

(TRANSLATION)



November 6, 2006

**Condensed Statements of Non-consolidated Financial Results
for the Six Months Ended September 30, 2006**

Company Name:	NIS GROUP CO., LTD. (URL: http://www.nisgroup.jp/)
Stock Exchange Listings:	Tokyo Stock Exchange, First Section (Code: 8571) New York Stock Exchange (Trading Symbol: NIS)
Location of Head Office:	Tokyo and Ehime
President:	Shinsuke Amiya President, Representative Director & Co-CEO
Inquiries:	Akihiro Nojiri Executive Director & Executive Officer (Tel: +81-3-3348-2424)
Date of Board of Directors' Meeting for Approval of the Financial Results:	November 6, 2006
Application of GAAP:	Japanese GAAP
Half-Year Dividend:	Yes
Date of Half-Year Dividend Payment:	From December 11, 2006
Trade Unit:	One Unit is Constituted of 100 Shares

(Note: All amounts in these financial statements are rounded down to the nearest unit)

6. SUMMARY OF THE NON-CONSOLIDATED FINANCIAL RESULTS

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2006

(1) Non-consolidated Operating Results

	Six Months Ended September 30,				Year Ended March 31,
	2005		2006		2006
	Amount	Percentages ⁽⁴⁾	Amount	Percentages ⁽⁴⁾	Amount
	(in millions except percentages)				
Operating revenues	¥16,047	(4.5)%	¥18,509	15.3%	¥34,152
Operating income	3,236	(22.5)	2,247	(30.5)	7,056
Ordinary income	3,547	(20.0)	3,039	(14.3)	8,109
Net income (losses)	4,309	(5.6)	(1,541)	—	6,944

	Six Months Ended September 30,		Year Ended March 31,	
	2005	2006	2006	2006
	(in yen)			
Net income per share:				
Basic	¥ 6.88	¥ (0.55)		¥5.32

- Notes: 1. The weighted-average number of outstanding shares was 626,591,247 for the six months ended September 30, 2005, 2,792,278,436 shares for the six months ended September 30, 2006 and 1,292,467,492 shares for the year ended March 31, 2006.
2. On each of November 18, 2005 and April 1, 2006, the Company completed a 2-for-1 stock split.
3. Changes in accounting policy: None
4. The percentages indicated in the rows for operating revenues, operating income, ordinary income and net income represent the rates of increase (decrease) from the respective figures for the corresponding period of the previous fiscal year.

(2) Dividends

	Six Months Ended September 30,		Year Ended March 31,	
	2005	2006	2006	2006
Dividends per share (in yen):				
Half-year dividends	¥ 2.00	¥ 0.16		¥1.00
Full-year dividends	—	—		2.10

Note: On each of November 18, 2005 and April 1, 2006, the Company completed a 2-for-1 stock split.

(3) Non-consolidated Financial Position

	September 30,		March 31,
	2005	2006	2006
	(in millions except percentages and per share data)		
Total assets	¥219,613	¥329,847	¥300,715
Net assets	64,987	76,667	74,752
Net worth ratio (%)	29.6%	23.2%	24.9%
Net assets per share (in yen)	101.65	26.92	54.65

Notes: 1. There were 639,312,080 outstanding shares at September 30, 2005, 2,847,659,575 outstanding shares at September 30, 2006 and 1,366,419,607 outstanding shares at March 31, 2006.
 2. The number of shares of treasury stock were 26,765,570 shares at September 30, 2005, 70,227,437 shares at September 30, 2006 and 40,051,037 shares at March 31, 2006.
 3. On each of November 18, 2005 and April 1, 2006, the Company completed a 2-for-1 stock split.

2. Non-consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2007

	Year Ending March 31, 2007
	(in millions)
Operating revenues	¥37,700
Ordinary income	5,700
Net income	100

	Year Ending March 31, 2007
	(in yen per share)
Year -end dividends	¥0.16
Full-year dividends	0.32

(Reference) Net income per share for the fiscal year ending March 31, 2007 is forecasted to be ¥0.03.

Notes: Our forecasts reflect our judgment based on the information available at this time. Because actual results may differ from these forecasts, you should not make an investment decision based solely on these forecasts. To read the assumptions used for these forecasts and other related considerations, see pages from 12 to 21 of the Supplementary Materials included in Condensed Statements of Consolidated Financial Results.

7. NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-consolidated Balance Sheets

	September 30,				March 31,	
	2005		2006		2006	
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets
	(in millions except percentages)					
ASSETS:						
Current Assets:						
Cash and deposits	¥ 18,150		¥ 13,204		¥ 14,332	
Notes receivable (Notes 7 and 9)	139		186		166	
Loans receivable (Notes 2,3,7 and 8)	154,671		230,068		215,056	
Other	3,742		17,867		10,411	
Allowance for loan losses	(7,157)		(10,499)		(7,253)	
Total Current Assets	169,545	77.2	250,827	76.0	232,714	77.4
Fixed Asset:						
Tangible fixed assets (Note 1)						
Land	355		355		355	
Other	626		704		617	
Total tangible fixed assets	982		1,060		973	
Intangible fixed assets	2,180		1,850		2,013	
Investments and other assets						
Investment securities (Note 10)	17,554		22,881		28,309	
Loans to affiliates	20,444		34,808		24,853	
Other (Note 7)	12,386		23,913		15,698	
Allowance for loan losses	(3,479)		(5,493)		(3,847)	
Total investments and other assets	46,905		76,110		65,013	
Total Fixed Assets	50,068	22.8	79,020	24.0	68,000	22.6
Total Assets	¥219,613	100.0	¥329,847	100.0	¥300,715	100.0

(Continued)

	September 30,		March 31,	
	2005	Percentage of Total Liabilities and Shareholders' Equity	2006	Percentage of Total Liabilities and Shareholders' Equity
	Amount		Amount	Amount
	(in millions except percentages)			
LIABILITIES:				
Current Liabilities:				
Short-term borrowings (Notes 2 and 8)	¥ 3,740		¥ 45,075	¥ 19,700
Current portion of long-term borrowings (Note 2)	44,241		56,359	47,679
Current portion of bonds	6,000		1,300	1,800
Current portion of convertible bonds	6,901		—	822
Commercial paper	3,900		30,000	30,000
Accrued income taxes	3,257		825	4,338
Accrued bonuses — employees	448		456	640
Accrued bonuses — directors and statutory auditors	—		32	—
Reserve for guarantee losses	479		743	609
Reserve for losses on excess interest repayments	—		—	540
Other (Notes 5 and 10)	4,221		3,415	5,892
Total Current Liabilities	73,188	33.3	138,206	41.9
Long-term Liabilities:				
Bonds	26,000		25,550	26,200
Long-term borrowings (Note 2)	50,374		52,058	64,142
Asset backed securities (Note 2)	3,819		32,970	21,669
Accrued retirement benefits — directors and statutory auditors	330		328	330
Reserve for losses on excess interest repayments	—		4,000	—
Other	913		67	1,599
Total Long-term Liabilities	81,437	37.1	114,973	34.9
Total Liabilities	154,625	70.4	253,180	76.8
SHAREHOLDERS' EQUITY:				
Common stock (Note 6)	8,802	4.0	—	—
Additional paid-in capital				11,848
General	11,221		—	—
Other				14,253
Gains on sales of treasury stock	545		—	—
Total additional paid-in capital	11,766	5.4	—	—
Retained earnings				15,519
Legal reserve	400		—	—
General reserves	38,900		—	—
Unappropriated retained earnings	5,385		—	—
Total retained earnings	44,686	20.3	—	—
Unrealized gains on investment securities	2,181	1.0	—	—
Treasury stock	(2,448)	(1.1)	—	—
Total Shareholders' Equity	64,987	29.6	—	—
Total Liabilities and Shareholders' Equity	¥219,613	100.0	¥ —	—
				¥300,715
				100.0

(Continued)

	September 30,				March 31,	
	2005		2006		2006	
	Amount	Percentage of Total Liabilities and Net Assets	Amount	Percentage of Total Liabilities and Net Assets	Amount	Percentage of Total Liabilities and Net Assets
(in millions except percentages)						
NET ASSETS:						
Shareholders' Equity						
Common stock (Note 6)	¥ —	—	¥ 16,289	4.9	¥ —	—
Additional paid-in capital						
General	—		18,586		—	
Other	—		1,437		—	
Total additional paid-in capital	—	—	20,024	6.1	—	—
Retained earnings						
Legal reserve	—		400		—	
Other retained earnings						
Reserve for dividends	—		1,000		—	
Special reserve	—		41,300		—	
Unappropriated retained earnings	—		224		—	
Total retained earnings	—	—	42,925	13.0	—	—
Treasury stock	—	—	(1,607)	(0.5)	—	—
Total Shareholders' Equity	—	—	77,630	23.5	—	—
Valuation and Translation Adjustments:						
Unrealized gains on investment securities	—		(963)		—	
Total Valuation and Translation Adjustments	—	—	(963)	(0.3)	—	—
Total Net Assets	—	—	76,667	23.2	—	—
Total Liabilities and Net Assets	¥ —	—	¥329,847	100.0	¥ —	—

(2) Non-consolidated Statements of Operations

	Six Months Ended September 30,				Year Ended March 31,	
	2005		2006		2006	
	Amount	Percentage of Operating Revenues	Amount	Percentage of Operating Revenues	Amount	Percentages of Operating Revenues
(in millions except percentages)						
Operating Revenues:						
Interest income from notes and loans receivable	¥13,938		¥14,895		¥28,472	
Other financial income	0		7		5	
Other operating income	2,108		3,606		5,674	
Total operating revenues	16,047	100.0	18,509	100.0	34,152	100.0
Operating Expenses: (Note 5)						
Financial costs	1,181		1,490		2,382	
Other operating expenses	187		311		485	
Total operating expenses	1,368	8.5	1,802	9.7	2,868	8.4
Operating Revenues, net	14,678	91.5	16,706	90.3	31,284	91.6
General and Administrative Expense (Note 5)	11,441	71.3	14,458	78.1	24,227	70.9
Operating Income	3,236	20.2	2,247	12.2	7,056	20.7
Other income (Note 1)	446	2.8	1,081	5.8	1,354	4.0
Other expenses (Note 2)	135	0.8	290	1.6	301	0.9
Ordinary Income	3,547	22.2	3,039	16.4	8,109	23.8
Special gains (Note 3)	4,011	25.0	1,723	9.3	4,246	12.4
Special losses (Note 4)	300	1.9	7,232	39.0	681	2.0
Income (losses) before Income Taxes	7,257	45.3	(2,469)	(13.3)	11,675	34.2
Income Taxes:						
Current	3,193		888		5,398	
Deferred	(245)		(1,816)		(667)	
Total income taxes	2,948	18.4	(928)	(5.0)	4,730	13.9
Net Income (losses)	4,309	26.9	¥(1,541)	(8.3)	6,944	20.3
Unappropriated retained earnings at beginning of period	1,076				1,076	
Half-year dividends paid	—				1,278	
Unappropriated Retained Earnings at End of Period	¥ 5,385				¥ 6,742	

(3) Non-consolidated Statement of Changes in Net Assets

For the six months ended September 30, 2006:

	Shareholders' Equity			
	Common stock	Additional Paid-in Capital		Total Additional Paid-in Capital
General		Other		
	(in millions)			
Balance as of March 31, 2006	¥11,848	¥14,253	¥ 1,266	¥15,519
Changes of items for the six months ended September 30, 2006				
Stock issuance	4,440	4,333	—	4,333
Cash dividends	—	—	—	—
Directors' bonuses	—	—	—	—
Purchase of treasury stock	—	—	—	—
Sale of treasury stock	—	—	170	170
Funding special reserve	—	—	—	—
Net losses	—	—	—	—
Total changes for the six months ended September 30, 2006	4,440	4,333	170	4,504
Balance as of September 30, 2006	¥16,289	¥18,586	¥ 1,437	¥20,024

	Shareholders' Equity						
	Retained Earnings				Total Retained Earnings	Treasury Stock	Total Shareholders' Equity
	Legal reserve	Reserve for dividends	Special reserve	Unappropriated retained earnings			
	General reserve						
	(in millions)						
Balance as of March 31, 2006	¥ 400	¥ 1,000	¥37,900	¥ 6,742	¥46,043	¥(1,833)	¥ 71,579
Changes of items for the six months ended September 30, 2006							
Stock issuance	—	—	—	—	—	—	8,774
Cash dividends	—	—	—	(1,503)	(1,503)	—	(1,503)
Directors' bonuses	—	—	—	(74)	(74)	—	(74)
Purchase of treasury stock	—	—	—	—	—	(0)	(0)
Sale of treasury stock	—	—	—	—	—	225	396
Funding special reserve	—	—	3,400	(3,400)	—	—	—
Net losses	—	—	—	(1,541)	(1,541)	—	(1,541)
Total changes for the six months ended September 30, 2006	—	—	3,400	(6,518)	(3,118)	225	6,051
Balance as of September 30, 2006	¥ 400	¥ 1,000	¥41,300	¥ 224	¥42,925	¥(1,607)	¥ 77,630

Japanese GAAP
Non-consolidated Financial Statements

	Valuation and Translation Adjustment		Total Net Assets
	Unrealized Gains (Losses) on Investment Securities	Total Valuation and Translation Adjustments (in millions)	
Balance as of March 31, 2006	¥3,173	¥3,173	¥74,752
Changes of items for the six months ended September 30, 2006			
Stock issuance	—	—	8,774
Cash dividends	—	—	(1,503)
Directors' bonuses	—	—	(74)
Purchase of treasury stock	—	—	(0)
Sale of treasury stock	—	—	396
Funding special reserve	—	—	—
Net loss	—	—	(1,541)
Net changes of items other than shareholders' equity	(4,136)	(4,136)	(4,136)
Total changes for the six months ended September 30, 2006	(4,136)	(4,136)	1,914
Balance as of September 30, 2006	¥ (963)	¥ (963)	¥76,667

(4) Significant Accounting Policies

1. Valuation and Computation of Assets

Investment securities

i. Investment in subsidiaries and affiliates

Cost method, cost being determined by the moving average method

ii. Other securities

Marketable securities

Market value is determined by market price at end of period.

(Marketable securities are carried at market value with unrealized gains and losses. The unrealized gains and losses, net of taxes, are reported in a separate component of valuation and translation adjustments in 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 valuations based on the Company's interest in asset value.

2. Depreciation and Amortization of Fixed Assets

1) Tangible fixed 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

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.

3. Allowance for Loan Losses and Accrued Expenses

1) Allowance for loan losses

The allowance for loan losses is maintained at a level that, in management's judgment, 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) Accrued bonuses

Accrued bonuses are provided for the payment of employees' bonuses based on estimated amounts of future payments attributable to the corresponding period.

3) Accrued Bonuses for Directors

Accrued bonuses for directors are provided for the payment of directors based on estimated amounts of future payments attributable to the corresponding period.

(Changes in accounting treatments)

Regarding directors' bonuses, the Company heretofore recognized these amounts as a decrease of unappropriated retained earnings through the approval of general shareholders' meeting. However, the Company changed the previous method so that directors' bonuses would be recognized as expenses as incurred in accordance with the Accounting Standards Board of Japan ("ASBJ") Statement No. 4 "Accounting Standard for Directors' Bonus" issued on November 29, 2005.

As a result of this change in accounting policy, compared with the previous method, the amount of "Provision for accrued bonuses — directors" included in "General and Administrative Expense" for the six months ended September 30, 2006 increased by ¥32 million. Consequently, operating income and ordinary income for the six months ended decreased by the same amount, and losses before income taxes for the six months ended September 30, 2006 increased by the same amount, respectively.

4) Reserve for guarantee losses

The reserve for guarantee losses is maintained at a level that, in management's judgment, is adequate to provide for estimated probable losses from known and inherent risks in guarantee transactions.

5) Reserve for losses on excess interest repayments

Reserve for losses on excess interest repayments are provided, in order to prepare for refund claims for repayments of interest in excess of the prescribed rate stipulated by the Interest Rate Restriction Law ("IRRL") from borrowers, at the amount based on reasonable estimation with taking into account the past experiences and the current conditions.

As of September 30, 2006, the estimated amount of ¥5,300 million, which is prepared for repayments of interest received from borrowers in excess of the prescribed rate stipulated by the IRRL, is included in the allowance for loan losses.

(Additional information)

For the six months ended September 30, 2006, according to the announcement of “Treatment in the Audit concerning Reserve for Losses on Excess Interest Repayment Claims in Consumer Finance Companies” (the industry specification committee report No. 37 issued by the Japanese Institute of Certified Public Accountants on October 13, 2006), the Company reviewed the previous method for estimation of reserve for losses on excess interest repayments and allowance for loan losses while taking into account the recent status on occurrence of excess interest repayment costs. As a result, the Company recorded the adjustment to estimated excess interest repayment-related costs of ¥6,919 million as special losses, which was the difference between amounts estimated by the previous method and the amount newly estimated by the review.

The amount of adjustment to estimated excess interest repayment-related costs consists of ¥3,460 million for provision for losses on excess interest repayments and ¥3,459 million for provision for loan losses.

In addition, regarding reserve for losses on excess interest repayments, as the Company cannot accurately calculate the amount of one-year usage, the entire amount is recorded in long-term liabilities.

6) Accrued retirement benefits — directors and statutory auditors

Accrued retirement benefits of the Company’s directors and statutory auditors are provided at the amount which would have been required if all directors and statutory auditors had terminated their services at the balance sheet date. These amounts are determined in accordance with the Company’s internal rules.

4. Basis for Revenue Recognition

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.

5. Accounting for Lease Transactions

Finance leases, except leases for which the ownership of the leased assets is considered to be transferred to the lessee, are accounted for in the same manner as operating leases.

6. Hedging Activities

1) Accounting for hedging activities

Deferred hedge accounting has been adopted.

2) Hedge instruments and hedge items

i. Hedge instruments

Interest rate swaps

ii. Hedge items

Cash flow hedge for interest on borrowing with variable rates

3) Hedging policy

The Company utilizes derivative financial instruments in order to reduce its exposure to fluctuations in interest rates on variable rate borrowings.

4) Evaluation of hedge effectiveness

The Company determines the effectiveness of its hedging transactions based on the correlation between the indicated rates of the hedge instruments and those of the hedge items.

7. Other Significant Accounting Policies for the Preparation of Financial Statements

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.

8. Changes in Accounting Treatments

(Presentation of Net Assets in the Non-consolidated Balance Sheets)

Beginning with the six months ended September 30, 2006, the Company adopted the ASBJ Statement No.5 “Accounting Standards for Presentation of Net Assets in the Balance Sheet” and the ASBJ Guidance No.8 “Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet”, both issued on December 9, 2005.

There is no influence on profit and loss by this change.

The total amount of shareholders’ equity equivalent to that of the previous presentation method is ¥76,667 million.

Financial statements for the corresponding period are made based on the rules after the revision of the interim financial statement rule.

(Accounting Treatments for Deferred Assets)

On August 11, 2006, ASBJ issued Practical Issues Task Force (“PITF”) No. 19, “Accounting Treatments for Deferred Assets”, the Group adopted this PITF effective April 1, 2006. As a result of this adoption, the Group presented all direct expenses incurred related to issuance of stock as “Stock issuance-related costs” included in “Other expenses” for the six months ended September 30, 2006, instead of in “Stock issuance costs”, which consisted of specific direct costs related to issuance of new stock, included in “Other expenses” for the six months ended September 30, 2005.

9. Changes in Presentation

(Non-consolidated Statements of Operations)

The Company's non-consolidated statements of Operations were presented heretofore in accordance with the revised "Form of Standard Financial Statements of Income in the Consumer Finance Business" issued by the Federation of Moneylenders Association of Japan on May 10, 2001; however, the presentation would not properly reflect the Company's operating results while the Company is diversifying its business and proportion of interest income from consumer loans to total operating revenues became lower. As a result, the Company has changed the presentation of non-consolidated statement of income in conformity with the standard format of non-consolidated statements of operations in order to reflect the current business operations.

The presentation based on the previous standard is as follows:

	Six Months Ended September 30,				Year Ended March 31,	
	2005		2006		2006	
	Amount	Percentage of Total Operating Revenues	Amount	Percentage of Total Operating Revenues	Amount	Percentage of Total Operating Revenues
(in millions except percentages)						
Operating Revenues:						
Interest income from notes and loans receivable	¥ 13,938		¥ 14,895		¥ 28,472	
Other financial income	0		7		5	
Other operating income	2,108		3,606		5,674	
Total operating revenues	16,047	100.0	18,509	100.0	34,152	100.0
Operating Expenses:						
Financial costs	1,181		1,490		2,382	
Other operating expenses	11,629		14,770		24,713	
Total operating expenses	12,810	79.8	16,261	87.8	27,095	79.3
Operating Income	3,236	20.2	2,247	12.2	7,056	20.7

(5) Notes to Non-consolidated Financial Statements

Non-consolidated Balance Sheets

Note 1. Accumulated depreciation of tangible fixed assets as of September 30, 2005 and 2006, and March 31, 2006 is ¥846 million, ¥899 million and ¥877 million, respectively.

Note 2. Assets pledged for short and long-term borrowings as collateral at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Loans receivable	¥13,585	¥53,022	¥15,421

Corresponding borrowings secured by the above collateral at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Short-term borrowings	¥ —	¥30,000	¥ —
Long-term borrowings (including current portion)	13,368	10,248	13,517

Other than the above, loans receivable that will be transferred pursuant to forward contracts, and the corresponding long-term borrowings, including current portion, at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Loans receivable	¥ 871	¥ 76	¥ 355
Long-term borrowings (including current portion)	1,009	150	405
Current portion of long-term borrowings	859	150	385

In addition, the Company entrusted certain loans outstanding to a trust bank. In order to raise funds, the Company sold its senior beneficiary interest in these loans outstanding in trust to a third party. These transactions constitute a legal sale under Japanese law. Since the Company reserves an option to repurchase the senior beneficiary interest, the Company does not recognize the extinguishment of the aforementioned interest in the financial statements herein, and the funds are recognized as long-term liability related interest. There is no control over the interest by the Company except through the above option. Entrusted loans outstanding included in "Loans receivable", and the related long-term liability recorded in "Asset backed securities" at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Loans receivable	¥ 6,363	¥45,673	¥30,907
Asset backed securities	3,819	32,970	21,669

Note 3. Unsecured consumer loans included in loans receivable at September 30, 2005 and 2006, and March 31, 2006 are ¥2,955 million, ¥2,724 million and ¥2,994 million, respectively.

Note 4. Commitments and contingencies

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Guarantees for loans outstanding of alliance companies	¥ 9,302	¥16,578	¥11,571
Guarantees for borrowings of subsidiaries and affiliates:			
Aprek Co., Ltd.	—	5,921	6,381
Chuo Mitsui Finance Service Co., Ltd.	1,050	4,680	1,920
NIS Property Co., Ltd.	—	4,000	—

Note 5. Rediscounted notes at September 30, 2005 and 2006, and March 31, 2006 are ¥89 million, ¥136 million, and ¥128 million, respectively.

Note 6. Stock issuance

(1) Increases in the number of shares resulting from conversion of convertible bonds for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,	
	2005	2006	2006	2006
			(Before stock split)	(After stock split)
Number of shares issued (shares)	12,475,533	18,924,124	12,475,533	74,315,344
Convertible price (in yen)	¥ 163.6	¥ 40.9	¥ 163.6	¥ 81.8
of which amount to be credited to common stock (in yen)	82	21	82	41
Total conversion amount (in millions)	2,040	773	8,119	
of which amount to be credited to common stock (in millions)	1,022	397	4,069	

(2) Increases in the number of shares resulting from stock splits for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,	
	2005	2006	2006	2006
Date of stock splits	(May 20, 2005)	(April 1, 2006)	(May 20, 2005)	(November 18, 2005)
Stock split ratio	1.2-for-1	2-for-1	1.2-for-1	2-for-1
Number of shares issued (shares)	108,933,686	1,406,470,644	108,933,686	666,077,650

- (3) Allocations of new shares to a third party for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
Number of shares issued (shares)	—	86,021,600	—
Issue price (in yen)	¥ —	¥ 93	¥ —
of which amount to be credited to common stock (in yen)	—	47	—
Total issuance amount (in millions)	—	8,000	—
of which amount to be credited to common stock (in millions)	—	4,043	—

- Note 7. According to the requirement of the Nonbank Bond Issuing Law, bankrupt and delinquent loans receivable as of September 30, 2005 and 2006, and March 31, 2006 are classified as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
(1) Bankrupt loans receivable	¥ 949	¥ 1,346	¥ 1,002
(2) Delinquent loans receivable	3,091	4,771	3,249
(3) Delinquent loans receivable (three months or more)	—	—	—
(4) Restructured loans receivable	14,296	15,236	14,268
Total	¥18,337	¥21,354	¥18,520

- Notes: (1) “Bankrupt loans receivable”, for which unreceived interest is not accrued, are loans delinquent for a considerable period of time and for which the principal or interest on such loans is unlikely to be recovered due to the occurrence of events defined in the Japanese Corporation Tax Law (Government Ordinance No. 97, 1965), Regulation 96-1(3) and Regulation 96-1(4).
- (2) “Delinquent loans receivable” are loans receivable for which unreceived interest is not accrued due to customers’ delinquency, excluding loans receivable mentioned in (1), (4).
- (3) “Delinquent loans receivable (three months or more)” are loans receivable for which the payments of principal and interest have been delayed for three months or more, excluding loans receivable mentioned in (1), (2).
- (4) “Restructured loans receivable” are loans receivable for which the Company reached agreement with the debtors on favorable treatment for the debtors such as reduction and exemption of interest, grace of principal and interest payments, relinquishment of loans receivable, among others, in order to reorganize the borrowers and support their financial conditions, excluding loans receivable mentioned in (1), (2), (3).

Note 8. (1) In order to raise fund efficiently, the Company entered into syndicated loan agreements, overdraft agreements, and loan commitment agreements with several banks. The unused balances of these prescribed limit agreements at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
		(in millions)	
Total overdraft facilities, loan commitment limits and syndicated loan credit line	¥ 8,500	¥ 84,000	¥ 41,200
Outstanding borrowings within the limits	—	(73,470)	(36,700)
Unused balance	8,500	10,530	4,500

(2) In providing its core business, the integrated financial services, under the terms and conditions of the Company's credit line agreements in connection with loans receivable, the Company may, but is not committed to, lend funds to customers. The Company's unfunded credit lines at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
		(in millions)	
Total amount of credit line agreements	¥ 82,099	¥ 90,107	¥ 85,997
Loans outstanding under credit line agreements	(26,683)	(30,663)	(28,319)
Total unfunded credit lines	55,415	59,444	57,678
of which unfunded credit lines without loans outstanding	45,693	49,700	48,036

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

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

Note 9. Notes maturing on September 30, 2006 were accounted for on the day of settlement. As the balance sheet date fell on a nonbusiness day for financial institutions, notes maturing on have been included in the balance shown in the non-consolidated financial statements.

Since it was a non-business day for financial institutions on September 30, 2006, "Notes receivable" includes maturing notes on this date in amount of ¥48 million.

Note 10. As of September 30, 2006 and March 31, 2006, "Investment securities" includes securities in the amount of ¥2,772 million and ¥5,944 million loaned under share lending agreement and "Other" of "Current Liabilities" includes the amount of ¥2,000 million and ¥4,500 million received as collateral, respectively.

Non-consolidated Statements of Operations

Note 1. Significant components of other income for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
(in millions)			
Other income:			
Interest income from securities	¥ 0	¥ 5	¥ 1
Interest and dividends	105	373	316
Guarantee fees received from subsidiaries and affiliates	12	23	20
Interest income from loans to subsidiaries and affiliates	250	537	594
Income from investment funds	—	106	306
Fee received from stock loaned	61	—	74

Note 2. Significant components of other expenses for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
(in millions)			
Other Expenses:			
Stock issuance costs	¥ 34	¥ —	¥ 107
Stock issuance-related costs	—	159	—
Bond issuance costs	83	—	92
Securitization facility costs	—	73	54
Syndicated loan borrowing costs	5	—	33
Provision for loan losses	—	25	—

Note 3. Significant components of special gains for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
(in millions)			
Special Gains:			
Gains on sales of investment securities	¥ 4,011	¥ 1,245	¥ 4,246
Gains on sales of investments in subsidiaries and affiliates	—	399	—

Note 4. Significant components of special losses for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
	(in millions)		
Special Losses:			
Losses on disposal of fixed assets	¥ 5	¥ 7	¥ 14
Impairment of investment securities	—	305	337
Provision for loan losses	258	—	289
Adjustment to estimated excess interest repayment-related costs	—	6,919	—

Note 5. Depreciation and amortization for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended September 30,		Year Ended March 31,
	2005	2006	2006
	(in millions)		
Depreciation and amortization:			
Tangible fixed assets	¥ 32	¥ 36	¥ 68
Intangible fixed assets	238	252	480

Non-consolidated Statements of Changes in Net Assets

Note 1. The changes in number of outstanding shares for the six months ended September 30, 2006 are as follows:

	Six Months Ended September 30, 2006 (in thousands of shares except type)
Type of shares	Common stock
As of the end of the previous fiscal year	1,406,470
Increase	1,511,416
Decrease	—
As of the end of the period	2,917,887

The following table shows primary reasons for the above changes:

	Six Months Ended September 30, 2006 (in thousands of shares)
Increase due to:	
2-for -1 stock split completed on April 1 ,2006	1,406,470
Conversion of convertible bonds	18,924
Third-party allotment	86,021

Note 2. The changes in number of treasury stock for the six months ended September 30, 2006 are as follows:

	Six Months Ended September 30, 2006 (in thousands of shares except type)
Type of shares	Common stock
As of the end of the previous fiscal year	40,051
Increase	40,054
Decrease	9,877
As of the end of the period	70,227

The following table shows primary reasons for the above changes:

	Six Months Ended September 30, 2006 (in thousands of shares)
Increase due to:	
2-for -1 stock split completed on April 1 ,2006	40,051
Purchase of odd stocks	2
Decrease due to:	
Exercise of stock options	9,877

Significant Subsequent Events

None

(6) Lease

Finance leases, except leases for which the ownership of the leased assets is transferred to the lessee, are as follows:

1. Equivalents of acquisition costs, accumulated amortization, accumulated impairment and book value at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Equipment:			
Acquisition costs equivalent	¥ 2,218	¥ 2,279	¥ 2,210
Accumulated amortization equivalent	(1,077)	(1,496)	(1,253)
Book value equivalent	1,140	783	956
Software:			
Acquisition costs equivalent	267	267	267
Accumulated amortization equivalent	(130)	(185)	(157)
Book value equivalent	137	82	109
Other:			
Acquisition costs equivalent	4	4	4
Accumulated amortization equivalent	(2)	(3)	(3)
Book value equivalent	1	0	1
Total:			
Acquisition costs equivalent	¥ 2,490	¥ 2,551	¥ 2,482
Accumulated amortization equivalent	(1,210)	(1,685)	(1,415)
Book value equivalent	1,280	866	1,067

2. The amounts of outstanding future minimum lease payments at September 30, 2005 and 2006, and March 31, 2006 are as follows:

	September 30,		March 31,
	2005	2006	2006
	(in millions)		
Due within one year	¥ 536	¥ 486	¥ 540
Due after one year	765	398	548
Total	¥ 1,301	¥ 884	¥ 1,088

3. Lease payments, amortization expense equivalent, interest expense equivalent for the six months ended September 30, 2005 and 2006, and the year ended March 31, 2006 are as follows:

	Six Months Ended		Year Ended
	September 30,	September 30,	March 31,
	2005	2006	2006
	(in millions)		
Lease payments	¥ 286	¥ 285	¥ 568
Amortization expense equivalent	273	273	545
Interest expense equivalent	13	9	24

4. The method used to calculate amortization expense equivalent and interest expense equivalent of leased property is as follows:

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

(Impairment of Fixed Assets)

There is no impairment loss allocated to leased assets.

(7) Investment Securities

Information regarding investments in subsidiaries and affiliates with market quotation available at September 30, 2005 and 2006, and March 31, 2006 is as follows:

	September 30,						March 31,		
	2005			2006			2006		
	Carrying Value	Market Value	Differences	Carrying Value	Market Value	Differences	Carrying Value	Market Value	Differences
	(in millions)								
Investment in subsidiaries	¥ 500	¥ 34,920	¥ 34,420	¥ 1,946	¥ 34,984	¥ 33,038	¥ 1,946	¥ 67,552	¥ 65,605

Note: There were no affiliates with market quotation available at September 30, 2005 and 2006, and March 31, 2006.

Supplemental Reference Data

The summary of per share data with retroactive adjustments for the half-year periods of the past five years is as follows:

1. Before retroactive adjustments

Consolidated:

Per share data	Six Months Ended September 30,				
	2002	2003	2004	2005	2006
			(in yen)		
Net income per share	¥ 38.86	¥ 22.16	¥ 23.88	¥ 7.96	¥ (0.16)
Net assets per share	678.52	377.41	234.07	105.57	28.85
Half-year dividends per share	6.50	3.75	2.75	2.00	0.16

	September 30,				
	2002	2003	2004	2005	2006
			(shares)		
Number of outstanding shares at end of period	64,710,002	123,488,276	254,565,865	639,312,080	2,847,659,575

Non-consolidated:

Per share data	Six Months Ended September 30,				
	2002	2003	2004	2005	2006
			(in yen)		
Net income per share	¥ 36.82	¥ 21.21	¥ 18.01	¥ 6.88	¥ (0.55)
Net assets per share	680.16	376.58	225.59	101.65	26.92
Half-year dividends per share	6.50	3.75	2.75	2.00	0.16

	September 30,				
	2002	2003	2004	2005	2006
			(shares)		
Number of outstanding shares at end of period	64,710,002	123,488,276	254,565,865	639,312,080	2,847,659,575

If the per share data figures for the six months ended September 30, 2006 presented in the Condensed Statements of Financial Results are set as 100, the figures retroactively adjusted for the dilutions caused by the stock splits are presented below.

2. After retroactive adjustments

Consolidated:

Per share data	Six Months Ended September 30,				
	2002	2003	2004	2005	2006
			(in yen)		
Net income per share	¥ 1.01	¥ 1.16	¥ 2.49	¥ 1.99	¥ (0.16)
Net assets per share	17.67	19.66	24.38	26.39	28.85
Half-year dividends per share	0.17	0.20	0.29	0.50	0.16

	September 30,				
	2002	2003	2004	2005	2006
			(shares)		
Number of outstanding shares at end of period	2,484,864,076	2,370,974,896	2,443,832,304	2,557,248,320	2,847,659,575

Non-consolidated:

Per share data	Six Months Ended September 30,				
	2002	2003	2004	2005	2006
			(in yen)		
Net income per share	¥ 0.96	¥ 1.11	¥ 1.88	¥ 1.72	¥ (0.55)
Net Assets per share	17.71	19.61	23.50	25.41	26.92
Half-year dividends per share	0.17	0.20	0.29	0.50	0.16

	September 30,				
	2002	2003	2004	2005	2006
			(shares)		
Number of outstanding shares at end of period	2,484,864,076	2,370,974,896	2,443,832,304	2,557,248,320	2,847,659,575

Note: 1. The stock splits carried out during the above-mentioned period are as follows:

Date of stock splits	Ratio of stock splits
May 20, 2003	2-for-1
May 20, 2004	2-for-1
November 19, 2004	2-for-1
May 20, 2005	1.2-for-1
November 18, 2005	2-for-1
April 1, 2006	2-for-1

2. Net income per share is calculated by assuming that all the stock splits occurred at the beginning of their respective periods.
3. The number of shares and per share data are adjusted retroactively, applying ASB Statement No.2, "Accounting Standard Concerning Net Income Per Share", issued by the ASBJ on September 25, 2002.