

**Presentation of 1st Quarter Results for FY2009
(2009.4 – 2009.6)**

**NIS GROUP CO., LTD.
8571**

※The figures herein are based on Japanese GAAP.

The term “FY 2009” refers to the Company’s fiscal year ending March 31, 2010 and other fiscal years are referred to in a corresponding manner unless otherwise stated.

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I. Summary of 1st Quarter Results for FY2009

Summary of Operating Results (Consolidated)



Amid a prolonged period of financial and capital markets turmoil and a credit crunch, NIS Group has continuously and steadily promoted corporate makeover based on the rehabilitation plan. However, both revenues and profits decreased on a year-over-year basis, due to the continuing financial and capital markets turmoil and the deterioration of liquidity in the real estate markets.

(Millions of yen, except percentages)

	1QFY2008	1QFY2009	YoY %
Operating revenues	12,249	1,737	(85.8)
Net operating revenues	5,732	741	(87.1)
Operating income (losses)	1,028	(2,441)	-
Ordinary income (losses)	600	(2,387)	-
Special gains	310	2,344	656.1
Special losses	139	487	250.4
Net income (losses)	549	(541)	-

Highlights of 1Q Results for FY2009···(1)



Breakdown of Operating Performance

(Millions of yen)

Upside	Downside
<ul style="list-style-type: none"> • Drastic decrease in personnel and rent expenses (Ensuring of operating income) (1,510) YoY 	<ul style="list-style-type: none"> • Decrease in interest income and fees, reflecting constraints on the origination of new loans (10,512) • Change from consolidated subsidiaries to equity method affiliates (Decrease in operating revenues) YoY
<ul style="list-style-type: none"> • Gains on retirement of bonds repurchased (Special gains) 2,200 	<ul style="list-style-type: none"> • Additional allowance for loan losses for real estate-backed loans (Operating losses) (792)
	<ul style="list-style-type: none"> • Additional reserve for losses on excess interest repayments (Operating losses) (1,180)
	<ul style="list-style-type: none"> • Losses on impairment of investment securities (Special losses) (391)

Highlights of 1Q Results for FY2009・・・(2)



1 Reorganization of the Group's Business Structure

- NIS Group has promoted transformation of its business structure from business relying on its operating assets to business earning for fee income and concentrated managerial resources on core businesses (which have a growth potential).
 - ① Investment Banking Business:
Advisory business on M & A, corporate revitalization business, setting up of the funds operated by NISP Co., Ltd., a wholly-owned subsidiary, and financial advisory business, etc.
 - ② Trading Support Business:
Credit provision for companies transacting internationally, logistics, agency business for settlement of trade account and support for promotion in Asia and Russia
 - ③ Overseas Operation:
Business in China, support business for the Japanese companies advancing overseas and vice versa, etc.
- As for loan business, NIS Group has continuously promoted streamlining and maximization of loan collection.

2 Progress of Each Business

- Progress situation of each business is as follows:
 - ① Investment Banking Business:
 - NIS Group carries out advisory operations and NISP, a subsidiary, sets up the funds in order to support for smooth investment as well as for maximizing investees' shareholder value.
 - Example 1: Allocation of new shares to a third party by La Parler (Hercules: 4357) in April 2009
 - Example 2: Allocation of new shares to a third party by Recomm Holdings (Hercules: 3323) in June 2009
 - ② Trading Support Business:
 - NIS Group has promoted establishment of business bases to expand trading support business.
 - Commencement of tender offer by a subsidiary for shares of Agasta (TSE Mothers: 3330), a used car export sales company, in July 2009
 - ③ Overseas Operation:
 - Development of bases and networks in Asian countries to expand overseas operations
 - Conclusion of MOU on investment with the Ministry of Knowledge Economy of Korea in May 2009 regarding trading business and support services for the Japanese companies advancing Korea and vice versa
 - Resumption of operations in China by acquiring a 100% stake in the Chinese consulting company, Shuho (Shanghai) Investment & Consulting Co., Ltd., in July 2009

Balance Sheets (Consolidated)



(Millions of yen)

Assets	2009.3.31	2009.6.30	Liabilities and net assets	2009.3.31	2009.6.30
Total current assets	52,135	51,434	Total current liabilities	45,328	46,241
Cash and deposits	3,427	6,052	Short-term borrowings	38,663	39,853
Notes and loans receivable	33,448	30,253	Accounts payable/Accrued expenses	1,942	2,632
Other loans receivable	4,085	4,550	Accrued income taxes	1,162	1,081
Purchased loans receivable	26	20	Reserve for guarantee losses	2,653	2,202
Real estate for sale in the real estate business	13,773	13,743	Other	905	472
Other	4,747	2,299	Total long-term liabilities	27,055	25,370
Allowance for loan losses	(7,373)	(5,484)	Long-term borrowings	12,556	11,227
Total fixed assets	36,109	35,610	Reserve for losses on excess interest repayments	11,340	11,210
Other tangible and intangible fixed assets	933	152	Other	3,159	2,933
Investment securities	8,149	9,134	Total liabilities	72,383	71,612
Bankrupt and delinquent loans receivable	46,955	47,948	Common stock	26,289	26,289
Others	8,680	8,092	Additional paid-in capital	30,180	30,180
Allowance for loan losses	(28,609)	(29,718)	Retained earnings	(48,711)	(49,262)
Deferred assets	159	97	Treasury stock	(3,893)	(3,893)
Total assets	88,403	87,142	Valuation and translation adjustments	634	691
			Minority interest	11,520	11,524
			Total net assets	16,019	15,530
			Total liabilities and net assets	88,403	87,142

※Guarantees for loans and accounts receivable 21,614 17,746
(After the deduction of reserve for guarantee losses and reserve for losses on group businesses)

※Total interest-bearing debt 51,219 51,080

	2009.3.31	2009.6.30
Net worth ratio	5.1%	4.6%

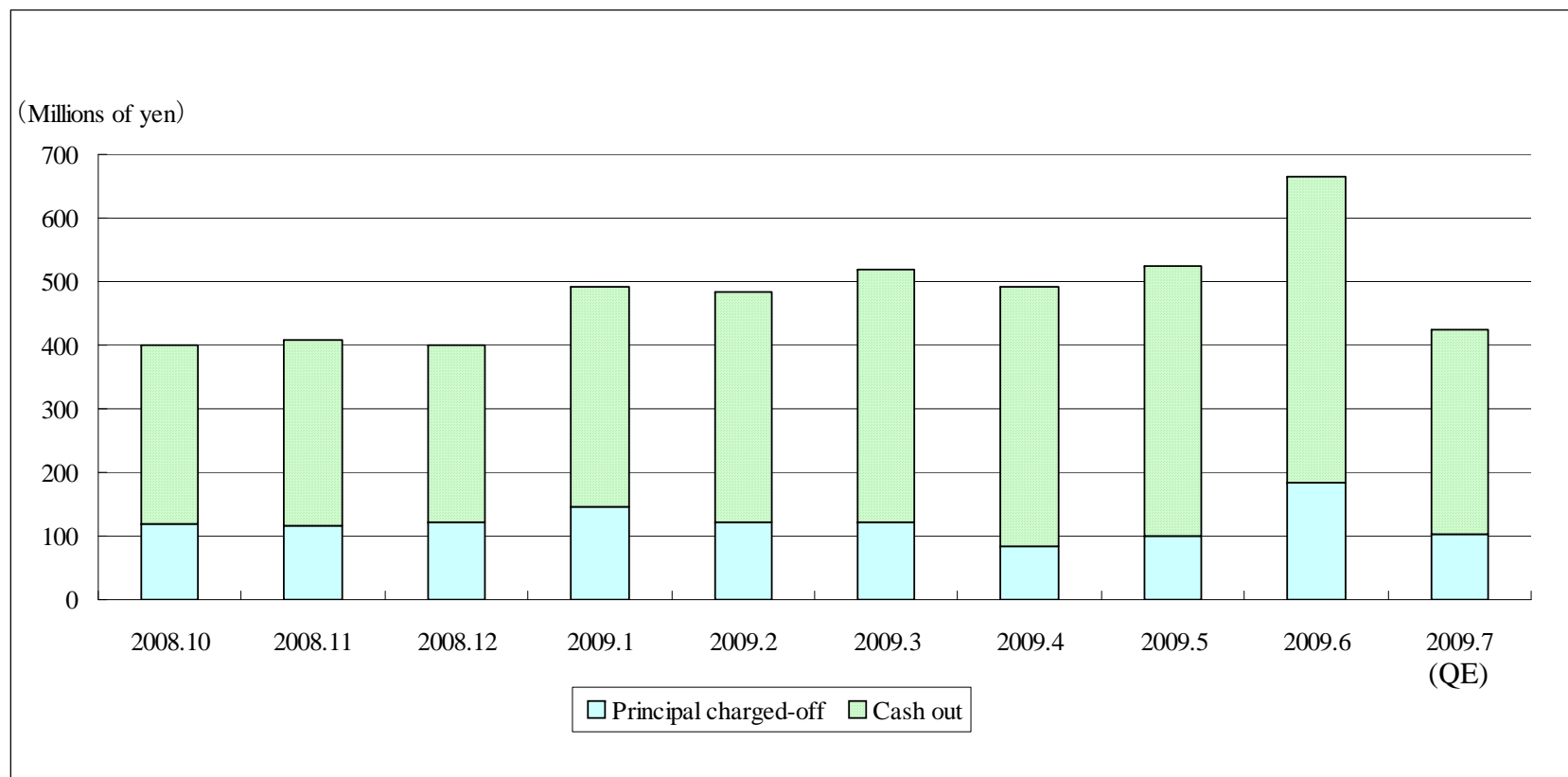
Breakdown of Operating Revenues and Operating Income by Business Segments

(Millions of yen, except percentages)

Business segment			Operating revenues				Operating income (losses)*	
			1QFY2008		1QFY2009		1QFY2008	1QFY2009
			Amount	%	Amount	%	Amount	Amount
Integrated Financial Services	Interest income from notes and loans receivable	Unsecured loans and notes	2,203	18.0	463	26.7	(206)	(2,086)
		Secured loans	977	8.0	198	11.4		
		Total	3,180	26.0	661	38.1		
	Revenue from investment banking business		-	-	199	11.5		
	Fees received		52	0.4	17	1.0		
	Guarantee fees received		258	2.1	408	23.5		
	Revenue from leases and installment loans		1,054	8.6	-	-		
	Other		878	7.2	189	10.9		
	Total		2,244	18.3	813	46.9		
Sub-total		5,424	44.3	1,475	85.0			
Real Estate Business	Revenue from sales of real estate		830	6.8	-	-	651	(236)
	Other		320	2.6	254	14.6		
	Sub-total		1,150	9.4	254	14.6		
Other Businesses	Revenue from collections of purchased loans		3,320	27.1	-	-	678	0
	Revenue from sales of real estate in the servicing business		1,727	14.1	-	-		
	Other		626	5.1	7	0.4		
	Sub-total		5,674	46.3	7	0.4		
Total			12,249	100.0	1,737	100.0	1,028	(2,323)

*The amount of operating income is after consolidation adjustment.

Trend of Losses on Excess Interest Repayments



(Millions of yen)

	2008.10	2008.11	2008.12	2009.1	2009.2	2009.3	2009.4	2009.5	2009.6	2009.7 (QE)
Principal charged-off	119	117	121	147	122	121	85	100	※ 184	104
Cash out	280	291	279	346	362	397	406	424	480	319
Total	399	408	400	493	484	519	491	525	664	423

※Principal charged-off of 56 million yen, which is included in term-end loan loss, is added.

Funding Situation (Non-consolidated)

(Millions of yen, except percentages)

	2008.3.31		2009.3.31		2009.6.30		YTD
	Amount	%	Amount	%	Amount	%	
Indirect	71,162	51.5	23,047	58.8	27,015	70.6	3,941
Banks	39,691	28.7	17,169	43.7	12,963	33.9	(4,206)
Insurance companies	2,062	1.5	178	0.5	166	0.4	(12)
Other financial institutions	1,372	1.0	243	0.6	180	0.5	(63)
Non-bank financial companies (including securities companies)	28,036	20.3	5,483	14.0	13,706	35.8	8,223
Direct	67,065	48.5	16,198	41.2	11,248	29.4	(4,950)
SB	56,880	41.1	16,198	41.2	11,248	29.4	(4,950)
CP	-	-	-	-	-	-	-
Securitization	10,185	7.4	-	-	-	-	-
Total	138,228	100.0	39,272	100.0	38,264	100.0	(1,008)
Weighted average borrowing rates		2.6%		5.7%		6.0%	

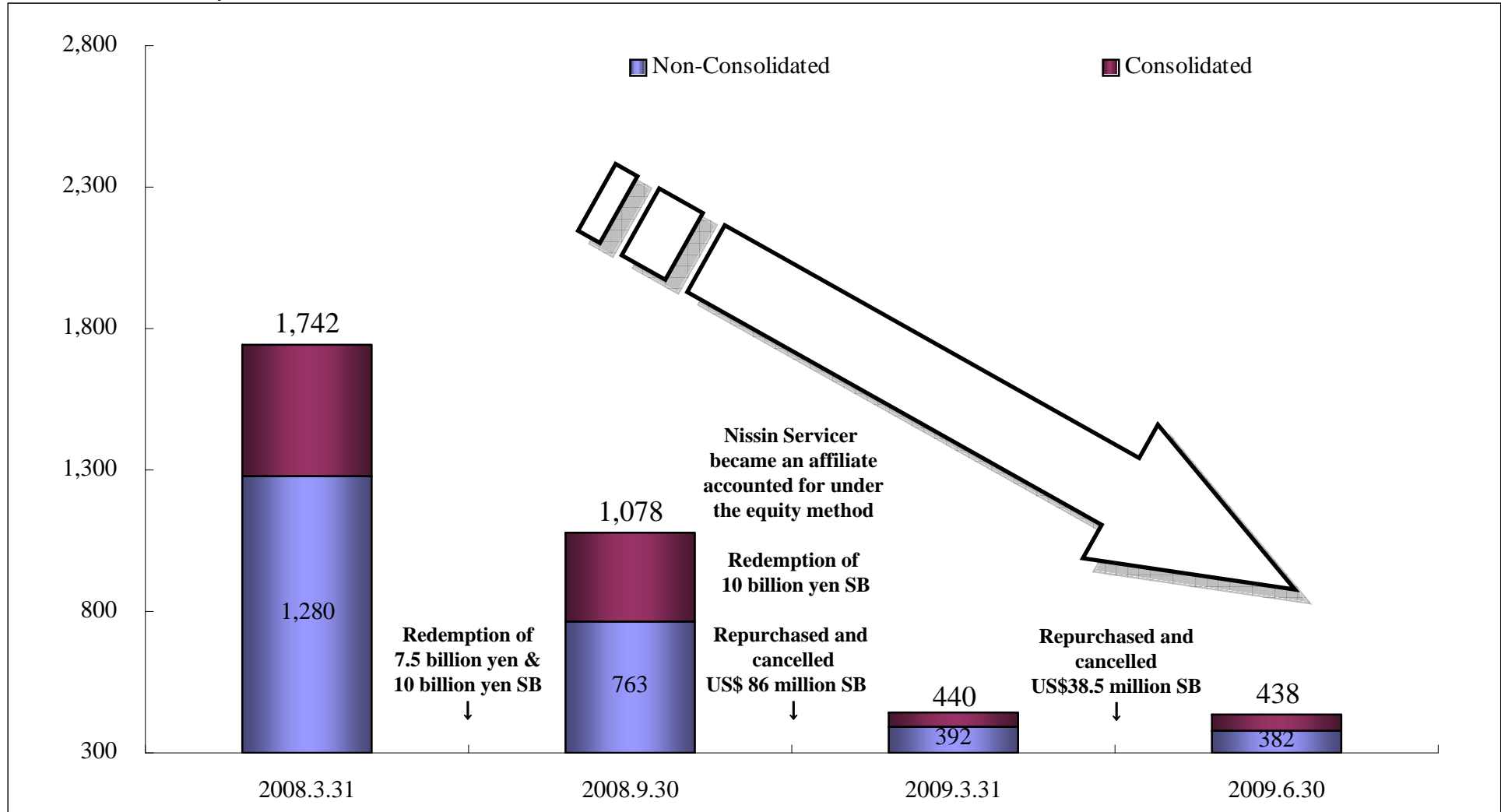
Notes 1. The Company entered into currency swap contracts in association with the U.S. Dollar-Denominated Unsecured Straight Bonds issued in June 2007 and other transactions; however, it cancelled these contracts in September 2008.

As a result, weighted average borrowing rates for SB and others are calculated based on the U.S. dollar-denominated rate.

2. The Company repurchased and cancelled US\$86 million and US\$38.5 million worth of the U.S. Dollar-Denominated Unsecured Straight Bonds in March 2009 and June 2009, respectively.

Decrease of Borrowings

(Hundred millions of yen)



Note: Each figure represents the aggregate amount of bonds and borrowings.

Variance Analysis for Previous Forecasts and Revised Forecasts

Variance Analysis

Operating income and ordinary income

- Additional reserve for losses on excess interest repayments (1,180 million yen)
- Additional allowance for loan losses for real estate-backed loans (792 million yen)
- Possibility of increase in loan loss-related costs etc.

Net income

- Special gains on cancellation of bonds in 1Q (2,200 million yen)
- Special gains on cancellation of bonds in 2Q (600 million yen)

(Millions of yen)

	1Q Results	2Q for FY2009		FY2009	
		Previous Forecasts	Revised Forecasts	Previous Forecasts	Revised Forecasts
Operating revenues	1,737	3,600	3,600	8,000	8,000
Operating losses	(2,441)	(1,000)	(3,800)	(300)	(3,100)
Ordinary losses	(2,387)	(1,500)	(4,000)	(1,000)	(3,500)
Net losses	(529)	(1,500)	(1,500)	(1,000)	(1,000)

II. Reference

Loan Business (Non-consolidated)

Total loans outstanding

(Millions of yen, except percentages)

	2008.6.30	2009.3.31	2009.6.30	YTD %
Secured loans	53,373	48,850	48,763	(0.2)
SME loans	33,495	15,851	14,202	(6.4)
Discount notes receivable	64	25	25	0.0
Consumer loans	20,943	12,266	10,931	(10.9)
Total	107,876	76,324	73,923	(3.1)
Amount of guarantee of loans receivable	31,315	25,580	21,118	(17.4)
Guarantee of loans receivable related to secured loans	11,153	7,603	5,996	(21.1)

Note: Loans receivable above include bankrupt and delinquent loans receivable.

Total loans outstanding by interest rate

(Millions of yen, except percentages)

Interest rate	2008.6.30		2009.3.31		2009.6.30	
	Amount	%	Amount	%	Amount	%
Less than 5.0%	1,192	1.1	1,645	2.2	1,642	2.2
5.0% to less than 10.0%	52,803	48.9	46,749	61.3	47,559	64.3
10.0% to less than 15.0%	6,345	5.9	4,083	5.3	3,124	4.2
15.0% to less than 20.0%	12,872	11.9	6,514	8.5	5,993	8.1
20.0% to less than 25.0%	23,737	22.0	13,817	18.1	12,401	16.8
25.0% and above	10,925	10.1	3,514	4.6	3,201	4.3
Total	107,876	100.0	76,324	100.0	73,923	100.0
Average contractual interest rate (%)	14.6	-	12.6	-	12.2	-

Notes 1: Loans receivable above include bankrupt and delinquent loans receivable.

2: The average contractual interest rate is weighted-average interest rate and does not include fees, etc.

Trend of Loan Charge-Offs and Excess Interest Repayments (Non-consolidated)

【Ratio of charged-offs of loans receivable】 (Annual)

	2Q FY2008	FY2008	1Q FY2009
Secured loans	0.10%	0.08%	6.83%
SME loans	27.90%	26.17%	20.22%
Consumer loans	11.10%	14.36%	13.02%
Total	9.23%	8.95%	10.07%

【Loan charged-offs】 (Quarterly)

(Millions of yen)

	1Q FY2008	2Q FY2008	3Q FY2008	4Q FY2008	1Q FY2009
Charge-offs of loans receivable	2,414	1,735	2,133	1,216	1,892
Of which charge-offs related to excess interest repayments	529	646	357	391	370

【Allowance】 (Total of general and specific allowance)

(Millions of yen)

	2Q FY2008	FY2008	1Q FY2009
	All Products	All Products	All Products
Allowance	24,241	29,236	28,262
General allowance	1,512	1,186	1,339
Specific allowance	20,185	25,941	25,184
Allowance for excess interest repayments-related losses	2,543	2,109	1,738

【Reserve for losses on excess interest repayments (cash out)】

(Millions of yen)

	2Q FY2008	FY2008	1Q FY2009
Reserve for losses on excess interest repayments	10,360	11,340	11,210

Allowance related
to losses on excess
interest repayments
¥ 12,948 million

Breakdown of Investments in Securities

As of June 30, 2009

(Millions of yen, except unit price and stock price)

Listed Companies : Brand	Number of shares	Unit (¥)	Book value	Stock price (¥)	Market Value	Difference
Index Holdings	143,500	3,500	502	5,290	759	256
Raccoon	500	17,205	8	183,000	91	82
Xinhua Finance	114,717	1,410	161	2,085	239	77
Riskmonster	2,500	40,550	101	60,300	150	49
Info Mart	330	120,000	39	166,000	54	15
The Bank of Kochi	60,000	78	4	80	4	0
Soft Bank	400	2,445	0	1,882	0	(0)
Tenpos Busters	496	50,700	25	38,900	19	(5)
The Tokushima Bank	122,971	593	72	477	58	(14)
Maruman	485,000	199	96	145	70	(26)
Total	930,414	-	1,008	-	1,444	435

Non-listed Companies and Others	Book value
Non-listed Companies (141 brands)	4,336
Bonds (9 brands)	104
Investment in Tokumei-Kumiai, etc. (16 brands)	2,360
Others (4 brands)	2
170 brands	6,801

*Deemed securities are included.

Affiliated Companies (under equity methods)	Book value
Credit Organization of Small and Medium-sized Enterprises	271
Nissin Servicer	217
La Parler	69
Others	324
Total (12 brands)	883

Total	Book value
192 brands	9,134

Special Notice Regarding Forward Looking Statements



Special Note Regarding Forward-Looking Statements

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

I. Risks related to the Business Environment

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

II. Risks related to Laws and Regulations

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

III. Business Risks

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