

**To Our Shareholders with Voting Rights**

Kunihiko Sakioka  
Chairman & Representative Director  
NIS GROUP CO., LTD.  
7-6, Chifune-machi 5-chome,  
Matsuyama, Ehime 790-8584, Japan  
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Chuo-ku, Tokyo 103-0001, Japan

**NOTICE OF THE 50TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you of the 50th Ordinary General Meeting of Shareholders to be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by mail.

[Exercise of voting rights by mailing the Voting Exercise Form]

Please read the attached Reference Documents for the Exercise of Voting Rights and fill out the enclosed Voting Rights Exercise Form with your vote of approval or disapproval and registered seal and return it by Friday, June 26, 2009.

**1. Date:** 10:00 A.M., Monday, June 29, 2009

**2. Place:** Daigo, 2nd basement, Sheraton Miyako Hotel Tokyo,  
1-50, Shirokanedai 1 chome, Minato-ku Tokyo, Japan

**3. Objectives of the Meeting**

- Reports:**
1. The content of the Business Report, the content of the Consolidated Financial Documents, and results of an audit of the Consolidated Statutory Reports by the Independent Auditors and the Board of Statutory Auditors for the 50th Fiscal Year (the fiscal year ended March 31, 2009).
  2. The content of the Non-Consolidated Financial Documents for the 50th Fiscal Year (the fiscal year ended March 31, 2009).

**Matters to be resolved:**

Proposal No. 1: Partial Amendments to the Articles of Incorporation

Proposal No. 2: Selection of Five (5) Directors

Proposal No. 3: Selection of Three (3) Statutory Auditors

**4. Decisions of the Ordinary General Meeting of Shareholders**

When a shareholder who votes in writing fails to indicate approval or disapproval of any proposal, we shall deem this to be an expression of interest to approve such proposal.

\*For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## BUSINESS REPORT

(From April 1, 2008 to March 31, 2009)

*(In this business report, where information is presented in millions of yen, amounts of less than one million have been rounded down. All percentages have been rounded to the nearest one-tenth of one percent.)*

### 1. SUMMARY OF CORPORATE GROUP

#### (1) Business Developments and Results of Operations of NIS Group

##### i) Overview

For the fiscal year ended March 31, 2009, business confidence in the Japanese economy has fallen into a steep recession due to a decline in corporate profits and deterioration of the financing environment in the midst of a prolonged period of global financial and capital markets turmoil and a credit crunch. Also, the liquidity of real estate in Japan has remained stagnant.

In order to address doubts relating to the Group's ability to continue as a going concern, NIS Group Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Group") further implemented a management reform program which has been underway since the previous fiscal year, and prepared and implemented its rehabilitation plan including reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure, to achieve a turnaround of its business structure.

With regard to the financial results for the fiscal year ended March 31, 2009, total operating revenues were ¥32,170 million, a decrease of ¥50,856 million, or 61.3%, compared with the previous fiscal year. This is mainly attributable to a decrease in interest income from loans receivable due to a decrease in the amount of loans originated and the balance of loans receivable, reflecting constraints on the origination of new loans as a result of the deterioration of the financing environment, in addition to a decrease in sales of real estate due to the deterioration of liquidity in the Japanese real estate markets, as well as changes in the scope of consolidation due to sales of a part of the Company's shares in Nissin Servicer Co., Ltd. and other subsidiaries.

Operating losses were ¥36,328 million. This is mainly attributable to impairment losses of ¥9,153 million in the total of real estate for sale in the servicing business and real estate for sale and real estate under construction for sale in the real estate business, and an additional allowance of ¥12,120 million for loan losses of real estate-backed loans receivable, reflecting the significant deterioration in Japanese real estate markets, as well as provision of ¥4,390 million for excess interest repayment-related losses.

Ordinary losses were ¥38,412 million. This is mainly attributable to interest expenses of ¥2,318 million and equity in losses of affiliates accounted for under the equity method of ¥1,585 million incurred as other expenses, offset by gains on foreign exchange of ¥1,439 million incurred as other income.

Net losses for the fiscal year ended March 31, 2009 were ¥50,805 million. This is mainly attributable to losses of ¥8,809 million on exercise of convertible preferred interest by TPG and losses of ¥4,346 million on impairment of investment securities reflecting a decline in the market price of securities held, losses of ¥2,372 million on cancellation of derivative transactions due to the cancellation of currency swap contracts on U.S.

Dollar-denominated Unsecured Straight Bonds, losses of ¥1,485 million on impairment of investment in affiliated companies reflecting the commencement of civil rehabilitation proceedings by Araigumi Co., Ltd., a former affiliate accounted for under the equity method, and losses of ¥2,101 million on impairment of fixed assets, incurred as special losses, partially offset by compensation income of ¥2,992 million due to cancellation of the strategic investment and business alliance with TPG and gains of ¥7,089 million on retirement of bonds repurchased, incurred as special gains.

## **ii) Operating Results by Business Segment**

### **(Integrated Financial Services)**

In integrated financial services, the Company mainly engages in investment banking business, credit guarantee business, and secured and unsecured lending to small and medium-sized enterprises (“SMEs”) in Japan. With respect to existing loan business, 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. Also, in the investment banking business, the Group is working to expand fee income focusing on the advisory business for mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operating investment funds by utilizing its expertise that the Group has cultivated thus far.

In addition, NIS Lease Co., Ltd., a consolidated subsidiary engaging in the leasing business, became an affiliate accounted for under the equity method for the fiscal year ended March 31, 2009 (deemed sales date: December 31, 2008) as a result of sales of a part of the Company’s shares.

As a result, operating revenues from integrated financial services were ¥15,079 million and operating losses were ¥24,278 million for the fiscal year ended March 31, 2009.

### **(Servicing business)**

In the servicing business, the Group followed a cautious investment strategy, pursuing collection activities focusing on compliance, and reinforced real estate-related operations and support for corporate revitalization.

In addition, Nissin Servicer Co., Ltd., a consolidated subsidiary listed on the Mothers market of the Tokyo Stock Exchange (Code: 8426) which engages in the servicing business, became an affiliate accounted for under the equity method for the fiscal year ended March 31, 2009 (deemed sales date: December 31, 2008) as a result of sales of a part of the Company’s shares.

As a result, operating revenues from the servicing business were ¥10,227 million and operating losses were ¥4,035 million for the fiscal year ended March 31, 2009.

### **(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 were ¥6,372 million and operating losses were ¥7,590 million for the fiscal year ended March 31, 2009.

### **(Other Businesses)**

The Group engages in other businesses, including SME support services, and operating revenues from other businesses were ¥491 million and operating losses were ¥167 million for the fiscal year ended March 31, 2009.

## **(2) Assumption of Rights and Duties of Merged Companies, Status of Divestment of Stocks of Other Companies and Others.**

- i) The Group bought out NIS Property Co., Ltd. as of July 1, 2008 and assumed rights and duties of NIS Property Co., Ltd.
- ii) The Group sold a portion of the stock of NIS Securities Co., Ltd. as of August 22, 2008, and as a result, NIS Securities Co., Ltd. is no longer our consolidated subsidiary.
- iii) The Group sold a portion of the stock of NIS Construction Co., Ltd. as of September 30, 2008, and as a result, NIS Construction Co., Ltd. is no longer our consolidated subsidiary.
- iv) The Group sold a portion of the stock of Nissin Servicer Co., Ltd. as of December 10, 2008. As a result, Nissin Servicer Co., Ltd. is no longer our subsidiary, and it become an affiliate accounted for under the equity method.
- v) The Group sold a portion of the stock of NIS Lease Co., Ltd. as of January 28, 2009. As a result, NIS Lease Co., Ltd. is no longer our consolidated subsidiary, and it become an affiliate accounted for under the equity method.
- vi) The Group sold a portion of the stock of Woodnote Co., Ltd. as of March 11, 2009. As a result, Woodnote Co., Ltd. is no longer our consolidated subsidiary, and it become an affiliate accounted for under the equity method.

### (3) Operating Results and Financial Position of the Group

(Millions of yen)

Term	47th Fiscal Year	48th Fiscal Year	49th Fiscal Year	50th Fiscal Year
As of and for the fiscal year ended	March 2006	March 2007	March 2008	March 2009
Operating revenues	60,991	88,152	83,027	32,170
Ordinary income (losses)	12,785	9,323	(17,438)	(38,412)
Net income (losses)	9,033	8	(45,116)	(50,805)
Net income (losses) per share (in yen)	6.91	0.00	(289.06)	(212.03)
Total assets	350,861	403,880	272,983	88,403
Net assets	79,824	86,747	56,763	16,019
Net worth ratio (%)	22.8%	20.5%	20.1%	5.1%
Net assets per share (in yen)	58.35	29.01	228.89	18.78

- Notes:
1. Consumption tax is excluded from operating revenues.
  2. On May 20, 2005, the Company completed a 1.2-for-1 stock split.
  3. On November 18, 2005, the Company completed a 2-for-1 stock split.
  4. On April 1, 2006, the Company completed a 2-for-1 stock split.
  5. On August 31, 2007, the Company completed a 1-for-20 reverse stock split.

### (4) Challenges for the Group

The Group has continuously tried to improve efficiency to increase the amount of loans collected in the loan business to SMEs in order to address significant changes in the business environment in the midst of revisions of laws related to loan businesses, a prolonged period of global financial and capital markets turmoil and credit crunch and sudden deterioration of the real estate market. In addition, the Group will increase its efforts to transform the Group's business structure by expanding investment banking business (fee earning business) for SMEs, through utilization of its know-how cultivated in various business activities, and meeting diverse needs of SMEs.

Following the fiscal year ended March 31, 2008, the Group continuously recorded material operating losses, ordinary losses and net losses for the fiscal year ended March 31, 2009 due to significant changes in the business environment. These conditions raise substantial doubt concerning the Group's ability to continue as a going concern.

The Group considers resolution of this situation as a top priority issue and is striving to effectively implement the following rehabilitation plan for reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure.

#### 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 operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

#### 2. Stabilization of the Group's capital base

In order to resolve financing difficulties stemming from the recent financial crisis, etc. and to establish a sustainable and stable capital base, the Company entered into an agreement with Chusho-Kigyō Hoshō Kiko Co., Ltd., a company providing management, capital and business support to SMEs, with regard to a strategic capital and business alliance. The Company will reinforce relationships with Chusho-Kigyō Hoshō Kiko and further implement its management rehabilitation.

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyō Hoshō Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports 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 implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reduction, such as employment transfers, relocation of its headquarters, and outsourcing of its operations.

### (5) Principal Business Segments for the Group (as of March 31, 2009)

The NIS Group corporate group, comprised of NIS Group Co., Ltd. and its 26 subsidiaries and 12 affiliates, provides integrated financial services as its core business. Information about the member of the Group is given below:

Business Segment	Business Category	Company Name	Business Description
Integrated Financial Services	Investment banking business	NI Strategic Partners Co., Ltd. Japan Incubation Fund 4 other consolidated subsidiaries and 3 affiliates accounted for under the equity method	Investment banking
		SME loan business	Provider of unsecured loans, secured loans, and real estate finance
	Consumer loan business	NIS Group Co., Ltd. 6 consolidated subsidiaries	
	Credit guarantee business	Credit Organization of Small and Medium-sized Enterprises Co., Ltd., an affiliate accounted for under the equity method	Credit guarantees in connection with unsecured and secured loans to SMEs
	Leasing business	NIS Lease Co., Ltd., an affiliate accounted for under the equity method	Guarantees of accounts receivable and credit guarantees in connection with real estate rentals Provider of leases, installment loans, and rentals in Japan
Servicing Business	Loan servicing (Servicing business)	Nissin Servicer Co., Ltd., an affiliate accounted for under the equity method 2 consolidated subsidiaries	Acquisition, collection and collection services of specific money claims
Real Estate Business	Real estate business	NIS Group Co., Ltd. 11 consolidated subsidiaries and 2 affiliates accounted for under the equity method	Real estate transactions, real estate development and asset management
Other Businesses	Other businesses	Woodnote Corporation, an affiliate accounted for under the equity method A consolidated subsidiary and 3 other affiliates accounted for under the equity method	SME support services and other businesses

**(6) Principal Offices of the Group (as of March 31, 2009)**

## i) Offices of the Company

Name of Office	Description	Location or Number of Offices
Tokyo Head Office	Offices	Shinjuku-ku, Tokyo
Matsuyama Head Office		Matsuyama City, Ehime
Ho Chi Minh Resident Representative Office		Ho Chi Minh, Vietnam
Investigation Department	Sales support functions	Kawaguchi City, Saitama
Sales Departments and Divisions	Sales office	Kawaguchi City, Saitama

Note: Tokyo head office relocated to Chuo-ku, Tokyo on May 2, 2009.

## ii) Office of Principal Subsidiary

Name of Subsidiary	Name of Office	Description	Location or Number of Offices
NI Strategic Partners Co., Ltd.	Head Office	Offices	Shinjuku-ku, Tokyo

Note: NI Strategic Partners Co., Ltd. relocated to Chuo-ku, Tokyo on April 25, 2009.

**(7) Employees of the Group (as of March 31, 2009)**

Classification	Integrated Financial Services	Servicing Business	Real Estate Business	Other Businesses	Total
Number of Employees	134 (23)	- (-)	- (-)	- (-)	134 (23)

- Notes:
- 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.
  - Numbers presented in parentheses are the average number of temporary employees for the one-year period, and are not included in the related number of full-time employees.
  - Temporary employees include part-timers and persons with short-term contracts, net of temporary employees dispatched from personnel agencies.
  - The number of employees for integrated financial services decreased by 427 (76.1 %) compared with the fiscal year ended March 31, 2008. This is mainly attributable to the changes in the scope of consolidation of NIS Lease Co., Ltd. and NIS Securities Co., Ltd. and implementation of personnel secondment and transfer of permanent employment in the fiscal year ended March 31, 2009.
  - The number of employees at Nissin Servicer Co., Ltd. decreased by 103 (100%) compared with the fiscal year ended March 31, 2008. This is mainly attributable to the change in the scope of consolidation of Nissin Servicer Co., Ltd in the fiscal year ended March 31, 2009.
  - The Number of employees for real estate-related business decreased by 14 (100%) compared with the fiscal year ended March 31, 2008. This is mainly attributable to the merger of the company that engaged in real estate related business in the fiscal year ended March 31, 2009 and subsequent, transfer of permanent employment of such employees to the Group's affiliated company, Real Estate Organization of SMEs.
  - The number of employees for other business decreased by 30 (100%) compared with the fiscal year ended March 31, 2008. This is mainly attributable to the changes in the scope of consolidation of Woodnote Co., Ltd., NIS Construction Co., Ltd., and two (2) other companies in the fiscal year ended March 31, 2009.

**(8) Status of Principal Subsidiaries (as of March 31, 2008)**

Company Name	Common Stock (Millions of yen)	Ratio of Voting Rights Owned by NIS Group (%)	Main Business
NI Strategic Partners Co., Ltd.	22	100.0%	Integrated Financial Service
25 other companies	-	-	-

- Notes:
- The "Main Business" column refers to the business segment.
  - For changes in principal subsidiaries, please see "1.SUMMARY OF CORPORATE GROUP" "(2)

**(9) Major Creditors (as of March 31, 2009)**

Creditor Name	Balance of Borrowings (Millions of yen)
Incubator Bank of Japan, Ltd.	7,500
NI Strategic Partners Co., Ltd.	3,150
The Tokushima Bank, Ltd.	3,066
The Kagawa Bank, Ltd.	1,358
ORIX Corporation	1,200
Small and Medium-sized Enterprises Guarantee	1,000
Higashi-Nippon Bank, Ltd.	770
Bangkok Bank Public Co., Ltd	595
Taishin International Bank Co., Ltd.	589
The Saikyo Bank, Ltd.	500

**(10) The Group’s Policy on Dividend Distribution When the Board of Directors Has the Right to Determine the Group’s Distribution of Earnings and Dividends etc. in Accordance With Clause1, Article 459 of the Corporate Law.**

As our dividend policy, we strive to maintain stable dividend payments at a target dividend payout ratio of 30% on a consolidated net income basis; however, taking into consideration the business environment facing the Group, and aiming to stabilize its capital base, the Group has decided to retain earnings for the immediate future.

Based on the abovementioned policy, the Group has decided to make no annual dividend payment for the fiscal year ended March 31, 2009.

The Group will increase its efforts to achieve early improvement of its business performance and to promote transformation of the Group’s business structure in order to fulfill the expectations of its shareholders.

**2. Shares of the Company (as of March 31, 2009)**

- (1) Number of Authorized shares (shares) 384,000,000
- (2) Number of issued shares (shares) 245,894,350  
(Including 6,285,085 shares of treasury stock)
- (3) Number of shareholders at the end of fiscal year (persons) 63,773  
(Decreased 4,319 persons compared with the end of the previous fiscal year)
- (4) Major shareholders holding 10% or more of outstanding shares (exclusive of treasury stock)

There are no major shareholders holding 10% or more of outstanding shares. Our then largest shareholders are as follows.

Name of Shareholder	Shares Held (Thousand shares)
Small and Medium-sized Enterprises Guarantee	19,899
Small and Medium-sized Enterprises Personnel	19,896
Support Organization of Small and Medium-sized Enterprises	19,896
Investment Organization of Small and Medium-sized Enterprises	19,896
Index Holdings	19,500
Nishin Building Ltd.	19,800
Shuho Co., Ltd.	16,314

Deutsche Bank AG London-PB Non-Treaty Clients 613	6,643
Japan Trustee Services Bank, Ltd.	4,968
Kunihiko Sakioka	4,495

### 3. Issuance of Stock Acquisition Rights

#### Important Matters Concerning Issuance of Stock Acquisition Rights

Based on the resolution of the Extraordinary Meeting of Shareholders held on February 18, 2008, stock acquisition rights were issued to TPG Izumi, L.P., TPG Izumi AIV 6, L.P., and TPG Izumi AIV 1, L.P. on February 20, 2008. However, base on amicable termination of the Capital and Business Alliance with TPG agreed on December 24, 2008, such stock acquisition rights were transferred at no charge to the Company and became rights to acquire its own stock.

(Tenth stock acquisition rights of the Company)

* Number of stock acquisition rights	87,500
*Type and number of shares subject to stock acquisition rights (shares)	(common stock) 8,750,000
* Amount to be paid per stock acquisition right	Gratis
*The value of property that will be contributed upon exercise of the stock acquisition rights	¥200 per share

Note: The amount to be paid per share for the shares issued by the Company upon exercise of acquisition rights (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 (*uri-kehaine*) and ask prices (*kai-kehaine*) 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 the terms and conditions of the acquisition rights (*hakkou-youkou*) resolved by the Board of Directors), 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 the terms and conditions of the acquisition rights (*hakkou-youkou*) resolved by the Board of Directors) (rounded down to the nearest first decimal place). The Exercise Price could be adjusted pursuant to the terms and conditions (*hakkou-youkou*) resolved by the Board of Directors).

* Exercise period	From February 20, 2008 to 5pm, February 20, 2015
* Conditions for exercising the acquisition rights	Each acquisition right shall be exercisable only in whole and not in part

### 4. Directors

#### (1) Directors and Statutory Auditors (as of March 31, 2009)

Position in the Company	Name	Assignment in the Company or principal occupation	Representative position in other companies
Chairman, Representative Director	Masayuki Yasuoka		
Vice-Chairman and Representative Director	Kunihiko Sakioka		Chairman and Representative Director of Shuho Co., Ltd.
Director of the Board & Executive Vice-President	Toshioki Otani	Head of Investment Banking, Sales & Marketing	
Director of the Board & Senior Managing Executive Officer	Akihiro Nojiri	Head of Strategy & Operating Control	

Director of the Board & Managing Executive Officer	Katsutoshi Shimizu	Deputy Head of Investment Banking, Sales & Marketing; Real Estate Division Manager; General manager, Real Estate Dept.	President, Representative Director of the Board of Real Estate Organization of SMEs.
Standing Statutory Auditor	Hitoshi Higaki		
Standing Statutory Auditor	Akio Sakioka		President, Representative Director of the Board of Nishin Building Co., Ltd.
Statutory Auditor	Masaaki Uchino	Tax accountant	
Statutory Auditor	Katsuhiko Asada	Certified Public Accountant	

i) Resignations of Directors during fiscal year ended March 31, 2009 are as follows.

Name	Assignment as of the date of resignation	Date of resignation
Yunwei Chen	Senior Executive Director of the Board & Executive Officer	September 11, 2008
Steven Schneider	Director (Outside Director)	December 24, 2008
Jun Tsusaka	Director (Outside Director)	December 24, 2008
Akio Ishida	Director (Outside Director)	December 24, 2008
Nobuhiko Ito	Director (Outside Director)	December 24, 2008
Carlos Aquino	Director (Outside Director)	December 24, 2008
Akihiro Nojiri	Director of the Board & Senior Managing Executive Officer, Head of Strategy & Operating Control	March 31, 2009
Katsutoshi Shimizu	Director of the Board & Managing Executive Officer, Deputy Head of Investment Banking, Sales & Marketing; Real Estate Division Manager; General manager, Real Estate Dept.	March 31, 2009

ii) Outside Director, Daniel Carroll resigned due to his term expiring at the end of the 49<sup>th</sup> Ordinary General Meeting of Shareholders held on June 24, 2008.

iii) Changes in the positions of Directors are as follows.

May 1, 2008

Name	New assignment	Former assignment
Masayuki Yasuoka	Chairman	Director (Outside Director)
Kunihiko Sakioka	President, Representative Director and CEO	Chairman, Representative Director, President and CEO

June 24, 2008

Name	New assignment	Former assignment
Carlos Aquino	Director (Outside Director)	Newly-appointed

September 11, 2008

Name	New assignment	Former assignment
Masayuki Yasuoka	Chairman, Representative Director	Chairman

January 13, 2008

Name	New assignment	Former assignment
Kunihiko Sakioka	Vice-Chairman and Representative Director	President, Representative Director and CEO
Toshioki Otani	Director of the Board & Executive Vice-President	Senior Executive Director of the Board & Executive Officer

Akihiro Nojiri	Director of the Board & Senior Managing Executive Officer	Senior Executive Director of the Board & Executive Officer
Katsutoshi Shimizu	Director of the Board & Managing Executive Officer	Executive Director of the Board & Executive Officer

- iv) Mr. Masaaki Uchino and Mr. Katsuhiko Asada are Outside Statutory Auditors as defined by Item 16, Article 2 of the Corporate Law.
- v) Mr. Masaaki Uchino is a Tax Accountant and is knowledgeable in finance and accounting. Mr. Katsuhiko Asada is a Certified Public Accountant and is knowledgeable in finance and accounting.

**(2) Compensation Paid to Directors and Statutory Auditors**

Position	Number of persons	Amount paid (Millions of yen)	Notes
Director	5	118	
Statutory Auditor	4	42	
Total	9	161	

- Notes: 1. The “Amount paid” includes compensation for Three (3) Directors. Seven (7) of the current Directors (including Outside Directors) do not receive compensation.
2. Compensation of Directors was resolved to be within ¥500 million a year, at the 47th Ordinary General Meeting of Shareholders held on June 24, 2006 (excluding payment for concurrent work as employees).
3. Compensation of Statutory Auditors was resolved to be within ¥150 million a year at the 47<sup>th</sup> Ordinary General Meeting of Shareholders held on June 24, 2008.

**(3) Outside Directors and Outside Auditors****i) Executive Positions in Other Companies**

Position	Name	Other Company	Position at Other Company	Relationship
Outside Statutory Auditor	Katsuhiko Asada	Joint Accounting Firm of Konishi and Asada	Partner	-

**ii) Outside Director/Auditor Position in Other Companies**

Position	Name	Other Company	Position at Other Company
Outside Director	Jun Tsusaka	TOMY Company, Ltd..	Outside Director
Outside Director	Akio Ishida	TOMY Company, Ltd..	Outside Director
Outside Statutory Auditor	Masaaki Uchino	A.C Holding., LTD. IKKO Co., Ltd.	Outside Director Outside Statutory Auditor

**iii) Major Activities of Outside Directors and Auditors**

Classification	Name	Activity
Director	Steven Schneider	Until his resignation on December 24, 2008, had attended about 60% of the meetings of the Board of Directors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, based on his wide-ranging experience and deep knowledge of corporate management, which he obtained mainly through the management of global corporations with various business operations. In addition, Mr. Schneider was also giving advice, etc, on business operations as required, without limiting his activities to meetings of the Board of Directors.
Director	Jun Tsusaka	Until his resignation on December 24, 2008, had attended about 70% of the meetings of the Board of Directors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, based on wide-ranging experience and deep knowledge obtained through operational contributions to various investment companies, mainly based on the management of a global institutional investor. In addition, Mr. Tsusaka was also giving advice, etc, on business operations as required, without limiting his activities to meetings of the Board of Directors.
Director	Akio Ishida	Until his resignation on December 24, 2008, had attended almost all of the meetings of the Board of Directors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, based on wide-ranging experience and deep knowledge obtained through operational contributions to various companies through the management of a global institutional investor. In addition, Mr. Ishida was also giving advice, etc, on business operations as required, without limiting his activities to meetings of the Board of Directors.

Director	Nobuhiko Ito	Until his resignation on December 24, 2008, had attended about 60% of the meetings of the Board of Directors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, based on wide-ranging experience and deep knowledge of corporate management, which he obtained mainly through the management of global corporations with various business operations. In addition, Mr. Ito was also giving advice, etc, on business operations as required, without limiting his activities to meetings of the Board of Directors.
Director	Carlos Aquino	Until his resignation on December 24, 2008, had attended about 80% of the meetings of the Board of Directors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, based on wide-ranging experience and deep knowledge of corporate management, which he obtained mainly through the management of global corporations with various business operations. In addition, Mr. Aquino was also giving advice, etc, on business operations as required, without limiting his activities to meetings of the Board of Directors.
Statutory Auditor	Masaaki Uchino	Attended about 70% of the meetings of the Board of Directors and all of the meetings of the Board of Auditors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, mainly from a specialist perspective as a tax accountant.
Statutory Auditor	Katsuhiko Asada	Attended about 80% of the meetings of the Board of Directors and all of the meetings of the Board of Auditors held during the fiscal year under review, and made necessary remarks on measures and discussions as appropriate, mainly from a specialist perspective as a certified public accountant.

#### (4) Summary of Agreements on Limitation of Liability

The Company revised its Articles of Incorporation at the 43rd Ordinary General Meeting of Shareholders held on June 22, 2002, to limit the liability of Outside Directors and revised the Articles again at the 47th Ordinary General Meeting of Shareholders, held on June 24, 2006, to limit the liability of Outside Statutory Auditors. The outlines of the agreements signed by the Company with all Outside Directors, and with all Outside Statutory Auditors, limiting their liability, are as follows:

- i) Agreement on limiting the liability of Outside Directors  
In relation to the liability set forth in Clause 1, Article 423 of the Corporate Law, the Outside Director is to bear responsibility to the extent of ¥20 million, or the minimum amount as defined by Clause 1, Article 425 of the Corporate Law, whichever is greater, in the event the Director acts in good faith without gross negligence.
- ii) Agreement on limiting the liability of Outside Statutory Auditors  
In relation to the liability set forth in Clause 1, Article 423 of the Corporate Law, the Outside Statutory Auditor is to bear responsibility to the extent of ¥20 million, or the minimum amount as defined by Clause 1, Article 425 of the Corporate Law, whichever is greater, in the event the Auditor acts in good faith without gross negligence.

#### (5) Compensation Paid to Outside Executives

	Number of Persons	Amount of Compensation etc. (Millions of yen)
Outside Statutory Auditors	2	9

### 5. Independent Auditors

#### (1) Name of Independent Auditor Firm Used

BDO Sanyu & Co.

## (2) Compensation for Independent Auditors

Item	Amount (Millions of yen)
i) Amount of compensation	57
ii) Total emolument of cash and other assets to be paid to the public accounting firm used by the Company and its subsidiaries	57

Notes: The Company and some of its subsidiaries in their contracts with the public accounting firm do not distinguish between auditor compensation based on the Corporate Law and auditor compensation based on the Financial Instruments and Exchange Law. Because there can be no de facto distinction of this kind, the amounts in i) and ii) include auditor compensation based on the Financial Instruments and Exchange Law.

## (3) Policy Regarding Termination and Non-reappointment

The Board of Statutory Auditors can terminate an Independent Auditor when all members of the Board agree that the Independent Auditor meets the conditions stated in Clause 1, Article 340 of the Corporate Law. In such a case, a Statutory Auditor elected by the Board is to report the dismissal and reasons for dismissal at the General Meeting of Shareholders following dismissal.

Additionally, when the Board of Statutory Auditors recognizes that it has become difficult for an Independent Auditor to properly discharge its duties, it shall request the Board of Directors to propose the termination of or the decision to not re-appoint the Independent Auditor at the following General Meeting of Shareholders or agree to it if requested by the Board of Directors.

## 6. Summary of Resolution for Improvement of Arrangements to Ensure Proper Execution of Work

### (1) Arrangements to Ensure that Executives and Employees are in Compliance with Laws and Regulations, and the Articles of Incorporation, in the Execution of Their Work

The following improvements are to be made in order to enhance compliance systems:

- i) The Board of Directors will establish “NIS Ethical Standards,” common to both all Directors and all employees of the Group (including executive officers). Along with making efforts to set an example through its leadership, the Board of Directors will publicize this standard thoroughly.
- ii) As the department responsible for compliance, the “Internal Control Dept.”<sup>1</sup> will undertake review and revision of compliance-related rules and manuals, and undertake to inform all Directors and employees thoroughly.
- iii) The “Group Audit Dept.”<sup>2</sup> will undertake a survey of administrative processes in all departments, seeking to discover and prevent any improper condition from occurring.
- iv) A “Compliance Committee”<sup>3</sup> is to be established to examine issues relating to the occurrence of compliance risks, and to discuss measures to prevent such risks as well as action subsequent to their occurrence. The Compliance Committee will routinely respond to inquiries from the Board of Directors and provide statements and recommendations to the Board of Directors on measures related to compliance. The Board of Directors will give its greatest deference to the statements and recommendations of the Compliance Committee and endeavor to implement needed measures.
- v) Minimization of compliance risks that can arise from illegal acts and the like will be sought by an internal reporting system based on the “Rules for Functioning of Internal Reporting System”, and efforts to ensure that the system remains viable and functioning will be made by routinely reviewing these Rules.

<sup>1</sup> The “Internal Control Dept.” was reorganized as of April 1, 2009 and its responsibility has been assumed by the “Compliance Control Department”.

<sup>2</sup> The “Group Audit Dept.” was reorganized as of April 1, 2009 and its responsibility has been assumed by the “Compliance Control Department”. Due to this organizational change, the General Manager of the Group Audit Dept. became a manager of the Compliance Control Department.

<sup>3</sup> The “Compliance Committee” will be rearranged according to the Group’s business structure.

- vi) The “Human Resources Development Dept.”<sup>4</sup> will work with the “Internal Control Dept.”<sup>1</sup> so that compliance matters are well understood by all Directors and employees, and will carry out scheduled training programs.
- vii) Outside Directors are to be appointed as a control function to further enhance the effectiveness of the work of the Board of Directors, on the premise that this will merit the trust of the shareholders.
- viii) All relationships with anti-social forces will be blocked for the sound management of the Company. The “General Affairs Dept.”<sup>4</sup> will create a manual for the handling of anti-social forces and construct a system of alliances with external institutions such as the police.

**(2) Arrangements Related to the Preservation and Control of Information Regarding the Performance of Work by the Directors**

- i) In order to promote management arrangements to protect the confidentiality, completeness and usability of the information assets that the Company owns, and to ensure appropriate information security, the Company will establish an “Information Security Policy”, and along with making efforts to set an example through its leadership, the Board of Directors will publicize this standard thoroughly.
- ii) Appropriate retention and control of information and documents related to the performance of work by the Board of Directors is to be achieved by the “Information Security Policy”, “Document Control Rules”, “Document Control Manual”, “Confidentiality Control Rules”<sup>5</sup> and similar internal rules, to be applied with regards to information and documents the preparation and retention of which are required by laws and regulations as well as information and documents related to important decisions and acts made by the Company.
- iii) Directors and Statutory Auditors are to be able to examine such information on the basis of the “Document Control Manual” and the “Statutory Auditor Standards”.
- iv) These rules can be revised when necessary and are to be coordinated with other internal rules.

**(3) Rules and Arrangements Regarding Risk of Loss**

- i) The “Risk Management Group”<sup>6</sup> will control risk management and manage the risks of the Group overall in cooperation with other related divisions and departments.
- ii) The Board of Directors will receive reports on risk information from all risk supervising divisions and departments through the “Risk Management Group”<sup>6</sup> and handle such risk and implement other necessary measures. In addition, the “Compliance Committee”<sup>3</sup> will provide advice on measures, etc. concerning appropriate risk management to the Board of Directors from the standpoint of an independent institution centered on external knowledgeable persons.
- iii) The types and definitions of risks that may impact upon the management of the Company in the event of realization shall be clarified, and management systems for the regulations, etc. on all risk will be established. Arrangements will be made to enable prompt and appropriate information delivery and handling in the event that a risk is realized. However, revisions of risk types will be carried out as appropriate.
- iv) The “Human Resources Development Dept.”<sup>4</sup> is to work in implementing training programs for all directors and employees, and to promote awareness on the part of each individual of risk management.
- v) Basic Rules for Risk Management and other internal rules will be reviewed and revised with regard to the Company’s dealing with emergence of a risk of considerable loss to the Company. Based on these Rules, an “Action Team” will be formed to report directly to the President and Representative Director<sup>7</sup> when there is a

<sup>3</sup> The “Compliance Committee” will be rearranged according to the Group’s business structure.

<sup>4</sup> The “Human Resources Development Dept.” and “General Affairs Dept.” were recognized into the “Human Resources & General Affairs Dept.” as of January 1, 2009. The “Human Resources & General Affairs Dept.” was then reorganized as of April 1, 2009 and its responsibility adapted to the “Strategic Planning Department”.

<sup>5</sup> In regards to the “Confidentiality Control Rules,” the Company is shifting over developmentally to the “Basic Information Security Regulations,” which were established at the meeting of the Board of Directors held on October 23, 2007, and other information security related regulations associated with the basic regulations.

<sup>6</sup> The “Risk Management Group” was reorganized as of April 1, 2009, and its responsibility has been assumed by the “Compliance Control Department”.

<sup>7</sup> “President and Representative Director” was changed to either “Representative Director” or “President” on January 13, 2009.

need to deal with such a risk.

#### **(4) Arrangements to Ensure that Performance of Duties by the Directors is Efficient**

Arrangements to implement work efficiently based on management policy as decided by the Board of Directors are to be made, and responsibility for implementation and authority are to be clearly defined.

- i) In addition to clarifying the scope of responsibility of each executive officer, in accordance with the “Executive Officer System,” by establishment of an Executive Officers Committee as the entity for dynamic decision-making and for carrying out decisions, the decisions and the performance of work are to be made more efficiently and speedily.
- ii) The Board of Directors is to determine policy for the performance of management, decide on important matters relating to management that are required by laws and regulations, and oversee the status of implementation of work based on that policy and those requirements.
- iii) The Board of Directors is to formulate business plans based on its management policies that take into account trends in the business environment, and each division or department is to develop its own action plan based on those plans.
- iv) Routine performance of work is to be on the basis of the “Job Authority Rules” and the “Work Allocation Rules”, whereby the responsibility and authority of each director or each executive officer is to be clearly defined so that work can be performed efficiently.

#### **(5) Arrangements to Ensure Optimum Performance by the Group**

Improvements are to be made as follows to ensure optimum performance by the Group:

- i) Efforts will be made to ensure the appropriateness of all work taking place within the Group by revising the mission statement, management principles and behavioral guidelines common to the members of the Group as well as the “NIS Ethical Standard” as appropriate and in accordance with necessity, and publicizing the mission statement, management principles, behavioral guidelines, and “NIS Ethical Standard” thoroughly among the whole Group.
- ii) The “Strategic Planning Dept.”<sup>8</sup> will work closely with the “Internal Control Dept.” to harmonize operations of the Group and will work at improving arrangements for control of Group activities on the basis of the “Control Rules for Related Companies” and other internal rules.
- iii) The “Group Audit Dept.”<sup>2</sup> will undertake scheduled audits of the Group (administrative work audit, internal governance audit, etc.) and promote the optimization of administrative work.
- iv) Scheduled “Group Interchange Conferences” will be convened for sharing of information within the Group and unification of Group management policies.
- v) Efforts will be made to ensure there is widespread knowledge concerning the “Internal Reporting System” created for use throughout the Group and to promote its effective use on behalf of compliance.

#### **(6) Personnel Support for the Statutory Auditors When It Is Requested**

Staff dedicated to the support of the work of the Statutory Auditors will be assigned in the event that such staff is requested, and released departments, particularly the “Group Audit Dept.”<sup>2</sup> will also provide support.

#### **(7) Ensuring the Independence of Support Staff of the Statutory Auditors**

- i) When support staff has been provided for the Statutory Auditors, the approval of the Statutory Auditors will be required for re-assignment, performance evaluation and penalties and rewards to the staff.

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<sup>2</sup> The “Group Audit Dept.” was reorganized as of April 1, 2009 and its responsibility has been assumed by the “Compliance Control Department”. Due to this organizational change the General Manager of the Group Audit Dept. became a manager of the Compliance Control Department.

<sup>8</sup> The “Strategic Planning Dept.” was reorganized as of April 1, 2009 and its responsibility has been assumed by the “Strategic Planning Department”.

- ii) When support staff has been provided for the Statutory Auditors, the staff is not required to comply with instructions or orders from Directors, nor are personnel in the “Group Audit Dept.” or related departments who have received instructions from the Statutory Auditors in connection with auditing, required to comply with instructions or orders from Directors or the general manager of the “Group Audit Dept.”<sup>2</sup>

**(8) Arrangements for Reporting by Directors and Staff to the Statutory Auditors, and Other Reporting to the Statutory Auditors**

- i) In accordance with the “Regulations of the Board of Statutory Auditors” and the “Statutory Auditor’s Rules for Audits”, all Directors and staff are to report to and provide information to the Statutory Auditors as requested.
- ii) Major items that would be the subject of such supply of information are as follows:
- Factual instances of violations of laws and regulations; facts that have been discovered to have the potential of causing major damage to the Group
  - Status of establishment of the internal control system, and status of its functioning
  - Business conditions of all members of the Group; status of activities by the Statutory Auditors and the “Group Audit Dept.”<sup>2</sup>
  - Status of functioning of and contents of reports from the internal reporting system
  - Details of business performance and performance forecasts; important disclosure items related to financial statements
  - Important accounting policies of the Company and of the Group; change in accounting standards and the influence thereof
  - Other important matters related to compliance
- iii) The Statutory Auditors can request, when necessary, that Group audit personnel report to them on conditions associated with the internal governance system and the status of audits.

**(9) Arrangements to Ensure Effective Audits by the Statutory Auditors**

The following are to be observed for the sake of effective audits by the Statutory Auditors:

- i) Access to meetings of the Board of Directors and other important meetings is to be assured, and Auditors are to have the right to access important company information, that is based on the “Regulations of the Board of Statutory Auditors” and the “Statutory Auditor’s Rules for Audits”.
- ii) The Company assures that when the Statutory Auditors deem it necessary for performance of their duties that the Board of Statutory Auditors can engage outside specialists such as attorneys and certified public accountants.
- iii) In order that the Statutory Auditors can discharge their audit duties, they are to confer with the independent certified public accountant, Group audit personnel and others, and on that basis are to prepare audits plans.
- iv) All members of the Board of Statutory Auditors or a Statutory Auditor representing the Board are to hold regularly scheduled meetings with Representative Directors of each company of the Group, and in addition to ascertaining the policies of those Representative Directors, are to exchange opinions with them on issues confronted by the companies, risks encountered by the companies, the status of improvement of the environment for audits by the Statutory Auditors, material issues related to audits, and other important matters.
- v) In order to improve the effectiveness of the audits of the Group as a whole, the Statutory Auditors of the companies of the Group shall hold “Group Audit Meetings” on a regular basis as cross-sectional liaison meetings, and share information pertaining to the audit policies of the Group overall, questions at issue and audit work.

**Consolidated Balance Sheet**

(As of March 31, 2009)

	2009
	Amount
	(In millions)
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and deposits	¥ 3,427
Loans receivable	33,447
Receivables from guarantees paid	3,692
Operational investment securities	1,001
Real estate for sale in the real estate business	7,580
Real estate under construction for sale in the real estate business	6,193
Other	4,166
Allowance for loan losses	(7,373)
	<u>52,135</u>
<b>Fixed Assets:</b>	
Tangible fixed assets:	
Buildings and structures	237
Equipment	107
Land	526
	<u>871</u>
Intangible fixed assets:	
Software	60
Other	1
	<u>62</u>
Investment and other assets:	
Investment securities	8,149
Long-term loans	6,781
Bankrupt and delinquent loans receivable	46,955
Other	1,898
Allowance for loan losses	(28,609)
Total investment and other assets	<u>35,175</u>
<b>Total Fixed Assets</b>	<u>36,109</u>
<b>Deferred Assets:</b>	
Deferred bond issuance costs	159
<b>Total Deferred Assets</b>	<u>159</u>
<b>Total Assets</b>	<u>¥88,403</u>

	2009
	Amount
	(In millions)
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Accounts payable	¥ 2
Short-term borrowings	12,700
Current portion of long-term borrowings	13,763
Current portion of bonds	5,000
Obligations under security buy-back agreements	7,200
Accrued income taxes	1,162
Reserve for guarantee losses	2,653
Reserve for losses on relocation of offices	336
Other	2,509
<b>Total Current Liabilities</b>	<b>45,328</b>
<b>Long-term Liabilities:</b>	
Bonds	11,198
Long-term borrowings	1,358
Accrued retirement benefits for directors	27
Reserve for losses on excess interest repayments	11,340
Reserve for losses on businesses of affiliated companies	2,726
Other	405
<b>Total Long-term Liabilities</b>	<b>27,055</b>
<b>Total Liabilities</b>	<b>72,383</b>
<b>NET ASSETS:</b>	
<b>Shareholders' Equity:</b>	
Common stock	26,289
Additional paid-in capital	30,180
Retained earnings (deficit)	(48,711)
Treasury stock	(3,893)
<b>Total Shareholders' Equity</b>	<b>3,864</b>
<b>Valuation and Translation Adjustments:</b>	
Unrealized gains (losses) on investment securities	(148)
Deferred losses (gains) on hedging instruments	783
<b>Total Valuation and Translation Adjustments</b>	<b>634</b>
<b>Minority Interest</b>	<b>11,520</b>
<b>Total Net Assets</b>	<b>16,019</b>
<b>Total Liabilities and Net Assets</b>	<b>¥88,403</b>

Note: The above statement amounts are rounded down to the nearest million yen.

**Consolidated Statement of Operations**  
(For the fiscal year ended March 31, 2009)

	2009
	Amount
	(In millions)
<b>Operating Revenues</b>	¥ 32,170
<b>Operating Expenses</b>	30,755
<b>Net Operating Revenues</b>	1,415
<b>Selling, General and Administrative Expenses</b>	37,744
<b>Operating Losses</b>	(36,328)
<b>Other Income:</b>	
Interest received	400
Dividends received	71
Guarantee fees received	414
Gains on foreign exchange	1,439
Other	137
<b>Total Other Income</b>	2,462
<b>Other Expenses:</b>	
Interest expenses	2,318
Equity in losses on affiliates accounted for under the equity method	1,585
Losses on investment funds	361
Other	280
<b>Total Other Expenses</b>	4,546
<b>Ordinary Losses</b>	(38,412)
<b>Special Gains:</b>	
Gains on sales of fixed assets	3
Gains on sales of investment securities	151
Gains on change in equity interest	132
Gains on retirement of bonds repurchased	7,089
Compensation income	3,192
Other	580
<b>Total Special Gains</b>	11,149
<b>Special Losses:</b>	
Losses on sales of fixed assets	16
Losses on disposal of fixed assets	41
Losses on impairment	2,101
Losses on sales of investment securities	195
Losses on impairment of investment securities	4,346
Losses on sales of investment in affiliated companies	482
Losses on impairment of investment in affiliated companies	1,485
Losses on impairment of other investment in affiliated companies	904
Losses on transfer of receivables from affiliated companies	1,522
Provision for losses on relocation of offices	336
Losses on cancellation of derivative transactions	2,372
Losses on exercise of convertible preferred interest	8,809
Other	634
<b>Total Special Losses</b>	23,249
<b>Losses before Income Taxes and Minority Interest</b>	(50,513)
<b>Income Taxes:</b>	
Current	55
Deferred	2,334
<b>Total Income Taxes</b>	2,390
<b>Minority Interest in Net Income (Losses) of Subsidiaries</b>	(2,098)
<b>Net Losses</b>	¥ (50,805)

Note: The above statement amounts are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Net Assets

(April 1, 2008~ March 31, 2009)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
	(Millions of yen)				
<b>Balance as of March 31, 2008</b>	26,89	30,180	2,080	(3,892)	54,658
Changes in items for the fiscal year ended March 31, 2008:					
Net losses	-	-	(50,805)	-	(50,805)
Purchases of treasury stock	-	-	-	(1)	(1)
Changes in the scope of consolidation	-	-	13	-	13
Net changes in items other than shareholders' equity	-	-	-	-	-
<b>Total changes for the fiscal year ended March 31, 2008</b>	-	-	(50,792)	(1)	(50,793)
<b>Balance as of March 31, 2009</b>	26,289	30,180	(48,711)	(3,893)	3,864

	Valuation and Translation Adjustments						Minority interest	Total net assets
	Unrealized gains (losses) on investment securities	Deferred (losses) gains on hedging instruments	Foreign currency translation adjustments	Total valuation and translation adjustments	Issuance of stock acquisition rights			
	(Millions of yen)							
<b>Balance as of March 31, 2008</b>	73	0	116	189	102	3,814	58,763	
Changes in items for the fiscal year ended March 31, 2008:								
Net losses	-	-	-	-	-	-	(50,805)	
Purchases of treasury stock	-	-	-	-	-	-	(1)	
Changes in the scope of consolidation	-	-	-	-	-	-	13	
Net changes in items other than shareholders' equity	(221)	783	(116)	445	(102)	7,706	8049	
<b>Total changes for the fiscal year ended March 31, 2008</b>	(221)	783	(116)	445	(102)	7,706	(42,74)	
<b>Balance as of March 31, 2009</b>	(148)	783	-	634	-	11,520	16,019	

Notes: 1. The above statement amounts are rounded down to the nearest million yen.

## **I. Going Concern**

Following the fiscal year ended March 31, 2008, the Group continuously recorded material operating losses, ordinary losses and net losses for the fiscal year ended March 31, 2009, reflecting rapid worsening of the business environment surrounding moneylenders, a prolonged period of global financial and capital markets turmoil and a credit crunch, as well as deterioration in the Japanese real estate markets. These conditions raise substantial doubt concerning the Group's ability to continue as a going concern.

In order to resolve this situation, the Group has been developing 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 and is striving to effectively implement such plan. In addition, although loan covenants had been breached due to the downgrading by a credit rating agency and a decrease in net assets, these were settled through full payments and changes in agreements by the end of this 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 operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

### **2. Stabilization of the Group's capital base**

In order to resolve financing difficulties stemming from the recent financial crisis, etc. and to establish a sustainable and stable capital base, the Company entered into an agreement with Chusho-Kigyo Hosho Kiko Co., Ltd., a company providing management, capital and business support to SMEs, with regard to a strategic capital and business alliance. The Company will reinforce relationships with Chusho-Kigyo Hosho Kiko and further implement its management rehabilitation.

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports 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 implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reductions, such as employment transfers, 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 could absorb increases in losses on excess interest repayments and loan losses-related expenses on notes and loans receivable is highly dependent on external factors with uncertainties.

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

## Notes to Consolidated Financial Statements

### II. Significant Items Reflected in the Preparation of the Consolidated Financial Statements

#### 1. Scope of Consolidation

All subsidiaries are consolidated.

- (1) Number of consolidated subsidiaries: 26 Companies
- (2) Names of consolidated subsidiaries: NI Strategic Partners Co., Ltd., Aries Ltd., Stellar Hills TMK, Japan Incubation Fund, CM & N LLC, and 21 other companies
- (3) Three companies, including Japan Incubation Fund and Japan Incubation Fund IV, became consolidated subsidiaries during the fiscal year ended March 31, 2009.
- (4) Nissin Servicer Co., Ltd., NIS Lease Co., Ltd., Bird's Eye Technological Investment Corporation, and Woodnote Corporation were excluded from the scope of consolidation and became affiliates accounted for under the equity method, due to a decrease in the Company's voting rights as a result of sales of its shares in these companies.

In addition, NIS Securities Co., Ltd., NIS Real Estate Co., Ltd., and NIS Construction Co., Ltd. were excluded from the scope of consolidation due to sales of equity shares to outside investors, and 19 companies, including J One Investments Co., Ltd. and Japan Incubation Fund IV, were excluded from the scope of consolidation due to a decrease in the Company's voting rights as a result of sales of its shares in Nissin Servicer.

- (5) NIS Property Co., Ltd. was excluded from the scope of consolidation due to an absorption merger with the Company as the surviving company, and 11 companies, including SC-AM Co., Ltd., were excluded from the scope of consolidation as a result of the completion of liquidation.

#### 2. Application of the Equity Method

The equity method is applied to all affiliates.

- (1) Number of affiliates accounted for under the equity method: 12 Companies
- (2) Names of affiliates accounted for under the equity method: Nissin Servicer Co., Ltd., NIS Lease Co., Ltd., Credit Organization of Small and Medium-sized Enterprises Co., Ltd., Real Estate Organization of Small and Medium-sized Enterprises Co., Ltd., Operation Organization of Small and Medium-sized Enterprises Co., Ltd., Woodnote Corporation, Nippon Real Estate Rating Services Co., Ltd., and five other companies
- (3) Four former consolidated subsidiaries, including Nissin Servicer Co., Ltd., became affiliated accounted for under the equity method due to a decrease in the Company's voting rights as a result of sales of its shares, Real Estate Organization of Small and Medium-sized Enterprises Co., Ltd. became an affiliate accounted for under the equity method due to a purchase of new shares, and three companies, including Operation Organization of Small and Medium-sized Enterprises, became affiliates accounted for under the equity method through new establishment.
- (4) Araigumi Co., Ltd., was excluded from the application of the equity method due to sales of equity shares, six companies, including Nissin Leasing (China) Co., Ltd., were excluded from the application of the equity method due to a decrease in the Company's ownership interest as a result of an exercise of conversion rights by joint investors, and eight companies, including STRATEK K.K., were excluded from the application of equity method due to a decrease in the Company's voting rights as a result of sales of its shares in Nissin Servicer.
- (5) Aprek Co., Ltd. changed its company name to Credit Organization of Small and Medium-sized Enterprises Co., Ltd. on July 1, 2008. In addition, since Credit Organization of Small and Medium-sized Enterprises changed its balance sheet date from March 31 to August 31, the accounting period for the application of the equity method for the fiscal year ended March 31, 2009 was the 11 months from April 1, 2008 to February 28, 2009.

### 3. Balance Sheet Dates of Consolidated Subsidiaries

The balance sheet dates of consolidated subsidiaries which are different from the date of the Group's consolidated balance sheet date are as follows:

Balance Sheet Date	Number of Companies	Balance Sheet Date	Number of Companies
December 31	11 companies	October 31	1 company
February 28	1 company	November 30	1 company
May 31	1 company		
June 30	2 companies		

However, significant transactions that occurred between the dates described above and the consolidated balance sheet date are adjusted.

### 4. Significant Accounting Policies

#### (1) Valuation and Methods for Computation of Assets

##### i) Investment securities

Other securities:

Marketable securities

Market value is determined by the market price at fiscal year-end.

(Marketable securities are carried at market value with unrealized gains and losses. The unrealized gains and losses, net of taxes, are reported as a separate component of "NET ASSETS." Cost of securities sold is computed using the moving average method.)

Non-marketable securities

Cost method, cost being determined by the moving average method.

In addition, with respect to capital contributions to limited partnerships which operate as investment funds or similar organizations, the Group determines the valuation based on the Group's interest in their asset value.

##### ii) Inventories

Real estate for sale and real estate under construction for sale in the real estate business

Cost method (write-downs due to decreased profitability of assets)

#### (2) Depreciation and Amortization of Fixed Assets

##### i) Tangible fixed assets, except leased assets

Tangible fixed assets are amortized using the declining balance method.

However, depreciation of buildings newly acquired on or after April 1, 1998, excluding building improvements, is computed using the straight-line method.

##### ii) Intangible fixed assets, except leased assets

Internal-use software costs are amortized using the straight-line method over five years, which is the estimated useful life.

##### iii) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method.

#### (3) Allowance and Reserve for Losses, and Accrued Expenses

##### i) Allowance for loan losses

Allowance for loan losses is maintained at a level that is adequate to provide for the estimated amount of loan losses. It is calculated by applying a percentage derived from past collection experience with respect to general

loans, and by individually estimating uncollectible amounts with respect to certain doubtful loans.

ii) Reserve for guarantee losses

Reserve for guarantee losses is maintained at a level that is adequate to provide for estimated probable guarantee losses as of the end of the corresponding year.

iii) Reserve for losses on relocation of offices

Reserve for losses on relocation of offices is provided at an amount based on a reasonable estimation for losses on disposal of fixed assets, restoration costs, and other related expenses which would be expected to be incurred for scheduled office relocations.

iv) Reserve for losses on excess interest repayments

Reserve for losses on excess interest repayments is provided, in order to prepare for refund claims from borrowers for repayments of interest in excess of the prescribed rate stipulated by the Interest Rate Restriction Law, at an amount based on a reasonable estimation taking into account past experience and current condition.

In addition, ¥2,109 million was included in "Allowance for loan losses" as of March 31, 2008, in order to prepare for refund claims from borrowers for repayments of interest in excess of the prescribed rate stipulated by the Interest Rate Restriction Law.

v) Accrued retirement benefits for directors

Accrued retirement benefits of the Group's directors are provided at an amount which would have been required if all directors had terminated their services as of the balance sheet date. These amounts are determined in accordance with the Group's internal rules.

vi) Reserve for losses on group businesses

Reserve for losses on group businesses is provided at an amount based on a reasonable estimation in order to prepare for losses on guarantees of loans receivable and indemnification for losses on excess interest repayments of affiliated companies and transferees of loans receivable from such affiliated companies.

**(4) Foreign Currency Translations**

Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate in effect as of the balance sheet date, and differences arising from the translation are included in the statements of operations.

**(5) Hedging Activities**

During the fiscal year ended March 31, 2009, 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 hedge items are recognized.

**(6) Other Significant Accounting Policies for the Preparation of Consolidated Financial Statements**

i) Interest income from notes and loans receivable

Interest income from notes and loans receivable is recognized on an accrual basis.

However, accrued interest income is recognized at the lower of the contractual interest rate or the restricted rate stipulated by the Interest Rate Restriction Law in Japan.

ii) Classification of financial costs

Total assets are classified as operating assets related to integrated financial services and other assets, and financial costs corresponding to such operating assets are treated as "Operating Expenses" and financial costs

corresponding to other assets are treated as “Other Expenses,” in proportion to the balance of each such class of assets.

iii) Accounting treatment of consumption taxes

Consumption taxes are excluded from transaction amounts.

In addition, consumption taxes not subject to the exclusion are treated as expense for the corresponding year.

**5. Evaluation of Assets and Liabilities of Consolidated Subsidiaries**

The fair market value method is used to reflect the acquisitions of consolidated subsidiaries.

**6. Amortization of Goodwill**

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

**7. Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements**

**(1) Changes in Accounting Treatments**

(Changes in Accounting Treatment for Classification of Financial Costs into Operating Expenses and Other Expenses)

For the Company and consolidated subsidiaries which operate in integrated financial services, financial costs of 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 fiscal year ended March 31, 2009, the Group changed its accounting treatment as follows: total assets are classified as operating assets related to integrated financial services and other assets, and financial costs corresponding to such operating assets are treated as “Operating Expenses” and financial costs corresponding to other assets are treated as “Other Expenses” in proportion to the balance of each such class of assets.

Due to the recent trend of decreasing operating assets in integrated financial services such as loans receivable, the increase in the proportion of funds procured by the Company in respect of integrated financial services and invested indirectly in operating assets in the servicing business and the real estate business through loans to affiliated companies has become prominent. This trend is expected to continue, reflecting the decision of the Company’s management to reform and enhance businesses for earning fee income. Therefore this change in accounting treatment was made in order to present a multiple-step statement of income more appropriately matching expenses with related revenues.

As a result of this change, compared with the results under the previous treatment, “Operating Expenses” decreased by ¥1,413 million, “Net Operating Revenues” increased by the same amount, “Operating Losses” decreased by the same amount, and “Other Expenses” increased by the same amount for the fiscal year ended March 31, 2009. However, there was no effect on “Ordinary Losses” and “Losses before Income Taxes and Minority Interest.”

(Accounting Standard for Leases)

Finance leases, except for which the ownership of the leased assets is transferred to the lessee, had been previously accounted for in the same manner as operating leases. However, beginning from the fiscal year ending March 31, 2009, the Group adopted Accounting Standard Board Statement (“ASB Statement”) No. 13 “Accounting Standard for Leases,” amended on March 30, 2007 (issued by the First Division of Financial Services Agency’s Business Accounting Council on June 17, 1993) and Accounting Standard Board Guidance (“ASB Guidance”) No. 16 “Guidance on Accounting Standard for Leases,” amended on March 30, 2007 (issued by the Japanese institute of Certified Public Accountants (“JICPA”) Accounting Committee on January 18, 1994). Thus, finance leases, except for which the ownership of the leased assets is transferred to the lessee, are accounted for in the same manner as capital leases.

In addition, finance leases, except for which the ownership of the leased assets is transferred to the lessee, with which the start date of lease contract is before April 1, 2008, are accounted for in the same manner as operating leases.

This adoption had no impact on profit and loss for the fiscal year ended March 31, 2009.

**(2) Changes in Presentation**

(Consolidated Balance Sheet)

- i) With respect to “Notes and loans receivable,” which had been presented as a separate item for the fiscal year ended March 31, 2008, “Loans receivable” is presented separately and “Notes receivable” is included in “Other” in “Current Assets” beginning from the fiscal year ended March 31, 2009, because the amount of “Notes receivable” became insignificant for financial reporting purposes. The amount of “Notes receivable” as of March 31, 2009 is ¥0 million, and the amounts of “Notes receivable” and “Loans receivable” for the fiscal year ended March 31, 2008 are ¥51 million and ¥124,494 million, respectively.
- ii) “Receivables from guarantees paid,” which had been included in “Other” in “Current Assets” for the year ended March 31, 2008, is presented as a separate item beginning from the year ended March 31, 2009, as the amount became significant for financial reporting purpose. The amount of “Receivables from guarantees paid” as of March 31, 2008 is ¥2,043 million.
- iii) “Operational investment securities,” which had been included in “Other” in “Current Assets” for the year ended March 31, 2008, is presented as a separate item beginning from the fiscal year ended March 31, 2009, as the amount became significant for financial reporting purpose. The amount of “Operational investment securities” as of March 31, 2008 is ¥2,292 million.
- iv) “Purchased loans receivable,” which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Other” in “Current Assets” beginning from the fiscal year ended March 31, 2009, as the amount became insignificant for financial purpose. The amount of “Purchased loans receivable” as of March 31, 2009 is ¥26 million.
- v) In accordance with the adoption of Cabinet Office Ordinance regarding the Amendment of the Regulations concerning Terminology, Format and Preparation Method of Financial Statements (Cabinet Ordinance No. 50, August 7, 2008), “Real estate for sale and real estate under construction for sale in the real estate business” is presented as separate items into “Real estate for sale in the real estate business” and “Real estate under construction for sale in the real estate business” beginning from the fiscal year ended March 31, 2009. The amounts of “Real estate for sale in the real estate business” and “Real estate under construction for sale in the real estate business” as of March 31, 2008 are ¥15,902 million and ¥9,910 million, respectively.
- vi) “Long-term loans,” which had been included in “Other” in “Investment and other assets” for the fiscal year ended March 31, 2008, is presented as a separate item beginning from the fiscal year ended March 31, 2009, as the amount became significant for financial reporting purpose. The amount of “Long-term loans” as of March 31, 2008 is ¥701 million.

(Consolidated Statement of Operations)

- i) “Interest and dividends received” is presented as separate items into “Interest received” and “Dividends received” beginning from the fiscal year ended March 31, 2009 in order to improve comparability of consolidated financial statements. The amounts of “Interest received” and “Dividends received” for the fiscal year ended March 31, 2008 are ¥28 million and ¥98 million, respectively.
- ii) “Interest income from securities,” which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Interest received” beginning from the fiscal year ended March 31, 2009 in order to improve comparability of consolidated financial statements. The amount of “Interest income from securities” for the fiscal year ended March 31, 2009 is ¥7 million.
- iii) “Stock issuance-related costs,” which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Other” in “Other Expenses” beginning from the fiscal year ended March 31, 2009, as the amount became insignificant for the financial reporting purpose. The amount of “Stock issuance-related costs” for the fiscal year ended March 31, 2009 is ¥8 million.
- iv) “Loan borrowing costs,” which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Other” in “Other Expenses” beginning from the fiscal year ended March 31, 2009, as the amount became insignificant for financial reporting purpose. The amount of “Loan borrowing costs” for the fiscal year

ended March 31, 2009 is ¥19 million.

### III. Notes to the Consolidated Balance Sheet

	(Millions of yen)
<b>1. Accumulative depreciation of tangible fixed assets</b>	357
<b>2. Assets pledged and collateralized borrowings</b>	
<b>(1) Assets pledged as collateral:</b>	
Cash and deposits	851
Loans Receivable	13,444
Real estate for sale in the real estate business	5,020
Investment Securities	1,850
Long-term loans	6,650
Bankrupt and delinquent loans receivable	395
<b>(2) Corresponding borrowings secured by the above collateral:</b>	
Short-term borrowings	12,200
Current portion of long-term borrowings	7,119
Long-term borrowings	763

In the table presented above, ¥402 million in real estate for sale and ¥1,850 million in investment securities are pledged as general security for borrowings, guarantees, and business alliances.

¥2,000 million in special bonds issued by consolidated subsidiaries and held by the Group offset for consolidation, is pledged as security.

Other than the assets presented above, ¥806 million in loans receivable, ¥2,298 million in real estate for sale, ¥190 million in securities, and ¥18 million in bankrupt and delinquent loans receivable are pledged as security for borrowings by group companies.

The Company has undertaken financing by transferring special bonds issued by consolidated subsidiaries and held by the Group to third parties, and pledging capital contributions in investment partnership as security. The transfer agreement contains a repurchase provision and due to the expected repurchase of the special bonds in the short-term, this amount is treated as a financial transaction and the transferred amount is recognized as an obligation under an investment securities buy-back agreement. Further, both special bonds and capital contributions in investment partnerships are subject to elimination for consolidation, with the amount of offset totaling ¥7,200 million for special bonds and ¥805 million for capital contributions in investment partnerships.

### 3. Commitments and contingencies

<b>(1) Guarantee liabilities concerning guarantee business</b>	¥20,647 million
<b>(2) Guarantees for receivables held by affiliated companies</b>	¥966 million
<b>(3) Guarantees for borrowings of affiliated companies</b>	¥16,559million

In addition to the above, the Company has to indemnify Small and Medium-sized Enterprises Guarantee for a period of five years from March 3, 2008, for losses that Small and Medium-sized Enterprises incurs due to claims for excess interest repayments raised by customers to whom Small and Medium-sized Enterprises lent money on or before March 3, 2008. Although it is difficult to estimate the amount of the liability, the Company estimates the loss as being ¥1,063 million and has included this amount in the “reserve for losses on group business” as of the end of this fiscal year.

### IV. Notes to the Consolidated Statement of Changes in Net Assets

#### 1. Changes in the number of outstanding shares for the fiscal year ended March 31, 2009 are as follows:

(Thousands of shares)

Type of Share	As of the End of the Previous Fiscal Year	Increase	Decrease	As of the End of the Fiscal Year
Common Stock	245,894	-	-	245,894

2. **The type and number of shares to be issued from stock acquisition rights valid at the end of the current fiscal period (i.e., excluding those for which the first day of the period for exercise of the rights has not yet arrived) are as follows.**

Common Stock: 8,750,000

All rights are for acquisition of the Company's stock.

**V. Per-Share Information**

- |                         |         |
|-------------------------|---------|
| 1. Net assets per share | ¥18.78  |
| 2. Net income per share | ¥212.03 |

**Non-Consolidated Balance Sheet**  
(As of March 31, 2009)

	2009
	Amount
	(In millions)
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and deposits	¥ 2,632
Notes receivable	0
Loans receivable	33,847
Receivables from guarantees paid	3,692
Other receivables	276
Operational investment securities	13,314
Real estate for sale in the real estate business	2,645
Prepaid expenses	912
Accrued income	443
Loans to affiliated companies	1,700
Other	647
Allowance for loan losses	(10,425)
<b>Total Current Assets</b>	<b>49,687</b>
<b>Fixed Assets:</b>	
Tangible fixed assets:	
Buildings	90
Equipment	103
<b>Total tangible fixed assets</b>	<b>194</b>
Intangible fixed assets:	
Software	60
<b>Total intangible fixed assets</b>	<b>60</b>
Investments and other assets:	
Investment securities	7,553
Investment in affiliated companies	1,155
Other investment in affiliated companies	13,408
Capital contributions	7
Long-term loans	6,650
Loans to employees	121
Loans to affiliated companies	2,075
Bankrupt and delinquent loans receivable	46,955
Long-term prepaid expenses	592
Other	1,465
Allowance for loan losses	(30,133)
<b>Total investments and other assets</b>	<b>49,851</b>
<b>Total Fixed Assets</b>	<b>50,106</b>
<b>Deferred Assets:</b>	
Deferred bond issuance costs	159
<b>Total Deferred Assets</b>	<b>159</b>
<b>Total Assets</b>	<b>¥99,952</b>

	2009
	Amount
	(In millions)
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Short-term borrowings	¥ 12,700
Current portion of long-term borrowings	9,390
Current portion of bonds	5,000
Obligation under security buy-back agreements	9,460
Obligation under receivable buy-back agreements	5,940
Other payable	1,263
Accrued expenses	372
Accrued income taxes	1,160
Deferred tax liabilities	167
Deposits received	214
Unearned income	32
Reserve for guarantee losses	2,653
Reserve for losses on relocation of offices	336
Other	67
<b>Total Current Liabilities</b>	<b>48,759</b>
<b>Long-term Liabilities:</b>	
Bonds	11,198
Long-term borrowings	984
Obligation under receivable buy-back agreement	19,267
Accrued retirement benefits for directors	27
Reserve for losses on excess interest repayments	11,340
Reserve for losses on businesses of affiliated companies	2,726
Deferred tax liabilities	366
Other	39
<b>Total Long-term Liabilities</b>	<b>45,948</b>
<b>Total Liabilities</b>	<b>94,707</b>
<b>NET ASSETS:</b>	
<b>Shareholders' Equity:</b>	
Common stock	26,289
Additional paid-in capital:	
General	28,586
Other	1,593
Total paid-in capital	30,180
Retained earnings (deficits):	
Legal reserve	400
Other:	
Dividend reserves	1,000
Special reserve	41,300
Unappropriated retained earnings (deficits)	(90,664)
Total other retained earnings (deficits)	(48,364)
Total Retained earnings (deficits):	(47,963)
Treasury stock	(3,893)
<b>Total Shareholders' Equity</b>	<b>4,612</b>
<b>Valuation and Translation Adjustments:</b>	
Unrealized (gains) losses on investment securities	(151)
Deferred losses on hedging instruments	783
<b>Total Valuation and Translation Adjustments</b>	<b>632</b>
<b>Total Net Assets</b>	<b>5,244</b>
<b>Total Liabilities and Net Assets</b>	<b>¥99,952</b>

Note: The above statement amounts are rounded to the nearest million yen.

**Non-consolidated Statement of operation**

(April 1, 2008~March 31, 2009)

	2009
	Amount
	(In millions)
<b>Operating Revenues:</b>	
Interest income from notes and loans receivable	¥6,817
Other financial income	842
Sales from the real estate business	5,003
Other	3,582
<b>Total Operating Revenues</b>	<b>16,246</b>
<b>Operating Expenses:</b>	
Financial costs	2,575
Costs of sales from the real estate business	9,853
Other	482
<b>Total Operating Expenses</b>	<b>12,910</b>
<b>Net Operating Revenues</b>	<b>3,335</b>
<b>Selling, General and Administrative Expenses</b>	
<b>Total Selling, General and Administrative Expenses</b>	<b>35,498</b>
<b>Operating Losses</b>	<b>(32,162)</b>
<b>Other Income:</b>	
Interest received	1,537
Interest income from securities	7
Dividends received	70
Guarantee fees received from affiliated companies	416
Gains on foreign exchange	1,439
Other	213
<b>Total Other Income</b>	<b>3,684</b>
<b>Other Expenses:</b>	
Interest expense	840
Interest on bonds	472
Amortization of bond issuance costs	30
Losses on investment funds	472
Other	125
<b>Total Other expenses</b>	<b>1,942</b>
<b>Ordinary Losses</b>	<b>(30,419)</b>

	2009
	Amount
	(In millions)
<b>(Continued)</b>	
<b>Special Gains:</b>	
Gains on sales of fixed assets	3
Gains on sales of investment securities	149
Gains on sales of investment in affiliated companies	232
Gains on retirement of bonds repurchased	7,089
Compensation income	3,192
Other	502
<b>Total Special Gains</b>	<b>11,169</b>
<b>Special Losses:</b>	
Losses on sales of fixed assets	16
Losses on disposal of fixed assets	25
Losses on impairment	1,026
Losses on sales of investment securities	85
Impairment of investment securities	3,133
Losses on sales of investment in affiliated companies	1,775
Losses on Impairment of investment in affiliated companies	2,526
Losses on sales of other investment in affiliated companies	394
Losses on Impairment of other investment in affiliated companies	2,303
Losses on transfer of receivable from affiliated companies	1,497
Provision for losses on affiliated companies	1,104
Provision for losses on relocation of offices	336
Losses on cancellation of derivative transactions	2,372
Losses on exercise of convertible preferred interest	9,403
Adjustment to estimated excess interest repayment-related costs	660
<b>Total Special Losses</b>	<b>26,663</b>
<b>Losses before Income Taxes and Minority Interest</b>	<b>(45,913)</b>
<b>Income Taxes:</b>	
Current	18
Deferred	492
<b>Total Income Taxes</b>	<b>510</b>
<b>Net Losses</b>	<b>¥(46,424)</b>

Note: The above statement amounts are rounded to the nearest million yen.

**Non-consolidated Statement of Changes in Net Assets**

(April 1, 2008 ~ March 31, 2009)

	Shareholders' Equity			
	Common stock	Additional Paid-in Capital		
		General	Other	Total additional paid-in capital
	(Millions of yen )			
<b>Balance as of March 31, 2008</b>	26,289	28,586	1,593	30,081
Changes of items for the fiscal year ended March 31, 2009:				
Net losses	-	-	-	-
Purchases of treasury stock	-	-	-	-
Net changes in items other than shareholders'	-	-	-	-
Total changes for the fiscal year ended March 31,	-	-	-	-
<b>Balance as of March 31, 2009</b>	26,289	28,586	1,593	30,180

	Shareholders' Equity							
	Retained earnings (deficits)				Inappropriate retained earnings (deficits)	Total retained earnings (deficits)	Treasury stock	Total shareholders' equity
	Other							
	Legal reserve	Reserve for dividends	Special reserve					
	(Millions of yen )							
<b>Balance as of March 31, 2008</b>	400	1,000	41,300	(44,240)	(1,593)	(3,892)	51,038	
Changes of items for the fiscal year ended March 31, 2009:								
Net losses	-	-	-	(46,424)	(46,424)	-	(46,424)	
Purchases of treasury stock	-	-	-	-	-	(1)	(1)	
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	
Total changes for the fiscal year ended March 31, 2009	-	-	-	(46,424)	(46,424)	(1)	(46,425)	
<b>Balance as of March 31, 2009</b>	400	1,000	41,300	(90,664)	(47,963)	(3,893)	4,612	

	Valuation and Translation Adjustments			
	Unrealized gains (losses) on investment securities	Deferred losses on hedge instruments	Total valuation and translation adjustments	Total net assets
	(Millions of yen )			
<b>Balance as of March 31, 2008</b>	109	-	109	51,148
Changes of items for the fiscal year ended March 31, 2009:				
Net losses	-	-	-	(46,424)
Purchases of treasury stock	-	-	-	(1)
Net changes of items other than shareholders' equity	(261)	783	522	522
Total changes for the fiscal year ended March 31, 2009	(261)	783	522	(45,903)
<b>Balance as of March 31, 2009</b>	(151)	783	632	5,244

Note: The above statement amounts are rounded down to the nearest million yen.

## **I. Going Concern**

Following the fiscal year ended March 31, 2008, the Group continuously recorded material operating losses, ordinary losses and net losses for the fiscal year ended March 31, 2009, reflecting rapid worsening of the business environment surrounding moneylenders, a prolonged period of global financial and capital markets turmoil and a credit crunch, as well as deterioration in the Japanese real estate markets. These conditions raise substantial doubt concerning the Group's ability to continue as a going concern.

In order to resolve this situation, the Group has been developing 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 and is striving to effectively implement such plan. In addition, although loan covenants had been breached due to the downgrading by a credit rating agency and a decrease in net assets, these were settled through full payments and changes in agreements by the end of this 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 operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

### **2. Stabilization of the Group's capital base**

In order to resolve financing difficulties stemming from the recent financial crisis, etc. and to establish a sustainable and stable capital base, the Company entered into an agreement with Chusho-Kigyō Hosho Kiko Co., Ltd., a company providing management, capital and business support to SMEs, with regard to a strategic capital and business alliance. The Company will reinforce relationships with Chusho-Kigyō Hosho Kiko and further implement its management rehabilitation.

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyō Hosho Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports 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 implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reduction, such as employment transfer, relocation of headquarter, and outsource of its operation.

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 losses-related expenses on notes and loans receivable is highly dependent on external factors with uncertainties.

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

## **II. Significant Accounting Policies**

### **1. Valuation and Computation of Securities**

#### **1) Securities of Subsidiaries and Affiliated Companies:**

Cost method.

#### **2) Other Securities:**

Marketable securities

Market value is determined by the market price at fiscal year-end.

(Marketable securities are carried at market value with unrealized gains and losses. The unrealized gains and losses, net of taxes, are reported as a separate component of "NET ASSETS." Cost of securities sold is computed using the moving average method.)

Non-marketable securities

Cost method, cost being determined by the moving average method.

In addition, with respect to capital contributions to limited partnerships which operate as investment funds or similar organizations, the Company determines the valuation based on the Company's interests in asset value.

### **2. Inventories:**

Real estate for sale in the real estate business

Cost methods (write-downs due to decreased profitability of assets)

### **3. Depreciation and Amortization of Fixed Assets**

#### **1) Tangible Fixed Assets, Except Lease Assets**

Tangible fixed assets are amortized using the declining balance method.

However, depreciation of buildings newly acquired after April 1, 1998, excluding building improvements, is computed using the straight-line method.

#### **2) Intangible Fixed Assets, Except Lease Assts**

Internal-use software costs are amortized using the straight-line method over 5 years, which is the estimated useful life.

#### **3) Long-Term Prepaid Expenses**

Long-term prepaid expenses are amortized using the straight-line method.

### **4. Allowance for Loan Losses and Accrued Expenses**

#### **1) Allowance for loan losses**

Allowance for loan losses is maintained at a level that, is adequate to provide for the amount of loan losses. It is calculated by applying a percentage derived from past collection experience to general loans, and by individually estimating uncollectible amounts with respect to certain doubtful loans.

#### **2) Reserve for Guarantee Losses**

Reserve for guarantee losses is maintained at a level that is adequate to provide for estimated probable guarantee losses as of the end of corresponding year.

#### **3) Reserve for Losses on Relocation of Offices**

Reserve for losses on relocation of offices is provided at an amount based on a reasonable estimation for losses on disposal of fixed assets, restoration costs, and other related expenses which would be expected to be incurred for scheduled office relocations.

#### **4) Reserve for Losses on Excess Interest Repayments**

Reserve for losses on excess interest repayments is provided, in order to prepare for refund claims from borrowers for repayment of interest in excess of the prescribed rate stipulated by the Interest Rate Restriction Law, at an amount based on a reasonable estimation taking into account past experience and current conditions.

In addition, ¥2,109 million is included in allowance for loan losses as of March 31, 2009, in order to prepare for refund claims from borrowers for repayments of interest in excess of the prescribed rate stipulated by the Interest Rate Restriction Law.

**5) Accrued Retirement Benefits for Directors**

Accrued retirement benefits of the Group's Directors are provided at the amount which would have been required if all Directors had terminated their services as of balance sheet date. These amounts are determined in accordance with the Group's internal rules.

**6) Reserve for Losses on Group Businesses**

Reserve for losses on group businesses is provided at an amount based on a reasonable estimation in order to prepare for losses on guarantees of loans receivable and indemnification for losses on excess interest repayments of affiliated companies and transferees of loans receivable from such affiliated companies.

**5. Other Significant Accounting Policies for the Preparation of Financial Statements**

**1) Interest Income from Notes and Loans Receivable**

Interest income from notes and loans receivable is recognized on an accrual basis.

However, accrued interest income is recognized at the lower of the contractual interest rate or the restricted rate stipulated by the Interest Rate Restriction Law in Japan.

**2) Classifications of Financial Costs**

Total assts are classified as operating assts related to integrated financial services and other assts, and financial costs corresponding to such operating assts are treated as "Operating Expenses" and financial costs corresponding to other assets are treated as "Other Expenses," in proportion to the balance of each such class of assts.

**3) Accounting for Deferred Assts**

Deferred bond issuance costs are amortized equally by the amortization period

**4) Accounting for Hedging Activities**

During the fiscal year ended March 31, 2009, 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 hedge items are recognized.

**5) Accounting Treatment of Consumption Taxes**

Consumption taxes are excluded from transaction amounts.

Consumption taxes not subject to the exclusion are treated as expense for the corresponding period.

**6. Changes in Accounting Treatments**

(Changes in Accounting Treatment for Classification of Financial Costs into Operating Expenses and Other Expenses)

For the Company and consolidated subsidiaries which operate in integrated financial services, financial costs of 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 fiscal year ended March 31, 2009, the Group changed its accounting treatment as follows: total assets are classified as operating assets related to integrated financial services and other assets, and financial costs corresponding to such operating assets are treated as "Operating Expenses" and financial costs corresponding to other assets are treated as "Other Expenses" in proportion to the balance of each such class of assets.

Due to the recent trend of decreasing operating assets in integrated financial services such as loans receivable, the increase in the proportion of funds procured by the Company in respect of integrated financial services and invested indirectly in operating assets in the servicing business and the real estate business through loans to affiliated companies has become prominent. This trend is expected to continue, reflecting the decision of the Company's management to reform and enhance businesses for earning fee income. Therefore this change in accounting treatment was made in order to present a multiple-step statement of income more appropriately matching expenses with related revenues.

As a result of this change, compared with the results under the previous treatment, "Operating Expenses" decreased by ¥1,343 million, "Net Operating Revenues" increased by the same amount, "Operating Losses" decreased by the same amount, and "Other Expenses" increased by the same amount for the fiscal year ended March 31, 2009. However, there was no effect on "Ordinary Losses" and "Losses before Income Taxes and Minority Interest."

(Accounting Standard for Leases)

Finance leases, except for which the ownership of the leased assets is transferred to the lessee, had been previously accounted for in the same manner as operating leases. However, beginning from the year ending March 31, 2009, the Group adopted Accounting Standard Board Statement (“ASB Statement”) No. 13 “Accounting Standard for Leases,” amended on March 30, 2007 (issued by the First Division of Financial Services Agency’s Business Accounting Council on June 17, 1993) and Accounting Standard Board Guidance (“ASB Guidance”) No. 16 “Guidance on Accounting Standard for Leases,” amended on March 30, 2007 (issued by the Japanese institute of Certified Public Accountants (“JICPA”) Accounting Committee on January 18, 1994). Thus, finance leases, except for which the ownership of the leased assets is transferred to the lessee, are accounted for in the same manner as capital leases.

In addition, finance leases, except for which the ownership of the leased assets is transferred to the lessee, with which the start date of lease contract is before April 1, 2008, are accounted for in the same manner as operating leases.

This adoption had no impact on profit and loss for the year ended March 31, 2009.

## **7. Changes in Presentation** (Balance Sheets)

- 1) “Interest receivable,” (¥180 million as of the fiscal year ending March 31, 2009), which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Accrued income” for the fiscal year ended March 31, 2009, because the amount of “Interest receivable” became insignificant for financial reporting purposes, and in order to improve the comparability of the financial statements.
- 2) “Security deposits,” (¥497 million as of the fiscal year ending March 31, 2009) and “Long-term receivables” (¥341 million as of the fiscal year ending March 31, 2009), which had been presented as separate items for the fiscal year ended March 31, 2008 have been included in “Other” in “Investments and other assets” for the fiscal year ended March 31, 2009.

(Consolidated Statement of Operations)

- 1) “Interest income from loans to affiliated companies” (¥1,448 millions for the fiscal year ending March 31, 2009) which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Interest received” for the fiscal year ended March 31, 2009 in order to improve the comparability of the financial statements.
- 2) “Dividends received from affiliated companies,” (¥163 millions for the fiscal year ending March 31, 2009) which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Guarantee fees received from affiliated companies” for the fiscal year ended March 31, 2009 in order to improve the comparability of consolidated financial statements.
- 3) “Rental revenues from subsidiaries,” (¥115 millions for the fiscal year ending March 31, 2009) which had been presented as a separate item for the fiscal year ended March 31, 2008, is included in “Other” in “Other income” for the fiscal year ended March 31, 2009 because the amount of “Rental revenues from subsidiaries” became insignificant for financial reporting purposes.
- 4) “Stock issuance-related fee,” (¥0 million for the fiscal year ending March 31, 2009) and “Rental costs for subsidiaries” (¥118 million for the fiscal year ending March 31, 2009) which had been presented as a separate items for the fiscal year ended March 31, 2008, are included in “Other” in “Other expense” for the fiscal year ended March 31, 2009 because the amount of “Stock issuance-related fee” and “Rental revenues from subsidiaries” became insignificant for financial reporting purposes.

### III. Notes to the Non-Consolidated Balance Sheet

#### 1. Assets Pledged And Corresponding Borrowings

(Millions of yen)

##### 1) Assets Pledged as Collateral:

Cash and deposits	851
Loans receivable	13,444
Operational investment securities	2,000
Real estate for sale in the real estate business	1,322
Investment securities	1,850
Other investment in affiliated companies	805
Long-term loans	6,650
Bankrupt and delinquent loans receivable	395

##### 2) Corresponding borrowings secured by the above collateral:

Short-term borrowings	11,000
Current portion of long-term borrowings	5,894
Long-term borrowings	389

In the table presented above, ¥402 million in real estate for sale and ¥1,850 million in investment securities are pledged as general security for borrowings, guarantees, and business alliances.

Other than the assets above, ¥806 million in loans receivable, ¥1,061 million in real estate for sale, ¥273 million from investment in group companies, and ¥18 million in bankrupt and delinquent loans receivable are pledged as security for borrowings by group companies.

The Company has undertaken financing by transferring ¥6,877 million in loans receivable, ¥2,260 million in investment securities, and ¥28,821 million in bankrupt and delinquent loans receivable to consolidated subsidiaries, and ¥7,200 million in operational investment securities to a third party, but due to the transfer agreement's repurchase provision and due to its expected repurchase of such securities in the short-term, this amount is treated as a financial transaction and the transferred amount is recognized as an obligation under an investment securities buy-back agreement or obligation under a receivable buy-back agreement.

With receipt of ¥1,562 million in real estate for sale as a provision of security from consolidated subsidiaries, the Company financed ¥1,200 million in short-term borrowings.

#### 2. Accumulative Depreciation of Tangible Fixed Assets

¥283 million

#### 3. Commitments and Contingencies

1) Guarantees Liabilities Concerning Guarantee Business	¥20,647 million
2) Guarantees for Receivables Held by Affiliated Companies	¥966 million
3) Guarantees for Borrowing of Affiliated Companies	¥16,559 million

In addition to the above, the Company has to indemnify Small and Medium-sized Enterprises Guarantee for a period of five years from March 3, 2008, for losses that Small and Medium-sized Enterprises incurs due to claims for excess interest repayments raised by customers to whom Small and Medium-sized Enterprises lent money on or before March 3, 2008. Although it is difficult to estimate the amount of the liability, the Company estimates the loss as being ¥1,063 million and has included this amount in the "reserve for losses on group business" as of the end of this fiscal year.

#### 4. Receivables from Affiliated Companies (except for those disclose separately)

¥10,293 million

#### 5. Borrowings to Affiliated Companies

¥30,950 million

#### IV. Notes to the Non-Consolidated Statements of Operation

##### 1. Transactions with Affiliated Companies (except for those disclose separately)

1) Business transactions	¥1,543 million
2) Other transactions	¥1,783 million

#### V. Notes to the Non-Consolidated Statement of Changes in Net Assets

The Type and Numbers of treasury stock as of the End of the Fiscal Year Ended March 31, 2009 are as follows:  
Common shares 6,285,085 shares

#### VI. Notes to Deferred Income Taxes

Significant components of deferred tax assets and liabilities  
(Millions of yen)

Deferred tax assets	
Loan losses	195
Provision for loan losses	14,413
Provision for guarantee losses	1,074
Provision for losses on excess interest repayments	4,592
Provision for losses on affiliated companies	1,104
Impairment of investment securities	1,291
Impairment of losses real estate for sales in real estate business	316
Losses carried forward	16,886
Other	905
Valuation allowance	(40,780)
Total deferred tax assets	-
Deferred tax liabilities	
Deferred gains on hedging instruments	533
Total deferred tax liabilities	533
Total deferred tax assets	533

#### VII. Notes to Fixed Assets Used under Leases

Other than the equipment recorded as fixed assets, the Group uses a part of its office equipments under finance leases, which does not transfer the ownership to the lessee.

1. Acquisition cost equivalent, accumulated amortization equivalent, accumulated losses on impairment equivalent and book value as of March 31, 2009 are as follows:

(Millions of yen)

	Acquisition costs equivalent	Accumulated amortization equivalent	Accumulated losses on impairment equivalent	Book value equivalent
Equipment:	509	372	100	37
Software	84	81	2	-
Total	593	453	103	37

2. The amounts of outstanding future minimum lease payments as of March 31, 2009 are as follows:

(Millions of yen)

Due within one year	82
Due after one year	61
Total	114
Outstanding impairment of lease assets	106

3. Lease payments, reversal of outstanding impairment of lease assts, amortization expense equivalent, and interest expense equivalent, for the fiscal year ended March 31, 2009 are as follows:

(Millions of yen)

Lease payments	201
Reversal of outstanding impairment of lease assts	-
Amortization expense equivalent	192
Interest expense equivalent	5
Losses on impairment	106

4. Method used to calculate amortization expense equivalent

Amortization expense equivalent is calculated by using the straight-line method over the respective lease terms with no residual value.

5. Method used to calculate interest expense equivalent

Interest expense equivalent of a lease obligation is calculated as the difference between the total lease payments and the acquisition cost equivalent of the leased property, with the amount allocated to each relevant accounting period using the interest method.

## VIII. Notes to Transactions with Related Parties

1. Subsidiaries and related companies

Attribution	Name of company	Location	Capital or amount of capital injected	Business category	Ownership of voting rights (%)	Business relationship	Name of transaction	Amount of transaction	Item in financial statements	Balance as of March 31, 2009
Subsidiary	NI Strategic Partners Co., Ltd.	Shinjyuku, Tokyo	22	Investment, Advisory business	Ownership share (direct) 100.0%	Concurrent directors: 2 Borrowing of business funds, etc. Supply of long term loan as collateral for bank loan(s) (Note 1) Guarantees on borrowing	Borrowing of Business Fund,	3,150	Short-term borrowing	3,150
							Paying interest	8		-
							Supply of long term loan as collateral for bank loan	2,650	-	-
							Guarantees on borrowing from banks	3,150	-	-
	NIS Hakodate Honmachi Hotel	Shinjyuku, Tokyo	0	SPC (real estate)	Ownership share (direct) 100.0%	Receiving on real estate for sales as a collateral for bank loans (Note 2)	Receiving on real estate for sales as a collateral for bank loans	1,562	-	-
	Seizansou CC Management	Shinjyuku, Tokyo	3	SPC (real estate)	Ownership share (direct) 100.0%	Lending business funds	Lending business funds,	2,556	Loans receivable from affiliated companies	1,765
							Receiving interest	67		14
	Stellar Hills TMK	Chiyoda, Tokyo	0	SPC (real estate)	Ownership share (direct) 100.0%	Accepting CP	-	-	Operational investment securities (note 5)	9,200
NIS F1 LLC	Minato, Tokyo	0	SPC (credit obligation)	Ownership share (direct) 100.0%	Fund raising by assignment of accounts receivable	-	-	Assts-backed securities	5,940	
CM&NLLC	Chiyoda, Tokyo	0	SPC (credit obligation)	Ownership share (direct) 100.0%	Fund raising by assignment of accounts receivable	Fund raising by assignment of accounts receivable	16,999	Assts-backed securities	15,993	
Roppongi Property LLC	Shinjyuku, Tokyo	1	SPC (credit obligation)	Ownership share (direct) 100.0%	Fund raising by assignment of accounts receivable	Fund raising by assignment of accounts receivable	3,180	Assts-backed securities	3,273	

	Japan Incubation Fund	Chiyoda Tokyo	-	SPC (securities)	-	Fund raising by assignment of securities	Fund raising by assignment of securities	3,717	Assts-backe d securities	2,260
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(Millions of yen)

Attribution	Name of company	Location	Capital Or Amount of capital injected	Business category	Ownership of voting rights (%)	Business Relationship	Name of transaction	Amount of transaction	Item in financial statements	Balance as of March 31, 2009
Affiliate accounted for under the equity method	Nissin Servicer Co.,Ltd.	Shinjuku, Tokyo	2,036	Servicing business	Ownership share (direct) 25.8%	Lending business funds, and Loan guarantee	Lending business funds, (Note 3) Receiving interest	28,226	Short-term Lending to Affiliate companies	1,700
							Loan guarantee	942		-
							Loan guarantee	11,159		-
	NIS Lease Co., Ltd.	Shinjuku Tokyo	2,050	Leasing, Installment , Credit guaranteeing	Ownership share (direct) 39.0%	Concurrent Director:1 Lending business funds, and supply of real estate for sales as collateral for banks (Note 6) Loan guarantee	Lending business funds, (Note 3) Receiving interest	4,090	-	-
							supply of real estate for sales as collateral for banks	220	-	-
							Loan guarantee	1,061	-	-
							Acceptance of Capital increase	2,600	-	-
	Credit Organization Of Small and Medium-sized Enterprises	Kitakushu, Fukuoka	1,126	Credit guarantee	Ownership share (direct) 39.8%	Concurrent Director:1	Loan gurantee (Note 9) (Note 10)	3,150	-	-
							Acceptance of fee income for gurantee	2,629	-	-
	Future 21	Minato, Tokyo	1	SPC (Real estate)	-	Lending business funds	-	-	Bankrupt loan (Note 11)	11

Conditions of transactions, methods of determining conditions, etc.:

- Notes:
- The provision of long-term loan receivables as security for the Company's bank borrowing shall be taken into account as the amount loaned to the Company.
  - The provision of real estate for sale as security for the Company's borrowings, shall be taken into account as an amount loaned to the Company for operating activities.
  - The loan of funds by each company shall be determined with regard to market interest rates and the Company's financing interest rate, with other conditions as agreed between the parties. Furthermore, no security will be accepted.
  - Allowance for loan losses is calculated at ¥1,350 million for long-term loan receivables to subsidiary companies. Provision for loan losses for the current financial year is calculated at ¥1,058 million.
  - Allowance for loan losses is calculated at ¥3,114 million for operational investment securities for subsidiary companies. Provision for loan losses for the current financial year is calculated at ¥3,544 million.
  - The Company's pledged security for bank borrowing shall be taken in to an account as an amount loaned to the Company for operating activities.
  - A total of ¥350 million in reserve for guarantee losses is calculated as a guarantee for subsidiaries. The same amount is calculated for the fiscal year ended March 31, 2009 as a provision for losses on reserve for guarantee losses.
  - Underwritten two times for ¥2,450 million and ¥700 million.
  - This is security for customer loans, with the transaction amount being the balance of the guarantee as of March 31, 2009. Additionally, in regard to demands by the Credit Organization of Small and

Medium-sized Enterprises Co., Ltd. for interest repayments from valued customers with loans as of March 3, 2008, for the 5-year period from March 3, 2008, the Company shall wholly compensate the company for any losses on interest repayments. While calculation of this guarantee for loans and accounts receivable is difficult, the expected loss burden at the end of the fiscal year ending March 31, 2009 is calculated as part of the reserve for losses on group businesses.

10. ¥2,726 million is calculated as a reserve for losses on group businesses for guaranteeing loan claims and compensation for interest repayment to the Credit Organization of Small and Medium-sized Enterprises Co., Ltd. and transferees of the Company's accounts receivable.
11. ¥2,500 million is calculated as allowance for loan losses for the Company's subsidiaries' bankrupt and delinquent loans receivable. The same amount is calculated for the year ended March 31, 2009 as a provision for loan losses.
12. The transaction amounts are exclusive of consumption tax. The year-end balance does, however, include consumption tax.

## 2. Executive officer and major individual shareholder

Attribution	Name	Location	Capital or amount of capital injected	Business category	Ownership of voting rights (%)	Business Relationship	Name of transaction	Amount of transaction	Item in financial statements	Balance as of March 31, 2009
Director and close relatives	Hideo Sakioka	-	-	-	Share of rights held (direct) 1.6%	Father of a Director of the Company	Leasing of office and parking lot	17	-	-

Conditions of transactions, methods of determining conditions, etc.:

- Notes:
1. The rents for an office building and parking lot are determined by taking into consideration the appraisal of lease agreement with other companies.
  2. Transaction amounts are exclusive of consumption tax.

## IX. Per-Share Information

1. Net assets per share ¥213.46
2. Net income per share ¥193.75

## Audit Report of Accounting Auditor for the Consolidated Financial Statements

### Report of Independent Certified Public Accountants

May 12, 2009

Board of Directors  
NIS Group Co., Ltd.

BDO Sanyu & Co.

Representative Partner, Engagement Partner	Certified Public Accountant	Keisuke Takase
Engagement Partner	Certified Public Accountant	Kota Yamamoto

Pursuant to Clause 4, Article 444 of the “Corporate Law,” we have audited the accompanying consolidated financial statements of NIS Group Co., Ltd. for the fiscal year from April 1, 2008 to March 31, 2009, comprising the consolidated balance sheet, the consolidated statements of operations, the consolidated statement of changes in net assets, and the notes to the consolidated financial statements as of and for the year ended March 31, 2009. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2009, and consolidated results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Additional information:

1. As discussed in “Going Concern,” following the year ended March 31, 2008, the Company continuously recorded material operating losses, ordinary losses and net losses for the year ended March 31, 2009, and these conditions raise substantial doubt concerning the Company’s ability to continue as a going concern. At this time, the material uncertainties regarding the Company’s ability to continue as a going concern are recognized. In addition, plans to respond to these conditions and reasons for these material uncertainties are described in the corresponding section. The consolidated financial statements have been prepared on a going-concern basis and reflect no material doubt in those respects.
2. As discussed in “Changes in Accounting Treatments,” the Company changed its accounting treatment for classification of financial costs as “Operating Expenses” and “Other Expenses” beginning from the year ended March 31, 2009.

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

## Audit Report of Accounting Auditor

### Report of Independent Certified Public Accountants

May 12, 2009

Board of Directors  
NIS Group Co., Ltd.

BDO Sanyu & Co.

Representative Partner, Engagement Partner	Certified Public Accountant	Keisuke Takase
Engagement Partner	Certified Public Accountant	Kota Yamamoto

Pursuant to Item 1, Clause 2, Article 436 of the “Corporate Law,” we have audited the accompanying financial statements of NIS Group Co., Ltd. for the 50th fiscal year from April 1, 2008 to March 31, 2009, comprising the balance sheet, the statement of operations, the statement of changes in net assets, notes to financial statements and their supplementary statements as of and for the year ended March 31, 2009. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by manager, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Additional Information:

1. As discussed in “Going Concern,” following the year ended March 31, 2008, the Company continuously recorded material operating losses, ordinary losses and net losses for the year ended March 31, 2009, and these condition raise substantial doubt concerning the Company’s ability to continue as a going concern. At this time, the material uncertainties regarding the Company’s ability to continue as a going concern are recognized. In addition, plans to respond to these conditions and reasons for these material uncertainties are described in the corresponding section. The financial statements and its supplementary statements have been prepared on a going-concern basis and reflect no material doubt in those respects.
2. As discussed in “Changes in Accounting Treatments,” the Company changed its accounting treatment for classification of financial costs as “Operating Expenses” and “Other Expenses” beginning from the year ended March 31, 2009.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

## Audit Report of the Board of Statutory Auditors

### Audit Report

The following is the report of the Board of Statutory Auditors concerning the performance of the Directors in discharging their duties during the 50th fiscal year from April 1, 2008 to March 31, 2009. This report has been compiled from the individual reports by each member of the Board and represents the unanimous opinion of the Board.

#### 1. Methodology and Contents of Audit by the Statutory Auditors and Board of Statutory Auditors

The Board reviewed the individual audit reports from each Statutory Auditor regarding the status of implementation of audit and audit results, as well as reports from the Directors and accounting auditor regarding the execution of their duties, and requested explanations of matters of interest as needed. The Statutory Auditors performed their work according to an audit plan and allocation of assignments.

Each Statutory Auditor, in accordance with the requirements determined by the Board of Statutory Auditors, and with the policy for auditing and the allocation of tasks, has endeavored to communicate with the executives and persons in the Group Audit Department and other personnel, has endeavored to collect information and maintain appropriate methodology, has attended meetings of the Board of Directors and other significant meetings, has received reports on the execution of work from Directors and employees, has requested explanations when they were necessary, has examined significant payment statements, and has examined the situation regarding work and assets at the head office and other major locations. The Statutory Auditors have also audited and verified the organization and function of the arrangements established by a resolution of the Board of Directors in light of the Corporate Law Implementation Guidance Clause 1 and 3, Article 100. The intention of the article and arrangements is to ensure that the performance of the Directors complies with laws and regulations, and the Articles of Incorporation, and ensure that other activities of the Company are proper. These arrangements are generally known as the "internal control system." With regard to subsidiaries, the Statutory Auditors have been in touch with Directors and Auditors of those companies and have received reports from them in accordance with requirements. On the basis of this method, the Statutory Auditors have examined the business report and its supplementary statements for this fiscal year.

Further, the Statutory Auditors have reviewed and verified that the accounting auditor has maintained its independence and conducted its audits properly, in addition to receiving reports from the accounting auditor on the execution of its tasks and requested explanations when necessary. The Statutory Auditors have received from the certified public accountant notification that the System for Ensuring the Proper Discharge of Duties (items in Corporate Accounting Rules, Art. 159) meets the requirements of Quality Control Standards for Audits (Corporate Accounting Deliberative Council, October 28, 2004), and requested explanations when necessary. On the basis of this method, the Statutory Auditors examined the financial statements (balance sheet, statement of operations, statement of changes in net assets, and notes to the financial statements) as well as the supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets, and notes to the consolidated financial statements) for this fiscal year.

#### 2. Audit Results

##### (1) Audit results on the business report and others

- a. The business report and its supplementary statements are in conformity with laws and regulations, and correctly reflect the conditions of the Company.
- b. No instance was found of improper discharge of duties, or a violation of the law, or an act contrary to the Articles of Incorporation, by a Director.
- c. It is confirmed that the resolutions of the Board of Directors have been consistent with the internal control system as described in the business report. Further, no instance of the performance of work by Directors was found that requires attention from this system, built and operated on the basis of a Board of Directors resolution.

##### (2) Audit Results on Financial Statements and Supplementary Statements

The methods and results of audit conducted by the accounting auditor, BDO Sanyu & Co., are suitable.

##### (3) Audit Results, Consolidated Financial Statements

The methods and results of audit conducted by the accounting auditor, BDO Sanyu & Co., are suitable.

May 19, 2009

NIS Group Co., Ltd.  
Board of Statutory Auditors

Standing Statutory Auditor	Hitoshi Higaki	(seal)
Standing Statutory Auditor	Akio Sakioka	(seal)
Statutory Auditor (Outside Auditor)	Masaaki Uchino	(seal)
Statutory Auditor (Outside Auditor)	Katsuhiko Asada	(seal)

**Reference Documents for the Ordinary General Meeting of Shareholders**

**Proposal and Reference Items**

**Proposal No1. Partial Amendments to the Articles of Incorporation**

1. Reasons for the Amendments

- (1) In order to provide for expansion of the Company’s future business, the Company will amend the articles to add a list of objectives in Article 2 (Objectives) of its Articles of Incorporation.
- (2) The Settlement Streaming Act., the law partially revising the Act on Transfer of Bonds, etc. (Act No. 88 of 2004, hereinafter, “Settlement Streamlining Act”) came into effect on January 5, 2009 and the Company will amend the articles where necessary to comply with the Settlement Streaming Act.
  - i) Pursuant to Article 6, Paragraph 1 of the Supplemental Provisions of the Settlement Streamlining Act, it has been deemed that a resolution by the Company was made amending the Articles of Incorporation by repealing provisions purporting to issue share certificates effective as of January 5, 2009, the enforcement date of the Settlement Streamlining Act, thus the Company shall delete Article 7 (Issuance of share certificates) and Article 8, Paragraph 2 (Number of shares constituting one share unit and non-issuance of share certificates representing less than one share unit) of the current Articles of Incorporation.
  - ii) Pursuant to Article 2 of the Supplemental Provisions of the Settlement Streamlining Act and following the repeal of the Act on Custody and Transfer of Share Certificate, etc. (Law No.30 of 1984), entries regarding beneficial owners in Article 9 (Rights of shareholders holding share certificates representing less than one share units) and Article 10 (Administer of shareholder registry) of the current Articles of Incorporation shall be deleted.
  - iii) The Registry of Lost Share Certificates must be drawn up and maintained for a period of one year following the day after implementation of the Settlement Streamlining Act. The Company shall therefore establish the necessary provisions in the Supplemental Provisions.
  - iv) In addition, the Company shall make necessary amendments such as changes in numbering accompanying addition, revision or deletion of text.

2. Outline of the Amendments

The changes in the Articles of Incorporation are described as followed.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
Chapter I. General Provisions  (Corporate name) Article 1. (omitted)	Chapter I. General Provisions  (Corporate name) Article 1. (same as present)
(Objectives) Article 2. The objectives of the Company shall be to engage in the following businesses.  (1) ~ (4) (omitted)  (5) Civil engineering <u>and</u> construction work <u>and</u> contracted business.  (6) ~ (8) (omitted)  (9) Business related to agency for lease contract <u>and</u> sales contract for company housing, <u>offices, and</u> car parking etc.  (10) ~ (11) (omitted)  (Newly established)  (12) ~ (18) (omitted)  (19) Business related to agency for corporate accounting <u>and</u> labor etc.  (20) ~ (23) (omitted)	(Objectives) Article 2. The objectives of the Company shall be to engage in the following businesses.  (1) ~ (4) (same as present)  (5) Civil engineering <u>and</u> construction work <u>and</u> contracted business related to such work.  (6) ~ (8) (same as present)  (9) Business related to agency for lease contract for company housing, <u>offices, and</u> car parking etc., <u>and</u> sales contract.  (10) ~ (11) (same as present)  (12) <u>Business related to trade agency and procedures for trade agents.</u>  (13) ~ (19) (same as present)  (20) Business related to agency for corporate accounting <u>and</u> labor etc.  (21) ~ (24) (same as present)

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p><u>(24)</u> Business related to agency and contract for sales of products <u>and</u> services.</p> <p>(Newly established)</p> <p><u>(25)</u> ~ <u>(30)</u> (omitted)</p> <p><u>(31)</u> Research, planning, intermediary <u>and</u> consulting services for M&amp;A, alliances <u>and</u> transfers of businesses, etc.</p> <p><u>(32)</u> ~ <u>(37)</u> (omitted)</p> <p>Article 3 ~ Article 5 (omitted)</p>	<p><u>(25)</u> <u>Planning and management of restaurants and business related consulting for such establishments.</u></p> <p><u>(26)</u> Business related to agency and contract for sales of products <u>and</u> services.</p> <p><u>(27)</u> <u>Buying and selling of antiques</u></p> <p><u>(28)</u> ~ <u>(33)</u> (same as present)</p> <p><u>(34)</u> Research and planning and <u>related</u> intermediary <u>and</u> consulting services for M&amp;A, alliances <u>and</u> transfers of businesses, etc.</p> <p><u>(35)</u> ~ <u>(40)</u> (same as present)</p> <p>Article 3 ~ Article 5 (same as present)</p>
<p>Chapter II. Shares</p>	<p>Chapter II. Shares</p>
<p>Article 6 (omitted)</p>	<p>Article 6 (same as present)</p>
<p><u>(Issuance of share certificates)</u>  <u>Article 7. The Company shall issue stock certificates concerning shares.</u></p>	<p>(Deleted)</p>
<p><u>(Number of shares representing one share unit and non-issuance of share certificates representing less than one share unit)</u></p>	<p><u>(Number of shares representing one share unit)</u>  <u>Article 7. The Company's share unit shall be comprised of 100 shares.</u></p>
<p>Article 8. The Company's one share unit shall be comprised of 100 shares.</p> <p><u>2. Notwithstanding the provisions of the preceding Article, the Company shall not issue share certificates representing shares representing less than one share unit.</u></p>	<p>(Deleted)</p>
<p>(Rights of shareholders owning share certificates representing less than one share unit)</p> <p>Article 9. Shareholders owning share certificates representing less than one share unit in the Company <u>(including beneficial owners; the same shall apply hereinafter)</u> shall not exercise rights other than those described below.</p>	<p>(Rights of shareholders owning share certificates representing less than one share unit)</p> <p>Article 8. Shareholders owning share certificates representing less than one share unit in the Company shall not exercise rights other than those described below.</p>
<ol style="list-style-type: none"> <li>1. Right provided for in each item of Article 189, Paragraph 2 of the Company Law.</li> <li>2. The right of claim provided for in Article 166, Paragraph 1 of the Company Law.</li> <li>3. The right to receive an allotment of shares for subscription or share options for subscription in accordance with the number of shares held by shareholder.</li> </ol>	<ol style="list-style-type: none"> <li>1. Right provided for in each item of Article 189, Paragraph 2 of the Company Law.</li> <li>2. The right of claim provided for in Article 166, Paragraph 1 of the Company Law.</li> <li>3. The right to receive an allotment of shares for subscription or share options for subscription in accordance with the number of shares held by shareholder.</li> </ol>

Current Articles of Incorporation	Proposed Amendments
<p>(Administer of shareholder registry) Article <u>10</u>. The Company shall have an administrator of shareholder registry for the Company's shares. 2. The administrator of shareholder registry and place of business shall be determined by resolution of the board of directors. 3. Preparation, keeping and other administrative matters of, or relating to, the registry of shareholders <u>(including beneficial owners; the same shall apply hereinafter)</u>, the registry of share options <u>and the registry of lost share certificates</u> of the Company shall be entrusted to the administrator of shareholder registry, and the Company shall not handle any such matters.</p>	<p>(Administer of shareholder registry) Article <u>9</u>. The Company shall have an administrator of shareholder registry for the Company's shares. 2. The administrator of shareholder registry and place of business shall be determined by resolution of the board of directors. 3. Preparation, <u>keeping</u> and other administrative matters of, <u>or relating to</u>, the registry of shareholders <u>and</u> the registry of share options of the Company shall be entrusted to the administrator of shareholder registry, and the Company shall not handle any such matters.</p>
<p>(Share handling rules) Article <u>11</u>. <u>The types and denominations of share certificates to be issued by the Company</u>, the entry and recording on the registry of shareholders, the registry of share options <u>and the registry of lost share certificates</u>, the exercise <u>of</u> shareholders' rights and all other matters pertaining to the handling of shares and share options of the Company and the fees thereof, in addition to the appropriate laws and these Articles of Incorporation, shall be governed by the share handling rules to be enacted by the board of directors.</p>	<p>(Share handling rules) Article <u>10</u>. The entry and recording on the registry of shareholders or the registry of share options, and all other matters pertaining to the exercise of shareholders' right, the <u>handling of shares</u> of the Company and the fees thereof, in addition to the appropriate laws and these Articles of Incorporation, shall be governed by the share handling rules to be enacted by the board of directors.</p>
<p>Article 12 ~ Article 45 (omitted)</p>	<p>Article 11 ~ Article 44 (same as present)</p>
<p>(Newly established)</p>	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1. Preparation, keeping and other administrative matters of, or relating to, the registry of lost share certificates of the Company shall be entrusted to the administrator of shareholder registry, and the Company shall not handle any such matters.</u></p> <p><u>Article 2. The provision of the preceding Article and this Article shall remain in effect until January 5, 2010, and shall be deleted as of January 6, 2010.</u></p>

## Proposal No 2. Selection of Five (5) Directors

The term of office of all of the three (3) Directors will expire as of the conclusion of the 50th Ordinary General Meeting of Shareholders. Accordingly, we propose that you elect five (5) Directors.

Candidates for five (5) Directors are as follows:

Candidate No.	Name (Date of birth)	Career highlights and representative position in other companies	Number of Company's shares held (Shares)
1	Kunihiko Sakioka (January 10, 1962)	<p>April 1986: Joined the Company            March 1989: Director            February 1991: Managing Director            December 1992: Senior Managing Director            October 1996: Representative and Senior Managing Director            June 2000: Assumes duties as Representative Director and President            July 2005: President, Representative Director and Executive Officer            June 2006: Chairman, Representative Director and Co-Chief Executive Officer            October 2007: Chairman, Representative Director of the Board, President and CEO, Head of Investment Banking, Sales &amp; Marketing            April 2008: Chairman, Representative Director of the Board, President and CEO            May 2008: President, Representative Director of the Board &amp; CEO            January 2009: Vice-Chairman &amp; Representative Director of the Board            June 2009: Chairman &amp; Representative Director of the Board (current position)</p> <p>[Other company representation]            Chairman, Representative Director of Shuho., Ltd.</p>	4,495,947
2	Toshioki Otani (December 22, 1970)	<p>April 1994: Joined the Company            April 2002: General Manager, Eastern Japan Sales Department            June 2002: Director and General Manager, Eastern Japan Sales Department            July 2005: Managing Director, Executive Officer, and General Manager, Sales &amp; Marketing Control Division, and Sales Department            November 2005: Managing Director &amp; Executive Officer, General Manager, Sales &amp; Marketing Control Division, Sales Department and Osaka Branch            June 2006: Executive Director of the Board &amp; Executive officer, Head of Sales &amp; Marketing            March 2007: Executive Director of the Board &amp; Executive Officer, Head of Sales &amp; Marketing; Sales &amp; Marketing Group Manager            April 2007: Executive Director of the Board &amp; Executive officer, Head of Investment Banking, Sales &amp; Marketing; Investment Banking Group Manager            June 2007: Senior Executive Director of the Board &amp; Executive Officer, Head of Investment Banking, Sales &amp; Marketing, and Investment Banking Group Manager            October 2007: Senior Executive Director of the Board &amp; Executive Officer            April 2008: Senior Executive Director of the Board &amp; Executive Officer, Head of Investment Banking, Sales &amp; Marketing            January 2009: Director of the Board &amp; Executive Vice-President, Head of Investment Banking, Sales &amp; Marketing            April 2009: Director of the Board &amp; Executive Vice-President (current position)</p>	186,745
3	Takumi Kawamura (January 10, 1964)	<p>April 1990: Joined Taiyo-Kobe Mitsui Limited (current: Sumitomo Mitsui Banking Corporation)            November 2005: Joined BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee)</p>	-

		<p>May 2006: Director of BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) August 2007: President, Representative Director of the Board &amp; CEO of BBN Finance Service (current: Small and Medium-sized Enterprises Personnel) October 2007: President, Representative Director of the Board &amp; CEO of BB Net Corp. (current position) (current: Small and Medium-sized Enterprises Guarantee) April 2008: Statutory Auditor of Aprec Co., Ltd. (current: Credit Organization of Small and Medium-sized Enterprises) June 2008: Outside Director of Aprec Co., Ltd. (current: Credit Organization of Small and Medium-sized Enterprises) September 2008: Director, Strategic Control Department of Credit Organization of Small and Medium-sized Enterprises (current position) January 2009: Joined the Company, President (current position) March 2009: Director of Credit Organization of Small and Medium-sized Enterprises (current position)</p> <p>[Other company representation] President, Representative Director of the Board &amp; CEO of Small and Medium-sized Enterprises Guarantee Representative Director of the Board of Small and Medium-sized IT Solutions Representative Director of the Board of Small and Medium-sized Enterprises Personnel Chairman, and Representative Director of the Board of Ecohai</p>	
4	Yutaka Nishio (September 13, 1959)	<p>April 1978: Joined Tokai Lease Co., Ltd. July 2001: Joined BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) January 2002: General Manager, Finance and Accounting Department of BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) August 2003: Senior Operating Officer, General Manager of Strategic Organization Department of BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) October 2003: Director of BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) November 2007: Director, General Manager of General Manager of Strategic Organization Department and General Manager of Strategic Planning Department April 2009: Representative Director of the Board of Investment Organization of Small and Medium-sized Enterprises (current position) May 2009: Outside Director of Maruman &amp; Co. Ltd. (current position)</p> <p>[Other company representation] Representative Director of the Board of Investment Organization of Small and Medium-sized Enterprises</p>	-
5	Yoshihiko Okuno (October 20, 1970)	<p>January 2003: Joined SANYO Club Co., Ltd. March 2006: Director of Director of BB Net Corp. (current: Small and Medium-sized Enterprises Guarantee) September 2008: Vice-President of Small and Medium-sized Enterprises Guarantee (current position) January 2009: Representative Director of NIS Real Estate Co., Ltd (current position)</p> <p>[Other company representation] Representative Director of NIS Real Estate Co., Ltd</p>	-

- Notes: 1. Particular conflicts of interest between the Company and candidates for the office of Director are as follows.
- i) Mr. Kunihiko Sakioka currently serves as chairman and chief executive officer of Shuho Co., Ltd. and in May 2009 the Company took over a 100% stake in Shuho (Shanghai) Investment & Consulting Co., Ltd., a wholly owned subsidiary of Shuho Co., Ltd.

- ii) Mr. Takumi Kawamura currently serves as president and chief executive officer of Small and Medium-sized Enterprises Guarantee; president of Small and Medium-sized Enterprises IT Solutions; representative director of Small and Medium-sized Enterprises Personnel; representative director of Incubator Network for SMEs; and chairman and chief executive officer of Ecohai Co., Ltd. Particular conflicts of interest between the Company and Mr. Kawamura are as follows.
- The Company engages with personnel exchanges through staff secondment with Small and Medium-sized Enterprises Guarantee and borrows money from the same company.
  - The Company has entrusted part of its system-related operations to Small and Medium-sized Enterprises IT Solutions.
  - The Company has entrusted part of its personnel and labor operations to Incubator Network for SMEs.
  - The Company provides client introductions for Ecohai Co., Ltd.
- iii) Mr. Yoshihiko Okuno currently serves as representative director of NIS Real Estate and as representative director of VOD Systems Inc. The Company has concluded an operating agreement with NIS Real Estate and has entrusted part of its corporate housing services for Company personnel to this company.
2. Mr. Yutaka Nishio and Mr. Yoshihiko Okuno are candidates for Outside Director.
3. Mr. Nishio and Mr. Okuno have been selected as candidates for Outside Director for the following reasons.
- i) As a director of a listed company, Mr. Nishio has corporate management experience and we believe that his broad experience and thorough knowledge regarding corporate management has suited him to supervise the management and play an appropriate role as an Outside Director and, accordingly, we have selected him as a candidate.
- ii) Mr. Okuno has broad experience and thorough knowledge regarding commercial finance and we believe that this has suited him to supervise management and play an appropriate role as an Outside Director. Accordingly, we have selected him as a candidate.
4. In the event of both Mr. Nishio and Mr. Okuno being approved as Outside Directors, the Company shall enter into an indemnity agreement limiting their liability as Outside Directors to ¥20 million or the minimum liability amount set under Clause 1, Article 425 of the Corporate Law, whichever is greater.

### Proposal 3. Selection of Three (3) Statutory Auditors

Statutory Auditor Akio Sakioka's term expires at the end of the 50th Ordinary General Meeting of the Shareholders and Masaaki Uchino and Katsuhiko Asada will retire at the end of the 50<sup>th</sup> Ordinary General meeting of the Shareholders. Accordingly, three (3) replacement Statutory Auditors should be appointed. The submission of this proposal has been approved by the Board of Statutory Auditors. Our Statutory Auditor candidates are as follows.

Candidate No.	Name (Date of birth)	Career highlights and representative position in other companies	Number of Company's shares held (Shares)
1	Akio Sakioka (September 22, 1950)	<p>April 1971: Joined the Company</p> <p>April 1984: Director, and Head of Takamatsu sales outlet</p> <p>April 1986: Director, General Manager of and Sales 2<sup>nd</sup> Dept. and Sales Dept.</p> <p>September 1987: Director, General Manager of Credit Screening Dept.</p> <p>August 1993: Director, Deputy General Manager of Sales &amp; Marketing</p> <p>July 1994: Director, Head of Tokyo Sales office</p> <p>October 1996: Executive Director of the Board, General Manager of Finance Dept.</p> <p>October 1998: Executive Director of the Board, Head of General Affairs Dept.</p> <p>July 2000: Executive Director of the Board</p> <p>June 2002: Standing Statutory Auditor (current position)</p> <p>[Other company representation] President, Representative Director of Shuho., Ltd.</p>	1,254,626
2	Nobuyuki Fukui (July 12, 1943)	<p>April 1966: Joined the Bank Kyowa Ltd. (current: Risona Group)</p> <p>April 1995: Temporary transfer to Asahi Credit Co., Ltd. (current: Risona Guarantee Co., Ltd.)</p>	-

		<p>August 1996: Transfer of permanent domicile to Asahi Card Co., Ltd. (current: Risona Card Co., Ltd.) April 2005: Joined NIPPON ANNTENA Co., Ltd. January 2009: Joined Small and Medium-sized Enterprises January 2009: Statutory Auditor of NIS Leasing (current position) March 2009: Outside Statutory Auditor of Venture Link Co., Ltd. (current position)</p>	
3	<p>Isamu Kobori (November 21, 1944)</p>	<p>April 1963: Joined the Bank Kyowa Ltd. (current: Risona Group) March 1994: Deputy Inspector of Inspection Dept. (current: Risona Group) November 1999: Temporary transfer to Asahi Career Service Co., Ltd. April 2001: Director, Soundmene Ltd. May 2004: General Manager, SORUN Corporation August 2007: Joined AGS Corporation February 2009: Small and Medium Sized Enterprises Personnel (current position) March 2009: Outside Statutory Auditor of Venture Link Co., Ltd. (current position)</p>	

- Note: 1 There are no particular conflicts of interest between the Company and the three (3) candidates for the position of Statutory Auditor.
- 2 Mr. Nobuyuki Fukui and Mr. Isamu Kobori are candidates for Outside Statutory Auditor.
- 3 Mr. Fukui and Mr. Kobori have been selected as candidates for Outside Statutory Auditor because of their broad experience and thorough knowledge gained from their long careers working for financial institutions. We believe each to be capable of appropriately executing the duties of Outside Statutory Auditor and, accordingly, have selected them as candidates.
- 4 In the event of Mr. Fukui and Mr. Kobori being approved as Outside Statutory Auditors, the Company shall enter into an indemnity agreement limiting their liability as external directors to ¥20 million or the minimum liability amount set under Clause 1, Article 425 of the Corporate Law, whichever is greater.