease of ¥6,179 million, or 7.1%, compared with the end of the three months ended June 30, 2009. This is mainly attributable to a decrease of ¥3,538 million in loans receivable and ¥654 million in real estate for sale, compared with the end of the three months ended June 30, 2009.

As of September 30, 2009, total liabilities were ¥66,100 million, a decrease of ¥5,511 million, or 7.7%, compared with the end of the three months ended June 30, 2009. This is mainly attributable to a decrease of ¥3,843 million in total interest-bearing debt due to a decrease in operating assets, compared with the end of the three months ended June 30, 2009.

As of September 30, 2009, net assets were ¥14,862 million, a decrease of ¥667 million, or 4.3%, compared with the end of the three months ended June 30, 2009. This is mainly attributable to a decrease of ¥821 million in retained earnings because of net losses for the three months ended September 30, 2009.

3) Cash Flows

As of September 30, 2009, cash and cash equivalents (“Cash”) were ¥4,124 million, a decrease of ¥1,076 million, compared with the end of the three months ended June 30, 2009. The overview of cash flows is as follows:

(Cash Flows from Operating Activities)

Net Cash provided by operating activities for the three months ended September 30, 2009 was ¥455 million, compared to ¥20,891 million provided for the corresponding period of the previous fiscal year.

Cash provided during the three months ended September 30, 2009 mainly comprised ¥1,603 million in charged-offs of loans receivable, compared to ¥2,491 million for the corresponding period of the previous fiscal year, ¥323 million provided by net collection of loans receivable, compared to ¥18,751 million provided for the corresponding period of the previous fiscal year, offset by ¥815 million in losses before income taxes and minority interest, compared to ¥31,026 million in losses 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 September 30, 2009 was ¥100 million, compared to ¥2,276 million provided for the corresponding period of the previous fiscal year.

Cash provided during the three months ended September 30, 2009 mainly comprised ¥92 million provided by proceeds from sales of investment in affiliated companies.

(Cash Flows from Financing Activities)

Net Cash used in financing activities for the three months ended September 30, 2009 was ¥1,629 million, compared to ¥25,929 million used for the corresponding period of the previous fiscal year.

Cash provided during the three months ended September 30, 2009 mainly comprised ¥2,373 million used in net repayments of interest-bearing debt, compared to ¥26,223 million used for the corresponding period of the previous fiscal year.

4) Challenges for the Group

There were no significant changes in challenges or new challenges arising for the Group during the three months ended September 30, 2009.

5) Research and Development

None

(2) Discussion and Analysis on Significant Conditions as Stated in “Business Risk Factors” and Measures to Resolve or Improve Such Conditions

As described in “BUSINESS RISK FACTORS” above, there are conditions that 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 three 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.

ITEM 3. OVERVIEW OF PROPERTY AND EQUIPMENT

1. MAJOR PROPERTY AND EQUIPMENT

There were no significant changes in the Group's major property and equipment during the three months ended September 30, 2009.

2. PLANS FOR ACQUISITIONS AND DISPOSALS OF PROPERTY AND EQUIPMENT

(1) Acquisitions of Major Property and Equipment

There were no acquisitions and relocations of major property and equipment planned or implemented as of June 30, 2009.

In addition, there were no significant plans for acquisitions and relocations of major property and equipment newly determined during the three months ended September 30, 2009.

(2) Disposals of Major Property and Equipment

There were no disposals of major property and equipment planned or implemented as of June 30, 2009.

In addition, there were no significant plans for disposals of major property and equipment newly determined during the three months ended September 30, 2009.

ITEM 4. OVERVIEW OF THE COMPANY

1. INFORMATION ON CAPITAL STOCK

(1) Total Number of Shares

1) Total Number of Authorized Shares

Type of Shares	Number of Shares (Shares)
Common stock	384,000,000
Total	384,000,000

2) Total Number of Issued Shares

Type of Shares	November 13, 2009 (Filing Date)		Stock Exchange	Details
	September 30, 2009 (Shares)	(Shares)		
Common stock	245,894,350	245,894,350	Tokyo Stock Exchange (First Section)	Each unit under the Japanese Unit Share System equals 100 shares of common stock.
Total	245,894,350	245,894,350	-	-

Note: The number of issued shares of common stock as of the filing date does not include the number of shares newly issued upon exercises of stock acquisition rights during the period from November 1, 2009 to the filing date of this Quarterly Financial Report.

(2) Information on Stock Acquisition Rights and Convertible Bonds

Stock Acquisition Rights Issued under the Corporate Law of Japan

(Special Resolution at the Extraordinary Shareholders' Meeting on February 18, 2008)

	September 30, 2009
Number of stock acquisition rights:	87,500 units
Number of stock acquisition rights for share repurchases:	87,500 units
Type of shares:	Common stock Each unit under the Japanese Unit Share System equals 100 shares of common stock.
Number of shares of common stock issuable upon exercise:	8,750,000 shares (1) NIS Group Co., Ltd. 10th Equity Warrant (the "Equity Warrant") is exercisable for shares of the Company's common stock. The number of shares to be issued upon exercise of one Equity Warrant (the "Allotted Shares") shall be 100 shares. (2) However, upon any adjustment in the Exercise Price (as defined below) pursuant to "Amount to be paid in upon exercise" below, for each Equity Warrant, the number of Allotted Shares shall be adjusted to equal the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Allotted Shares deliverable upon exercise of one Equity Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. (3) If, in accordance with paragraph (2) above, an adjustment to the number of shares would result in a fraction of an integral number of one share, such situation will be dealt with in the manner set forth in Article 283 of the Corporate Law.
Amount to be paid in upon exercise:	1. The value of property that will be contributed upon exercise of the Equity Warrants: (1) The value of property that will be contributed upon exercise of one Equity Warrant is calculated by multiplying the number of Allotted Shares by the Exercise Price (as adjusted pursuant to "3. Adjustment of Exercise Price" below). Values below one yen will be rounded down to the nearest integral number. (2) The amount to be paid per share for the shares issued by the Company upon exercise of Equity Warrants (the "Exercise Price") shall, initially, be ¥200 per share (the "Initial Exercise Price"). However, if the average closing price of the Company's common stock in ordinary trading on the Tokyo Stock Exchange, Inc. (including the average of the bid prices (<i>uri-kehaine</i>) and ask prices (<i>kai-kehaine</i>) or, if more than one in either case, the average of the average bid prices and average ask prices) for the five consecutive trading days ending the day (inclusive) before the exercise date, falls below the Initial Exercise Price (or the Exercise Price after adjustment, if adjusted pursuant to "3. Adjustment of Exercise Price"), the Exercise Price shall be obtained by multiplying 0.9 to the Initial Exercise Price (or the Exercise Price after adjustment, if adjusted pursuant to "3. Adjustment of Exercise Price") (rounded down to the nearest first decimal place) (if any event requiring adjustment of the Exercise Price pursuant to "3. Adjustment of Exercise Price" should arise during such five consecutive trading days, the value calculated by multiplying 0.9 to the Exercise Price shall be subject to further adjustments considered appropriate by the Company pursuant to these terms and conditions). In addition, the Exercise Price is subject to adjustment as noted in "3. Adjustment of Exercise Price." 2. Amendment of Exercise Price No amendment will be made to the Exercise Price of the Equity Warrants.

September 30, 2009

3. Adjustment of Exercise Price

- (1) In case the Company shall, while any of the Equity Warrants are outstanding, conduct a stock split or a reverse stock split of the shares of Common Stock of the Company, the Exercise Price shall be adjusted in accordance with the following formula:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price in effect at the opening of business on the day following the day upon which such stock split or consolidation becomes effective} \times \text{The number of shares of Common Stock Outstanding immediately before such split or consolidation}}{\text{The number of shares of Common Stock Outstanding immediately after such split or consolidation}}$$

Such adjustment of the Exercise Price shall become effective immediately after the opening of business in Japan on the day following the day on which such stock split or consolidation becomes effective.

In this section, "Common Stock" means the common stock of the Company and shares of common stock of the Restructuring Company (as defined in "Restructuring on issuance in connection with organizational restructuring" below) as at the relevant time.

In this section, "Common Stock Outstanding" means the number of issued and outstanding shares of Common Stock of the Company (which under Japanese law includes common stock of the Company held as treasury stock) minus the number of the shares of Common Stock of the Company held by the Company as treasury stock.

- (2) In case the Company shall, while any of the Equity Warrants are outstanding, offer to all holders of shares of Common Stock Outstanding (x) new shares of Common Stock of the Company, or (y) shares of Common Stock of the Company held by the Company as treasury stock, in either case as a gratis allotment of shares of Common Stock (excluding any case of conversion, exchange or exercise of the securities, rights, or warrants set forth in paragraph (3) below), then the Exercise Price shall be adjusted as follows:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price in effect at the opening of business on the day when such adjustment becomes effective} \times \left(\frac{\text{Number of shares of Common Stock Outstanding}}{\text{Total number of shares of Common Stock so allotted}} \right)}{\text{Total number of shares of Common Stock so allotted}}$$

Number of shares of Common Stock Outstanding used in the formula set forth in this paragraph shall be the number of shares of Common Stock Outstanding as of the record date fixed for determination of shareholders entitled to such gratis allotment in case the Company fixed such date (in all other cases, as of the day one month prior to the day upon which the Exercise Price after adjustment becomes effective). Such adjustment of the Exercise Price shall become effective immediately after the opening of business in Japan on the day following the record date fixed for the determination of stockholders entitled to receive such gratis allotment (if the record date is not fixed, the effective date thereof).

If any allotment of the type described in this paragraph is determined but not so made, the Exercise Price shall again be adjusted to the Exercise Price that would have been in effect if such gratis allotment had not been determined.

September 30, 2009

(3) In case the Company shall, while any of the Equity Warrants are outstanding, confer to all holders of shares of Common Stock Outstanding, any securities, rights, or warrants (including any warrants attached to bonds with warrants (the same applies hereinafter)) (such conferment includes any gratis allotment of shares and warrants), which entitle the holders thereof to acquire from the Company shares of Common Stock (other than any gratis allotment of share of Common Stock to which paragraph (2) above applies) or any securities, rights or warrants convertible into or exchangeable for or exercisable for shares of Common Stock, at a Price Per Share less than the Current Market Price on the day on which the adjusted Exercise Price becomes effective, the Exercise Price shall be adjusted as follows:

$$\begin{array}{l} \text{Adjusted Exercise Price} = \frac{\text{Exercise Price at the opening of business on the day on which the adjusted Exercise Price becomes effective}}{\text{Number of shares of Common Stock Outstanding} + \frac{\text{Number of shares of Common Stock which are issued or disposed} \times \text{Price Per Share}}{\text{Current Market Price on the day on which the adjusted Exercise Price becomes effective}}} \end{array}$$

Such adjustment of the Exercise Price shall become effective immediately after the opening of business in Japan on the day following the record date fixed for the determination of stockholders entitled to such conferment; provided, that if the record date for such conferment is not fixed, such adjustment shall become effective immediately after the opening of business in Japan on the day following (i) the payment date or the last day of the payment period of the relevant shares or (ii) the effective date in the case of a gratis allotment of shares and warrants. The Exercise Price after adjustment shall be calculated in accordance with the above formula, assuming that all the securities, rights, or warrants to be issued or disposed of have been (i) converted at the initial conversion price, (ii) exchanged at the initial exchange price or (iii) exercised at the initial exercise price, as the case may be (in case of the securities, rights, or warrants which entitle the holders thereof to acquire from the Company any securities, rights, or warrants convertible into or exchangeable for or exercisable for shares of Common Stock, further assuming that all such securities, rights, or warrants have been (i) converted at the initial conversion price, (ii) exchanged at the initial exchange price or (iii) exercised at the initial exercise price, as the case may be).

Notwithstanding the above, in case that the consideration for the shares of Common Stock of the Company to be delivered upon conversion, exchange or exercise cannot be determined as of the day when such adjustment becomes effective as provided for in the preceding paragraph, the Exercise Price after adjustment shall be calculated in accordance with the above formula, assuming that all the outstanding securities, rights, or warrants then issued and outstanding are converted, exchanged or exercised in accordance with the terms and conditions thereof as of the date of determination of such consideration (in case of the securities, rights, or warrants which entitle the holders thereof to acquire from the Company any securities, rights, or warrants convertible into or exchangeable for or exercisable for shares of Common Stock, further assuming that all such securities, rights, or warrants have been (i) converted at the initial conversion price, (ii) exchanged at the initial exchange price or (iii) exercised at the initial exercise price, as the case may be) (in which case adjustment of the Exercise Price shall become effective immediately after the opening of business on the day following the determination of such consideration).

September 30, 2009

Number of shares of Common Stock Outstanding used in the formula set forth in this paragraph shall be the number of shares of Common Stock Outstanding as of the record date fixed for determination of shareholders entitled to rights to receive allotment upon the relevant offering, issuance or disposal in case the Company fixed such date (in all other cases, as of the day one month prior to the day upon which the Exercise Price after adjustment becomes effective).

In the event that conferment of such securities, rights, or warrants is determined but not so issued or delivered upon the issuance date or effective date, the Exercise Price shall again be adjusted to be the Exercise Price that would have been in effect if such conferment had not been determined.

For the purposes of this paragraph only, the capitalized term "Price Per Share" means the amount calculated by $(A - B) \div C$, where:

"A" means the amount paid to the Company by the recipients of such conferred securities, rights, or warrants to acquire the relevant securities, rights, or warrants (in the case of warrants, the amount to be contributed upon the exercise should be added; and in case of the securities, rights, or warrants which entitle the holders thereof to acquire from the Company any securities, rights, or warrants exercisable for shares of Common Stock, the amount to be contributed upon the exercise of such securities, rights or warrants should be added);

"B" means the amount of cash and the value of the other assets (which should be reasonably determined in good faith by the Board of Directors of the Company) (excluding the shares of Common Stock) to be delivered to the holder of such securities, rights, or warrant upon the conversion, exchange or exercise thereof (in case of the securities, rights, or warrants which entitle the holders thereof to acquire from the Company any securities, rights, or warrants convertible into or exchangeable for or exercisable for shares of Common Stock, the amount of such cash and the value of such other assets to be delivered upon the conversion, exchange or exercise thereof should be added); and

"C" means the number of shares of Common Stock to be acquired upon conversion at the initial conversion price, exchange at the initial exchange price, or exercise at the initial exercise price of such conferred securities, rights, or warrants (in case of the securities, rights, or warrants which entitle the holders thereof to acquire from the Company any securities, rights, or warrants convertible into or exchangeable for or exercisable for shares of Common Stock, the number of shares of Common Stock to be acquired upon conversion at the initial conversion price, exchange at the initial exchange price, or exercise at the initial exercise price of such securities, rights, or warrants should be added).

In this section, "Current Market Price" means, on any date, the average of the Sale Price per share of Common Stock for the 30 consecutive Trading Days commencing 45 Trading Days prior to such date. In such case, the average shall be rounded to the nearest tenth of a yen.

In this section, "Trading Day" for the Common Stock means a day on which the Tokyo Stock Exchange, Inc. is open for business.

In this section, "Sale Price" of the Common Stock on any date means the last reported per share sale price (or, if no last sale price is reported, the average of the bid prices and ask prices or, if more than one in either case, the average of the average bid prices and average ask prices) on such date as reported in ordinary transactions for the Tokyo Stock Exchange, Inc., or if the Common Stock is not listed on the Tokyo Stock Exchange, Inc. at the relevant time, any other principal financial instruments exchange in Japan on which the Common Stock is then listed. In the absence of such quotations, the Board of Directors of the Company shall make a good faith determination of the Sale Price.

September 30, 2009

- (4) In case the Company shall, while the Equity Warrants are outstanding, distribute or allot to all holders of its Common Stock Outstanding shares of any class of Capital Stock of the Company (other than any dividends, distributions, or allotments of Common Stock to which paragraph (2) above applies) or evidences of its indebtedness or assets (including securities, but excluding any securities, rights, or warrants referred to in paragraph (3) above, and excluding any dividend, distribution or allotment (x) paid exclusively in cash or (y) referred to in paragraph (2) above) (any of the foregoing, in this section, the "Distributed Securities"), then, in each such case, the Exercise Price shall be reduced as follows:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price in effect on the record date with respect to such dividend, distribution or allotment} \times \left(\frac{\text{Current Market Price on such record date} - \frac{\text{Aggregate fair market value of the Distributed Securities}}{\text{Number of shares of Common Stock Outstanding on such record date}}}{\text{Current Market Price on such record date}} \right)}{1}$$

Such reduction in the Exercise Price shall become effective immediately after the opening of business on the day following the record date for such dividend, distribution or allotment.

If any dividend, distribution or allotment of the type described in this paragraph is determined but not so made, the Exercise Price shall again be adjusted to the Exercise Price that would have been in effect if such dividend, distribution or allotment had not been determined.

"Capital Stock" means, with respect to any corporation, any and all shares, warrants and rights convertible into or exchangeable for or exercisable for any class of shares issued by that corporation.

- (5) In case the Company shall, while any of the Equity Warrants are outstanding, distribute to all holders of its shares of Common Stock Outstanding, cash (excluding any cash distributed as part of a distribution referred to in paragraph (4) above or upon a Restructuring Transaction (as defined in "Restriction on issuance in connection with organizational restructuring" below)), and the total sum of (i) the amount of such distributions of such cash, (ii) the amount of the distributions paid to all holders of shares of Common Stock of the Company made exclusively in cash within the 12 months preceding the effective date of such distributions (and in respect of which no adjustment pursuant to this paragraph has been made); and (iii) the aggregate amount of any cash, plus the fair market value (which shall be determined in good faith by the Board of Directors of the Company, and which shall be set forth in accordance with the resolution of such Board of Directors) of other consideration for acquisition of shares of treasury stock of Common Stock of the Company by way of a tender offer concluded within the 12 months preceding the effective date of such distribution (and in respect of which no adjustment pursuant to paragraph (6) below has been made) exceeds 10% of the product of (1) the Current Market Price on the record date with respect to such distribution, times (2) the number of shares of Common Stock Outstanding on such record date (such excess over 10%, in this section, the "Excess Amount"), then the Exercise Price shall be adjusted in accordance with the following formula:

September 30, 2009

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price in effect immediately prior to the close of business in Japan on such record date} \times \frac{\text{Current Market Price on such record date} - \text{Excess Amount}}{\text{Current Market Price on such record date}}}{\text{Number of shares of Common Stock Outstanding on such record date}}$$

Such adjustment of the Exercise Price shall become effective immediately after the close of business in Japan on the record date with respect to such distribution.

- (6) In case the Company, while the Equity Warrants are outstanding, conducts a tender offer to acquire its shares of Common Stock, and the sum of (i) the fair market value (which shall be determined in good faith by the Board of Directors of the Company, and which shall be set forth in accordance with the resolution of such Board of Directors) of the consideration for acquisition of such shares (in this section, the "Purchased Shares") payable pursuant to such tender offer; (ii) the aggregate of the cash plus the fair market value (which shall be determined in good faith by the Board of Directors of the Company, and which shall be set forth in accordance with the resolution of such Board of Directors) of any other consideration payable by the Company for acquisition of shares of Common Stock of the Company in response to a tender offer concluded within the 12 months preceding the Expiration Time (as defined below) (and in respect of which no adjustment pursuant to this paragraph has been made); and (iii) the aggregate amount of the dividends to all holders of Common Stock Outstanding made exclusively in cash within the 12 months preceding the Expiration Time (and in respect of which no adjustment pursuant to paragraph (5) above has been made), exceeds 10% of the product of (1) the Current Market Price as of the last time (in this section, the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended), multiplied by (2) the number of shares of Common Stock Outstanding (including any Purchased Shares) at the Expiration Time, then, and in each such case, the Exercise Price shall be adjusted as follows:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price in effect immediately prior to close of business in Japan on the date of the Expiration Time}}{\text{Expiration Time}} \times$$

$$\frac{\text{Number of shares of Common Stock Outstanding (including any Purchased Shares) at the Expiration Time} \times \text{Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time}}{\text{Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time}}$$

$$\frac{\text{Fair market value of the aggregate consideration payable to stockholders based on the acceptance of the Purchased Shares} + \text{Number of shares of Common Stock Outstanding (less any Purchased Shares) at the Expiration Time} \times \text{Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time}}{\text{Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time}}$$

Such reduction (if any) shall become effective immediately after the opening of business on the business day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Exercise Price shall again be adjusted to be the Exercise Price that would have been in effect if such tender offer had not been made.

September 30, 2009

If the application of this paragraph to any tender offer would result in an increase in the Exercise Price, no adjustment shall be made for such tender offer under this paragraph.

- (7) With respect to the formulas set forth in paragraphs (1), (2), (3), (4), (5), (6) or this paragraph, each such calculation shall be rounded to the nearest tenth of a yen.

If, in the case of any transaction set forth in paragraphs (1), (2), (3), (4) or (5), (x) the record date for determining the holders of shares of Common Stock of the Company for the purpose of such transaction is fixed and (y) the effectiveness of each such transaction is made subject to an approval of the general meeting of shareholders, the board of directors or any other organ of the Company on or after such record date, notwithstanding the provisions of paragraphs (1), (2), (3), (4) or (5) the Exercise Price shall be adjusted on and after the date immediately following the date of such approval (the "Retroactive Adjustment").

In this case, additional shares of Common Stock of the Company shall be delivered to any person who exercised Equity Warrants during the period (i) beginning on the record date fixed for determining the holders of shares of Common Stock of the Company for the purpose of such transaction and (ii) ending on the date of the approval of such transaction, in a number equal to the excess of (x) the number of shares of Common Stock which would have been acquired upon exercise of such Equity Warrant if the relevant Retroactive Adjustment had been given effect as at the said exercise date, over (y) the number of shares of Common Stock previously acquired pursuant to such exercise. In this case, any fraction of one share shall be treated by the method provided for in Article 283 of the Corporate Law.

Exercise period:	From February 20, 2008 to February 20, 2015, 5.00 p.m.
Exercise price:	¥200 per share
Amount to be credited to common stock:	¥100 per share
Requirement for exercise of stock acquisition rights:	Each Equity Warrant shall be exercisable only in whole and not in part.
Transfer restrictions:	The acquisition of the Equity Warrants through assignment shall not require approval by resolution of the Company's board of directors.
Substitution for cash payment:	-
Restriction on issuance in connection with organizational restructuring:	

In the event the Company restructures by consolidation or merger (provided that the Company is the dissolving company in the transaction), demerger or company split (provided that in each case the Company is the de-merged company in the transaction), share exchange or share transfer (but only where the Company becomes a wholly-owned subsidiary of another corporation) (collectively, "Restructuring Transaction"), new equity warrants ("New Equity Warrants") of the joint stock corporation as specified in Article 236, Section 1, Item 8, *i* through *ho* of the Corporate Law ("Restructuring Company"), as set forth in (1) to (8) below, shall be delivered to the holders of any remaining Equity Warrants outstanding immediately prior to the relevant effective dates (for the purpose of this section, "effective dates" mean, as the case may be: (a) in case of merger, the effective date of such merger; (b) in case of consolidation, the date of establishment of a new joint stock corporation which is formed by the relevant consolidation; (c) in case of demerger, the effective date of such demerger; (d) in case of company split, the date of establishment of a new joint stock corporation which is formed by the relevant company split; (e) in case of share exchange, the effective date of such share exchange; and (f) in case of share transfer, the date of establishment of a new corporation which is formed by the relevant share transfer and has all of outstanding shares of common stock of the Company immediately after such share transfer) of the Restructuring Transaction ("Outstanding Warrants"). In such case, Outstanding Warrants shall expire and the Restructuring Company shall issue New Equity Warrants.

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-
- (1) Number of New Equity Warrants of the Restructuring Company to be delivered: Number of warrants equal to the Outstanding Warrants held by warrant holders shall be issued.
 - (2) Type of shares of the Restructuring Company subject to New Equity Warrants: Common Stock of the Restructuring Company
 - (3) Number of shares of the Restructuring Company subject to New Equity Warrants: To be decided in the manner described in paragraphs (1) through (3) of "Number of shares of common stock issuable upon exercise" above, taking into account the terms and conditions of the Restructuring Transaction.
 - (4) The value of property that will be contributed upon exercise of New Equity Warrants: The amount to be contributed upon exercise of New Equity Warrants shall be calculated by multiplying (x) the Exercise Price as determined pursuant to "Amount to be paid in upon exercise" above as adjusted to take into account of the terms and conditions of the Restructuring Transaction by (y) the number of shares of the Restructuring Company subject to relevant New Equity Warrants determined pursuant to paragraph (3) above.
 - (5) The period New Equity Warrants can be exercised: From the later of the commencement date of Exercise Period for New Equity Warrants pursuant to "Exercise period" above and the effective date of the Restructuring Transaction, until the last date of the Exercise Period pursuant to "Exercise period."
 - (6) Matters relating to increases in stated capital and additional paid-in capital from issuance of shares through exercise of New Equity Warrant: To be decided pursuant to "Exercise price" and "Amount to be credited to common stock."
 - (7) Limitations on the acquisition of New Equity Warrants by assignment: The acquisition of New Equity Warrants through assignment shall not require an approval by resolution of the Restructuring Company's Board of Directors.
 - (8) Terms for acquiring New Equity Warrants: No terms for the acquisition of New Equity Warrants will be set.
-

(3) Summary of Rights Plan

Not Applicable

(4) Changes in the Number of Issued Shares and Balance of Paid-in Capital

Date	Change in Issued Shares of Common Stock	Balance of Issued Shares of Common Stock	Change in Common Stock	Balance of Common Stock	Change in Additional Paid-in Capital	Balance of Additional Paid-in Capital
(In millions except thousand shares)						
September 30, 2009	-	245,894	¥-	¥26,289	¥-	¥28,586

(5) Major Shareholders

Name	Address	September 30, 2009	
		Number of Shares Owned (Thousand shares)	Percentage of Total Issued Shares
Chusho-Kigyo Hosho Kiko Co., Ltd.	4-16, Kyomachibori 1-chome, Nisi-ku, Osaka City	19,899	8.09%
Chusho-Kigyo Jinzai Kiko Co., Ltd.	4-16, Kyomachibori 1-chome, Nisi-ku, Osaka City	19,896	8.09
Support Organization of Small and Medium-sized Enterprises Co., Ltd.	3-7, Iidabashi 1-chome, Chiyoda-ku, Tokyo	19,896	8.09
Investment Firm Organization of Small and Medium-Sized Enterprises Co., Ltd.	1-3, Kamiyama-cho, Kita-ku, Osaka City	19,896	8.09
Index Holdings Co., Ltd.	1-1 Taishido 4-chome, Setagaya-ku, Tokyo	19,500	7.93
Nissin Building Co., Ltd.	7-6, Chifune-machi 5-chome, Matsuyama City, Ehime	16,817	6.84
Shuho, Ltd.	23-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	15,314	6.23
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	5,103	2.08
Kunihiko Sakioka	Setagaya-ku, Tokyo	4,495	1.83
Hideo Sakioka	Matsuyama City, Ehime	3,970	1.61
Total	-	144,788	58.88%

Notes: 1. 6,288 thousand shares of treasury stock, comprising 2.56% of total number of issued shares as of September 30, 2009, are not excluded from the above list of major shareholders.

2. Of the above list of major shareholders, the following is related to trust business:

Japan Trustee Services Bank, Ltd 5,103 thousand shares

(6) Voting Rights of Capital Stock

1) Issued Shares

Type	Number of Shares	Number of Voting Rights	Details
Non-voting capital stock	-	-	-
Capital stock with restricted voting rights (Treasury stock)	-	-	-
Capital stock with restricted voting rights (Others)	-	-	-
Capital stock with voting rights (Treasury stock)	(Treasury stock) Common stock: 6,288,400	-	-
Capital stock with voting rights (Others)	Common stock: 238,389,200	2,383,892	-
Capital stock below one unit under the Japanese Unit Share System	Common stock: 1,216,750	-	-
Total number of issued shares	245,894,350	-	-
Total number of voting rights	-	2,383,892	-

Note: 44 shares of treasury stock are included in "Capital stock below one unit under the Japanese Unit Share System."

2) Treasury Stock

Owner	Address	Shares of Common Stock Owned As of September 30, 2009			
		Under the Company's Name	Under Other Names	Total Number of Shares	Percentage of Total Issued Shares
(Treasury stock)	7-6, Chifune-machi 5-chome, Matsuyama City, Ehime	6,288,400	-	6,288,400	2.56%
NIS Group Co., Ltd.	Matsuyama City, Ehime	6,288,400	-	6,288,400	2.56%
Total	-	6,288,400	-	6,288,400	2.56%

2. MARKET PRICE INFORMATION

The Monthly Highest and Lowest Share Prices of the Company's Common Stock for the Six Months Ended September 30, 2009

	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009
	(In yen)					
Highest	¥64	¥52	¥54	¥53	¥50	¥43
Lowest	28	42	41	40	42	29

Note: These highest and lowest prices are those quoted on the First Section of the Tokyo Stock Exchange.

3. MEMBERS OF THE BOARD OF DIRECTORS

Changes in Directors during the period from the filing date of the Annual Financial Report for the previous fiscal year to the filing date of this Quarterly Financial Report are as follows:

(1) Resignation

Position	Title	Name	Date of Resignation
President and Representative Director of the Board	-	Kunihiko Sakioka	November 11, 2009

Note: Kunihiko Sakioka assumed his post as an Executive Chairman on November 11, 2009.

(2) Internal Reassignment

Current Position	Previous Position	Name	Date of Reassignment
President and Representative Director of the Board	Vice-President and Representative Director of the Board	Toshioki Otani	November 11, 2009
Director of the Board	Chairman of the Board	Takumi Kawamura	November 11, 2009

ITEM 5. FINANCIAL STATEMENTS

1. In respect of the requirements for the preparation of quarterly consolidated financial statements:

The preparation of the quarterly consolidated financial statements conforms to the Regulations concerning Terminology, Format and Preparation Method of Quarterly Consolidated Financial Statements (the “QCFS Regulations”) (Cabinet Office Ordinance No. 64, 2007).

The consolidated financial statements as of and for the three months and six months ended September 30, 2008 were generally prepared in conformity with the QCFS Regulations prior to amendment. The consolidated financial statements as of and for the three months and six months ended September 30, 2009 were prepared in conformity with the QCFS Regulations as amended.

2. In respect of the report of independent certified public accountants:

The quarterly consolidated financial statements as of and for the three months and six months ended September 30, 2008 and 2009 were reviewed by Sanyu & Co. pursuant to the Japanese Financial Instruments and Exchange Law, Regulation 193-2-1.

1. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	September 30, 2009		(Summary) March 31, 2009	
	Amount		Amount	
	(In millions)			
ASSETS:				
Current Assets:				
Cash and deposits	(Note 2)	¥ 5,475	(Note 2)	¥ 3,427
Loans receivable	(Notes 2, 4 and 5)	26,714	(Notes 2, 4 and 5)	33,447
Receivables from guarantees paid		4,584		3,692
Real estate for sale in the real estate business	(Note 2)	6,895	(Note 2)	7,580
Real estate under construction for sale in the real estate business	(Note 2)	6,193		6,193
Other	(Note 4)	2,353	(Note 4)	5,167
Allowance for loan losses		(5,050)		(7,373)
Total Current Assets		47,166		52,135
Fixed Assets:				
Tangible fixed assets	(Note 1)	59	(Note 1)	871
Intangible fixed assets		24		62
Investment and other assets:				
Investment securities	(Note 2)	8,853	(Note 2)	8,149
Bankrupt and delinquent loans receivable	(Notes 2 and 4)	47,457	(Notes 2 and 4)	46,955
Other	(Note 2)	7,676	(Note 2)	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

Quarterly Financial Report

	September 30, 2009	(Summary) March 31, 2009
	Amount	Amount
(In millions)		
LIABILITIES:		
Current Liabilities:		
Short-term borrowings	(Notes 2 and 5) ¥ 20,704	(Notes 2 and 5) ¥ 12,700
Current portion of long-term borrowings	(Note 2) 6,361	(Note 2) 13,763
Current portion of bonds	2,100	5,000
Obligation under security buy-back agreements	(Note 2) 7,200	(Note 2) 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	(Note 2) 7,551	(Note 2) 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 Statements 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	(Note 1) 18,190	(Note 1) 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

For the Three Months Ended September 30, 2008 and 2009

	Three Months Ended September 30,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Revenues	¥ 7,561	¥ 3,457
Operating Expenses	15,965	2,944
Net Operating (Expenses) Revenues	(8,403)	513
Selling, General and Administrative Expenses	(Note 1) 13,493	(Note 1) 3,075
Operating Losses	21,897	2,562
Other Income:		
Interest received	29	60
Dividends received	1	1
Guarantee fees received	87	45
Gains on foreign exchange	208	281
Other	22	43
Total Other Income	350	432
Other Expenses:		
Interest expenses	623	431
Equity in losses of affiliates accounted for under the equity method	509	-
Losses on investment funds	89	41
Other	165	4
Total Other Expenses	1,388	476
Ordinary Losses	22,935	2,606
Special Gains:		
Gains on sales of fixed assets	0	0
Gains on sales of investment securities	30	4
Gains on retirement of bonds repurchased	-	1,788
Other	29	100
Total Special Gains	60	1,893
Special Losses:		
Losses on sales of fixed assets	6	-
Losses on disposal of fixed assets	2	-
Losses on impairment	1,005	40
Losses on impairment of investment securities	2,203	61
Losses on impairment of investment in affiliated companies	1,428	-
Losses on cancellation of derivative transactions	2,372	-
Other	1,132	-
Total Special Losses	8,151	102
Losses before Income Taxes and Minority Interest	31,026	815
Income Taxes:		
Current	(87)	6
Deferred	2,292	-
Total Income Taxes	2,205	6
Minority Interest in Net (Losses) Income of Subsidiaries	(1,760)	0
Net Losses	¥ 31,470	¥ 821

(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)

Quarterly Financial Report

	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	(Note 1) ¥ 4,804	(Note 1) ¥ 4,124

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 three 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.

CHANGES IN SIGNIFICANT ITEMS RELATING TO THE PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(April 1, 2009 ~ September 30, 2009)

1. Changes in Scope of Consolidation

During the three months ended June 30, 2009, Shuho (Shanghai) Investment & Consulting Co., Ltd. became a consolidated subsidiary through acquisition of ownership interest, and two companies, including NIS1 Co., Ltd., became consolidated subsidiaries through new establishment. In addition, Seizanso C.C. Management LLC was excluded from the scope of consolidation due to transfer of the Company's ownership interest.

During the three months ended September 30, 2009, Agasta Co., Ltd. became a consolidated subsidiary through acquisition of shares, and two companies, including Revival Fund LLC, became consolidated subsidiaries through new establishment.

2. Application of the Equity Method

During the three months ended June 30, 2009, two companies, including Food papa Co., Ltd., became affiliates accounted for under the equity method through new establishment, Bay City Service Co., Ltd. became an affiliate accounted for under the equity method through a purchase of new shares, and La Parler Co., Ltd. became an affiliate accounted for under the equity method taking into consideration the Group's influence through joint investment with other companies. In addition, three companies, including Bird's Eye Technological Investment Co., Ltd. and Real Estate Organization of Small and Medium-sized Enterprises Co., Ltd., were excluded from the application of the equity method due to a decrease in the Company's voting rights as a result of a third-party allotment.

During the three months ended September 30, 2009, NIS Value Up Fund II Investment Partnership became an affiliate accounted for under the equity method through new establishment.

CHANGES IN PRESENTATION

(April 1, 2009 ~ September 30, 2009)

(Consolidated Statement of Operations)

"Compensation income," which was presented as a separate item for the six months ended September 30, 2008, is included in "Other" in "Special Gains" for the six months ended September 30, 2009 as the amount became less than 20% of the total "Special Gains." The amount of "Compensation income" for the six months ended September 30, 2009 was ¥39 million.

(Consolidated Statement of Cash Flows)

With respect to cash flows from financing activities, "Repayments to minority interest," which was included in "Other" for the six months ended September 30, 2008, is presented as a separate item for the six months ended September 30, 2009 as the amount became significant for financial reporting purposes. The amount of "Repayments to minority interest" for the six months ended September 30, 2008 was ¥48 million.

(July 1, 2009 ~ September 30, 2009)

(Consolidated Balance Sheet)

1. With respect to "Notes and loans receivable," which was presented as a separate item as of September 30, 2008, "Loans receivable" is presented separately and "Notes receivable" is included in "Other" in "Current Assets" as of September 30, 2009, because the amount of "Notes receivable" became insignificant for financial reporting purposes. The amount of "Notes receivable" as of September 30, 2009 was ¥3 million, and the amounts of "Notes receivable" and "Loans receivable" as of September 30, 2008 were ¥32 million and ¥64,006 million, respectively.
2. "Accounts Payable," which was presented as a separate item as of September 30, 2008, is included in "Other" in "Current Liabilities" as of September 30, 2009 as the amount became less than 1% of total liabilities and net assets. The amount of "Accounts Payable" as of September 30, 2009 was ¥6 million.

SIMPLIFIED ACCOUNTING TREATMENTS

(April 1, 2009 ~ September 30, 2009)

Not applicable

PARTICULAR ACCOUNTING TREATMENTS FOR THE PREPARATION OF QUARTERLY FINANCIAL STATEMENTS

(April 1, 2009 ~ September 30, 2009)

Not applicable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Note 1. Accumulated depreciation of tangible fixed assets as of September 30, 2009 and March 31, 2009 are ¥136 million and ¥357 million, respectively.

Note 2. Assets pledged as collateral for short and long-term borrowings as of September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009	March 31, 2008
	(In millions)	
Cash and deposits	¥ 851	¥ 851
Loans receivable	13,077	13,444
Real estate for sale in the real estate business	4,027	5,020
Real estate under construction for sale in the real estate business	6,193	-
Investment securities	3,800	1,850
Bankrupt and delinquent loans receivable	378	395
Investment and other assets (Other)	6,650	6,650
Total	¥34,979	¥28,212

Corresponding borrowings secured by the above collateral as of September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Short-term borrowings	¥13,805	¥12,200
Current portion of long-term borrowings	3,191	7,119
Long-term borrowings	2,009	763
Total	¥19,005	¥20,082

(September 30, 2009)

With respect to investment securities presented above ¥1,964 million is pledged, as comprehensive collateral for borrowings, guarantee transactions and business alliances.

The Group pledged its TMK bonds (bonds issued by *Tokutei Mokuteki Kaisha*) of ¥2,000 million issued by a consolidated subsidiary, which was eliminated in consolidation.

In addition to the above assets, the Group pledged loans receivable of ¥589 million, real estate for sale in the real estate business of ¥2,246 million, investment securities of ¥213 million and bankrupt and delinquent loans receivable of ¥7 million for borrowings of affiliated companies.

Also, the Group sold its TMK bonds issued by a consolidated subsidiary, and pledged investment in an investment fund as collateral in order to raise funds. However, since the transfer agreement includes a repurchase clause and the TMK bonds are expected to be repurchased in the short term, this transaction is recognized as a financial transaction. Proceeds from sales of TMK bonds are recorded as "Obligations under security buy-back agreements." In addition, the aforementioned TMK bonds and investment in an investment fund were eliminated in consolidation in the amount of ¥7,200 million and ¥446 million, respectively.

(March 31, 2009)

With respect to real estate for sale in the real estate business and investment securities presented above, ¥402 million and ¥1,850 million are pledged, respectively, as comprehensive collateral for borrowings, guarantee transactions and business alliances.

The Group pledged its TMK bonds of ¥2,000 million issued by a consolidated subsidiary, which was eliminated in consolidation.

In addition to the above assets, the Group pledged loans receivable of ¥806 million, real estate for sale in the real estate business of ¥2,298 million, investment securities of ¥190 million and bankrupt and delinquent loans receivable of ¥18 million for borrowings of affiliated companies.

Also, the Group sold its TMK bonds issued by a consolidated subsidiary, and pledged investment in an investment fund as collateral in order to raise funds. However, since the transfer agreement includes a repurchase clause and the TMK bonds are expected to be repurchased in the short term, this transaction is recognized as a financial transaction. Proceeds from sales of TMK bonds are recorded as “Obligations under security buy-back agreements.” In addition, the aforementioned TMK bonds and investment in an investment fund were eliminated in consolidation in the amount of ¥7,200 million and ¥805 million, respectively.

Note 3. Commitments and contingencies as of September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Guarantees for receivables in the credit guarantee business	¥14,510	¥20,647
Guarantees for loans receivable held by affiliated companies	349	966
Guarantees for borrowings of affiliated companies	13,979	16,559

Note: “Guarantees for loans receivable held by affiliated companies” as of September 30, 2009 and March 31, 2009 presented above includes guarantees for loans receivable which were transferred from an affiliated company to a third party.

With respect to ¥18 million included in the amount of guarantees for receivables in the credit guarantee business as of March 31, 2009 presented above, Credit Organization of Small and Medium-sized Enterprises Co., Ltd. (“COS”) reguarantees 50% of that amount.

In addition to the above, the Company has to indemnify COS until February 28, 2013, for losses that COS incurs due to claims for excess interest repayments raised by customers to whom COS lent money on or before March 3, 2008. Although it is difficult to estimate the amount of this liability, the Company estimated the amount of such losses as being ¥925 million and ¥1,063 million, included in “Reserve for losses on businesses of affiliated companies” as of September 30, 2009 and March 31, 2009, respectively.

Note 4. As required by the Non-bank Bond Issuing Law, bankrupt and delinquent loans receivable as of September 30, 2009 and March 31, 2009 are classified as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Bankrupt loans receivable	¥ 6,042	¥ 6,327
Delinquent loans receivable	41,415	40,627
Delinquent loans receivable (three months or more)	-	-
Restructured loans receivable	10,006	11,791
Total	¥57,464	¥58,746

Notes: 1. “Bankrupt loans receivable,” for which unreceived interest is not accrued, are loans delinquent for a considerable period of time and for which the principal or interest on such loans is unlikely to be recovered due to the occurrence of events defined in the Japanese Corporation Tax Law (Government Ordinance No. 97, 1965), Regulation 96-1(3), *i* through *ho* and Regulation 96-1(4).

2. “Delinquent loans receivable” are loans receivable for which unreceived interest is not accrued due to customers’ delinquency, excluding loans receivable mentioned in “Bankrupt loans receivable” and “Restructured loans receivable.”

3. “Delinquent loans receivable (three months or more)” are loans receivable for which the payments of principal and interest have been delayed for three months or more, excluding loans receivable mentioned in “Bankrupt loans receivable” and “Delinquent loans receivable.”

4. “Restructured loans receivable” are loans receivable for which the Group reached agreement with the debtors on favorable treatment for the debtors such as reduction and exemption of interest, grace of principal and interest payments, relinquishment of loans receivable, among others, in order to reorganize the borrowers and support their financial conditions, excluding loans receivable mentioned in “Bankrupt loans receivable,” “Delinquent loans receivable” and “Delinquent loans receivable (three months or more).”

Note 5. (1) In order to raise funds efficiently, the Company entered into overdraft agreements and loan commitment agreements with several banks. The unused balance of these prescribed limit agreements as of September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Total overdraft facilities and loan commitment limits	¥1,000	¥ 2,000
Outstanding borrowings within the limits	(1,000)	(2,000)
Unused balance	¥ -	¥ -

(2) In providing its core business, integrated financial services, the Company contracts credit line agreements with certain customers, and these customers are able to borrow as needed within set credit lines. The unfunded credit lines as of September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Total amount of credit line agreements	¥ 3,409	¥ 4,481
Loans outstanding under credit line agreements	(3,002)	(4,066)
Total unfunded credit lines	¥ 406	¥ 415
Of which unfunded credit lines without loans outstanding	212	215

Certain portions of these agreements lapse without ever being used. Therefore, the amount of unfunded credit lines will not necessarily affect future cash flows of the Company.

Under these agreements, the Company also may discontinue or reduce the credit lines of customers based on the deterioration of their credit status and other substantial reasons. In addition, the Company examines the agreements regularly in order to take measures for credit preservation.

Consolidated Statements of Operations

(April 1, 2009 ~ September 30, 2009)

Note 1. Significant components of "Selling, General and Administrative Expenses" for the six months ended September 30, 2008 and 2009 are as follows:

Six Months Ended September 30,			
2008		2009	
(In millions)			
Selling, General and Administrative Expenses:		Selling, General and Administrative Expenses:	
Provision for loan losses	¥7,151	Provision for loan losses	¥ 2,129
Provision for guarantee losses	3,224	Provision for guarantee losses	106
Provision for losses on excess interest repayments	1,227	Provision for losses on excess interest repayments	1,784
Depreciation and amortization	371	Depreciation and amortization	30
Salaries for directors	211	Salaries for employees	327
Salaries for employees	1,929	Taxes and duties	320
Provision for bonuses for employees	215	Lease and rental expenses	208
Taxes and duties	436	Commission fees	789
Lease and rental expenses	712		
Commission fees	429		

(July 1, 2009 ~ September 30, 2009)

Note 1. Significant components of "Selling, General and Administrative Expenses" for the three months ended September 30, 2008 and 2009 are as follows:

Three Months Ended September 30,			
2008		2009	
(In millions)			
Selling, General and Administrative Expenses:		Selling, General and Administrative Expenses:	
Provision for loan losses	¥6,718	Provision for loan losses	¥ 1,402
Provision for guarantee losses	2,486	Provision for losses on excess interest repayments	604
Provision for losses on excess interest repayments	1,227	Depreciation and amortization	10
Depreciation and amortization	184	Salaries for employees	146
Salaries for directors	100	Taxes and duties	199
Salaries for employees	891	Lease and rental expenses	67
Taxes and duties	233	Commission fees	423
Lease and rental expenses	309		
Commission fees	193		

Consolidated Statements of Cash Flows

Note 1. Cash and cash equivalents as of September 30, 2008 and 2009 are reconciled to the accounts reported in the quarterly consolidated balance sheets as follows:

	September 30,	
	2008	2009
(In millions)		
Cash and deposits	¥7,827	¥5,475
Time deposits with maturities of over three months	-	(500)
Restricted cash in banks pledged as collateral	(3,022)	(851)
Cash and cash equivalents	¥4,804	¥4,124

Shareholders' Equity

(September 30, 2009) and (April 1, 2009 ~ September 30, 2009)

1. Information on issued shares as of September 30, 2009 are as follows:

	September 30, 2009
Type of share	Common stock
Number of shares (thousand shares)	245,894

2. Information on shares of treasury stock as of September 30, 2009 are as follows:

	September 30, 2009
Type of share	Common stock
Number of shares (thousand shares)	6,288

3. Information on issuance of stock acquisition rights as of September 30, 2009 are as follows:

Company Name	Type of Shares		Number of Shares (Thousand shares)	Outstanding as of June 30, 2009 (In millions)
	Attributable to Stock Acquisition Rights	Attributable to Stock Acquisition Rights		
NIS Group Co., Ltd.	Common stock		-	¥-
			(8,750)	(-)
Total			-	¥-
			(8,750)	(-)

Notes: 1. "Number of Shares Attributable to Stock Acquisition Rights" presented above is the number of exercisable shares of stock acquisition rights.

2. Each figure in parentheses represents the stock acquisition rights for share repurchase, which is not included in the relevant figures.

4. Dividends

Not applicable

Derivative Transactions

(September 30, 2009)

The Group does not utilize derivative transactions.

During the three months ended September 30, 2008, the Group cancelled derivative transactions which had been utilized as hedging instruments and terminated adoption of hedge accounting. Accordingly, gains and losses of the hedging instruments at the time of termination will be deferred until gains and losses of the hedged items are recognized.

Segment Information

1. Business Segment Information

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

	Three 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	¥4,229	¥2,665	¥ 369	¥296	¥ 7,561	¥ -	¥7,561
(2) Operating revenues from inter-segment sales or transfers	194	-	173	0	367	(367)	-
Total operating revenues	4,423	2,665	543	296	7,928	(367)	7,561
Operating losses	¥9,007	¥4,131	¥10,448	¥ 61	¥23,647	¥(1,750)	¥21,897

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 September 30, 2009 is as follows:

	Three 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	¥1,291	¥2,165	¥0	¥3,457	¥ -	¥3,457
(2) Operating revenues from inter-segment sales or transfers	190	50	-	241	(241)	-
Total operating revenues	1,481	2,216	0	3,699	(241)	3,457
Operating losses	¥2,177	¥252	¥9	¥2,439	¥ 122	¥2,562

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.

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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 transaction
Real estate development
Asset management
- (4) Other Businesses: SME support services
Agent for life or non-life insurance companies, etc.

3. In the Company and the consolidated subsidiaries which operate the integrated financial services, financial costs on borrowings had been previously treated as "Operating Expenses," unless it was obvious that the purpose of borrowings did not correspond to operating transactions. However, beginning from the six months ended September 30, 2008, the Group changed its accounting treatment as follows: total assets are classified into operating assets related to the integrated financial services and the other assets, and financial costs corresponding to the operating assets are treated as "Operating Expenses" and financial costs corresponding to the other assets are treated as "Other Expenses," in proportion to the balance of those classified assets.

As a result of this change, compared with the results under the previous treatment, "Operating Expenses" decreased by ¥529 million, while "Operating Income" increased by the same amount in "Integrated Financial Services."

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 three months and 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 respective period.

3. Overseas Operating Revenues

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

Per Share Data

1. Net assets per share

	September 30, 2009	March 31, 2009
	(In yen)	
Consolidated:		
Net assets per share	¥11.44	¥18.78

Note: The basis for the calculation of net assets per share presented above is as follows:

	September 30, 2009	March 31, 2009
	(In millions)	
Total net assets on the consolidated balance sheets	¥14,862	¥16,019
Net assets attributable to common stock	2,740	4,499
Differences between net assets and net assets attributable to common stock:		
Minority interest	12,121	11,520

	September 30, 2009	March 31, 2009
	(Thousand shares)	
Number of issued shares	245,894	245,894
Number of shares of treasury stock	6,288	6,285
Number of shares for the calculation of net assets per share	239,605	239,609

2. Basic and diluted net losses per share

(April 1, 2009 ~ September 30, 2009)

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

Notes: 1. Diluted net income per share was not presented because of net losses per share.

2. The basis for the calculation of net losses per share presented above is as follows:

	Six Months Ended September 30,	
	2008	2009
	(In millions except shares)	
Net losses on the consolidated statement of operations	¥30,921	¥1,363
Net losses attributable to common stock	30,921	1,363
Amounts not attributable to common shareholders	-	-
Weighted-average number of outstanding shares (thousand shares)	239,614	239,607
Summary of significant changes from the end of the previous fiscal year, if any, in shares without dilutive effect which were not reflected in the calculation of diluted net income per share:	-	-

Quarterly Financial Report

(July 1, 2009 ~ September 30, 2009)

	Three Months Ended September 30,	
	2008	2009
	(In yen)	
Consolidated:		
Net losses per share:		
Basic	¥131.34	¥3.43
Diluted	-	-

Notes: 1. Diluted net income per share was not presented because of net losses per share.
2. The basis for the calculation of net losses per share presented above is as follows:

	Three Months Ended September 30,	
	2008	2009
	(In millions except shares)	
Net losses on the consolidated statement of operations	¥31,470	¥821
Net losses attributable to common stock	31,470	821
Amounts not attributable to common shareholders	-	-
Weighted-average number of outstanding shares (thousand shares)	239,612	239,606
Summary of significant changes from the end of the previous fiscal year, if any, in shares without dilutive effect which were not reflected in the calculation of diluted net income per share:	-	-

Significant Subsequent Events

None

2. OTHER

None

SECOND SECTION: GUARANTOR COMPANY OF THE COMPANY

None

Quarterly Review Report of Independent Certified Public Accountants

November 13, 2008

Board of Directors of
NIS GROUP CO., LTD.

Sanyu & Co.

Representative Partner, Engagement Partner: Keisuke Takase
Engagement Partner: Kouta Yamamoto

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Law, we have reviewed the consolidated balance sheet, the consolidated statements of income and cash flows of NIS GROUP CO., LTD. included in "FINANCIAL STATEMENTS" as of and for the three months and six months ended September 30, 2008. These financial statements are the responsibility of the management. Our responsibility is to express conclusion on these financial statements based on our review from an independent point of view.

We conducted our review in accordance with quarterly review standards generally accepted in Japan. A quarterly review consists principally of inquiries of the management and persons in charge of finance and accounting, analytical procedures and other quarterly review procedures. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in Japan.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial position of NIS Group Co., Ltd. and its consolidated subsidiaries as of September 30, 2008 and consolidated results of their operations and their cash flows for the three months and six months then ended in order for them to be in conformity with quarterly review standards generally accepted in Japan.

Additional information:

1. As discussed in "Going Concern," the Company had significant operating losses, ordinary losses and net losses for the three months ended September 30, 2008. At the same time, loan covenants have been breached. These conditions raise substantial doubt concerning the Company's ability to continue as a going concern. Management's plans in respond to these conditions are described in the corresponding section. The quarterly financial statements have been prepared on a going-concern basis and reflect no material doubt in these respects.
2. As discussed in "CHANGES IN SIGNIFICANT ITEMS RELATING TO THE PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS," the Company changed its accounting treatment for classification of financial costs as "Operating Expenses" and "Other Expenses" beginning from the three months ended June 30, 2008.
3. As discussed in "Significant Subsequent Events," on October 30, 2008, the Company sold a part of its equity stake in an affiliate accounted for under the equity method.

We have no interest in NIS GROUP CO., LTD. and its consolidated subsidiaries, which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

Notes: 1. The above are the electronic copies of the items on the original Report of Independent Certified Public Accountants. Such original is kept by the Company.

2. XBRL data themselves are not included in the scope of the quarterly consolidated financial statements.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditors' Quarterly Review Report

November 11, 2009

Board of Directors of
NIS GROUP CO., LTD.

Sanyu & Co.

Representative Partner, Engagement Partner: Keisuke Takase
Engagement Partner: Hiroshi Saito

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Law, we have reviewed the consolidated balance sheet, the consolidated statements of income and cash flows of NIS GROUP CO., LTD. included in "FINANCIAL STATEMENTS" as of and for the three months and six months ended September 30, 2009. These financial statements are the responsibility of the management. Our responsibility is to express conclusion on these financial statements based on our review from an independent point of view.

We conducted our review in accordance with quarterly review standards generally accepted in Japan. A quarterly review consists principally of inquiries of the management and persons in charge of finance and accounting, analytical procedures and other quarterly review procedures. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in Japan.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial position of NIS Group Co., Ltd. and its consolidated subsidiaries as of September 30, 2009 and consolidated results of their operations and their cash flows for the three months and six months then ended in order for them to be in conformity with quarterly review standards generally accepted in Japan.

Additional information:

As discussed in "GOING CONCERN," the Group recorded significant operating losses, ordinary losses and net losses for the second consecutive fiscal year in the previous fiscal year, and also recorded significant operating losses, ordinary losses and net losses for the six months ended September 30, 2009. These conditions raise substantial doubt concerning the Group's ability to continue as a going concern, and an uncertainty exists regarding the ability of the Group to continue as a going concern as of the date of the report. Management's plans in response to these conditions and the reasons for an uncertainty are described in the corresponding section. The quarterly consolidated financial statements have been prepared assuming the Group will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

We have no interest in NIS GROUP CO., LTD. and its consolidated subsidiaries, which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

Notes: 1. The above are the electronic copies of the items on the original Report of Independent Certified Public Accountants. Such original is kept by the Company.

2. XBRL data themselves are not included in the scope of the quarterly consolidated financial statements.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Certification of Quarterly Financial Report

Document for filing:	Certification of Quarterly Financial Report
Pursuant to:	Japanese Financial Instruments and Exchange Law, Regulation 24-4-8-1
Administrative division for filing:	Director of Kanto Local Finance Bureau
Filing date:	November 13, 2009
Company name:	NIS GROUP CO., LTD.
Representative:	Toshioki Otani President and Representative Director of the Board
Chief Financial Officer:	Not Applicable
Location of Matsuyama Head Office:	7-6, Chifune-machi 5-chome, Matsuyama City, Ehime (The address above is the registered head office; the actual principal executive office is the Tokyo Head Office stated below)
Locations where the filing is available to the public:	Tokyo Head Office, NIS Group Co., Ltd. (10-1, Nihonbashi Kodenma-cho, Chuo-ku, Tokyo) Sales Department, NIS Group Co., Ltd. (1-8, Hon-cho 4-chome, Kawaguchi City, Saitama) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

Certification of Quarterly Financial Report

1. FAIRNESS OF THE INFORMATION CONTAINED IN THE ANNUAL FINANCIAL REPORT

Toshioki Otani, President and Representative Director of the Board, hereby certifies that the contents of the Quarterly Financial Report for the three months ended September 30, 2009 fairly present the information therein in conformity with the regulations of the Japanese Financial Instruments and Exchange Law.

2. SPECIAL NOTES

None