

Quarterly Financial Report

(Japanese GAAP)

This report is an English translation of “Shihanki-Houkokusho” as of and for the three months ended June 30, 2008, filed through the Electronic Disclosure for Investors’ Network (EDINET) in Japan, pursuant to the Japanese Financial Instruments and Exchange Law, Regulation Section 27-30 Paragraph 2.

Quarterly Financial Report

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FIRST SECTION: CORPORATE INFORMATION

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

ITEM 1. OVERVIEW OF THE CORPORATION

1. KEY FINANCIAL DATA AND TRENDS

	Three Months Ended / As of June 30, 2008	Year Ended / As of March 31, 2008
	(In millions except percentages, per share data and number of employees)	
Consolidated Financial Data:		
Operating revenues	¥ 12,249	¥ 83,027
Ordinary income (losses)	600	(17,438)
Net income (losses)	549	(45,116)
Net assets	57,736	58,763
Total assets	230,107	272,983
Net assets per share (in yen)	224.38	228.89
Net income (losses) per share (in yen):		
Basic	2.29	(289.06)
Diluted	-	-
Net worth ratio (%)	23.4	20.1
Net cash provided by operating activities	35,889	68,045
Net cash provided by investing activities	1,001	8,104
Net cash used in financing activities	(38,883)	(92,168)
Cash and cash equivalents at end of period	7,560	9,552
Number of employees (persons)	720	708

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

2. Diluted net income per share for the year ended March 31, 2008 was not presented because of net losses per share.

3. Diluted net income per share for the three months ended June 30, 2008 was not presented because there existed no shares with dilutive effect.

2. DESCRIPTION OF BUSINESS

There were no significant changes in business operations of the NIS Group corporate group, comprised of NIS Group Co., Ltd., (the “Company”) and its subsidiaries and affiliates (collectively the “Group”) during the three months ended June 30, 2008.

In addition, there were no changes in the principal subsidiaries and affiliates.

3. OVERVIEW OF SUBSIDIARIES AND AFFILIATES

There were no changes in the significant subsidiaries and affiliates during the three months ended June 30, 2008.

4. EMPLOYEES

(1) Employees of the Group

	June 30, 2008
	(Persons)
Number of Employees	720

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

(2) Employees of the Company

	June 30, 2008
	(Persons)
Number of Employees	492

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

ITEM 2. OVERVIEW OF BUSINESS

1. OPERATING RESULTS

(1) Operating Results of the Group

1) Operating Revenues by Business Segment

	Three Months Ended June 30, 2008	
	Amount	Percentage of Total
	(In millions except percentages)	
Integrated Financial Services:		
Interest income from notes and loans receivable:		
Secured loans	¥ 977	8.0%
SME loans	1,430	11.7
Discount notes	1	0.0
Consumer loans	771	6.3
Total	3,180	26.0
Fees received	52	0.4
Guarantee fees received	258	2.1
Revenue from leases and installment loans receivable	1,054	8.6
Other	878	7.2
Total	2,244	18.3
Sub-total	5,424	44.3
Servicing Business:		
Revenue from collections of purchased loans receivable	3,320	27.1
Revenue from sales of real estate	1,727	14.1
Other	577	4.7
Sub-total	5,626	45.9
Real Estate Business:		
Revenue from sales of real estate	830	6.8
Other	320	2.6
Sub-total	1,150	9.4
Other Businesses:		
Other	48	0.4
Total	¥12,249	100.0%

Notes: 1. Business segments presented above are identical to the business segments presented in "Business Segment Information."
2. Consumption taxes are excluded from the amount presented above.

2) Operating Assets by Business Segment

	June 30, 2008	
	Amount	Percentage of Total
	(In millions except percentages)	
Integrated Financial Services:		
Notes and loans receivable:		
Secured Loans	¥ 42,139	24.0%
SME loans	27,258	15.6
Discount notes	28	0.0
Consumer loans	19,045	10.9
Total	88,472	50.5
Compensation of loans receivable	2,851	1.6
Assets held for finance leases, of which ownership is non-transferable:		
Machinery	233	0.1
Equipment	1,890	1.1
Software	386	0.2
Other	27	0.0
Total	2,538	1.4
Assets held for operating leases	1,906	1.1
Installment loans receivable	3,922	2.2
Margin transaction assets	2,628	1.5
Other	3,501	2.1
Sub-total	105,821	60.4
Servicing Business:		
Purchased loans receivable	25,712	14.7
Real estate for sale	17,533	10.0
Sub-total	43,245	24.7
Real Estate Business:		
Real estate for sale	15,871	9.1
Real estate under construction for sale	10,167	5.8
Sub-total	26,039	14.9
Total	¥175,107	100.0%

- Notes: 1. Installment loans receivable presented above are the amount after the deduction of unearned revenues from installment loans receivable.
2. In addition to those presented above, the amount of loans and accounts receivable of other companies that the Group guarantees in connection with the credit guarantee business in the integrated financial services segment is as follows:

	June 30, 2008
	Amount
	(In millions)
Guarantees for loans and accounts receivable	¥28,526

Note: Guarantees for loans and accounts receivable presented above are the amount after the deduction of reserve for guarantee losses and reserve for losses on business of affiliated companies.

2. SIGNIFICANT CONTRACTS

Merger of NIS Group Co., Ltd. and NIS Property Co., Ltd.

The Group focuses on real estate-related business primarily through NIS Property Co., Ltd., which engages in the principal investment business investing in Japanese real estate market. In order to further increase its operational efficiency through group reorganization, the Board of Directors of the Company approved a merger to absorb NIS Property, a consolidated subsidiary, on May 23, 2008 and entered into the merger agreement on the same day. In addition, the merger agreement was approved by the Annual Shareholders' Meeting held on June 24, 2008.

(1) Method of Merger

An absorption merger with the Company as the surviving company and NIS Property as the dissolved company.

(2) Number of shares to be issued and allotted in connection with the merger

There is no merger subsidy for shareholders of NIS Property in connection with the merger, because NIS Property is a wholly-owned subsidiary.

(3) Date of the merger (effective date)

July 1, 2008

(4) Transfer of assets

Based on the balance sheet and other financial conditions of NIS Property as of March 31, 2008, all assets, liabilities, rights and obligations, taking into consideration changes until the merger, are to be transferred to the Company at the date of the merger.

(5) Overview of assets and liability of the dissolved company as of the merger date

	June 30, 2008
	Amount
	(In millions)
Current Assets	¥15,769
Fixed Assets:	
Tangible fixed assets	2
Intangible fixed assets	1
Investments and other assets	2,679
Total Fixed Assets	2,682
Total Assets	¥18,452
Current Liabilities	¥12,583
Long-term Liabilities	5,809
Total Liabilities	¥18,392

(6) Common stock and business description of the surviving company (after the merger)

Common stock:	¥26,289 million
Business description:	Provider of SME loans, consumer loans, credit guarantees and real estate business.

3. MANAGEMENT'S DISCUSSION AND ANALYSIS

(1) Analysis of Business Performance

For the three months ended June 30, 2008, the Japanese economy has become increasingly uncertain due to slumping corporate profits and private consumption stemming from concerns over a global recession and a surge in crude oil prices in the midst of a prolonged period of global financial and capital market turmoil.

In order to improve operational efficiency in this business environment, the Group further implemented its management reform program which had been promoted since the previous fiscal year, including measures such as a reduction in assets through restructuring of its loan portfolio and review of its business structure including reorganization of affiliated companies.

With regard to the financial results for the three months ended June 30, 2008, total operating revenues were ¥12,249 million. This is attributable to a decrease in the amount of loans originated and the balance of loans receivable reflecting an ongoing cautious sales strategy such as stricter credit standards for new loans.

Operating income was ¥1,028 million. This is attributable to a decrease in selling, general, and administrative expenses such as loan loss-related costs, as a result of the implementation of management reform program. Consequently, ordinary income for the three months ended June 30, 2008 was ¥600 million.

Net income for the three months ended June 30, 2008 was ¥549 million. This is mainly attributable to compensation income of ¥200 million and gains on sales of investment securities of ¥105 million.

Operating results by business segment are described below:

1) Integrated Financial Services

In the integrated financial services, the Group mainly engages in secured and unsecured lending, as well as leasing and installment sales to small and medium-sized enterprises ("SMEs") in Japan. In addition, the Group promoted credit guarantee business and investment banking business in order to flexibly respond to the changes in the business environment.

Operating revenues from the integrated financial services were ¥5,424 million and operating losses were ¥206 million.

2) Servicing Business

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

Operating revenues from the servicing business were ¥5,626 million and operating income was ¥734 million.

3) Real Estate Business

In the real estate business, the Group attempted to improve the value of assets held as well as investment efficiency.

Operating revenues from the real estate business were ¥1,150 million and operating income was ¥651 million.

4) Other Businesses

The Group engages in other businesses, including SME support services. Operating revenues from other businesses were ¥48 million and operating losses were ¥55 million.

(2) Analysis of Consolidated Financial Position

As of June 30, 2008, total assets were ¥230,107 million, a decrease of ¥42,876 million, or 15.7%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥36,073 million in notes and loans receivable, and a decrease of ¥3,064 million in purchased loans receivable, compared with the end of the previous fiscal year, respectively.

As of June 30, 2008, total liabilities were ¥172,370 million, a decrease of ¥41,849 million, or 19.5%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥39,459 million in total interest-bearing debt due to a decrease in operating assets, compared with the end of the previous fiscal year.

As of June 30, 2008, net assets were ¥57,736 million, a decrease of ¥1,027 million, or 1.7%, compared with the end of the previous fiscal year. This is attributable to a decrease of ¥1,630 million in total valuation and translation adjustments due to a decrease in foreign currency translation adjustments and unrealized gains on investment securities, despite an increase of ¥549 million in retained earnings because of net income for the three months ended June 30, 2008.

(3) Cash Flows

As of June 30, 2008, cash and cash equivalents (“Cash”) were ¥7,560 million, a decrease of ¥1,992 million, compared with the end of the previous fiscal year. The overview of cash flows is as follows:

(Cash Flows from Operating Activities)

Net Cash provided by operating activities for the three months ended June 30, 2008 was ¥35,889 million.

Cash provided during the three months ended June 30, 2008 mainly comprised ¥31,716 million provided by net collection of loans receivable and ¥2,473 million provided by net collection of purchased loans receivable, in addition to ¥771 million of income before income taxes and minority interest.

(Cash Flows from Investing Activities)

Net Cash provided by investing activities for the three months ended June 30, 2008 was ¥1,001 million.

Cash provided during the three months ended June 30, 2008 mainly comprised ¥1,714 million provided by proceeds from collections of loans to affiliated companies, while ¥636 million used in net acquisition of investment securities.

(Cash Flows from Financing Activities)

Net Cash used in financing activities for the three months ended June 30, 2008 was ¥38,883 million.

Cash used during the three months ended June 30, 2008 mainly comprised ¥39,459 million used in net repayments of interest-bearing debt.

(4) Challenges for the Group

There were no significant changes in challenges or new challenges arising for the Group during the three months ended June 30, 2008.

(5) Research and Development

None

ITEM 3. OVERVIEW OF PROPERTY AND EQUIPMENT

1. MAJOR PROPERTY AND EQUIPMENT

There were no significant changes in the Group's major property and equipment during the three months ended June 30, 2008.

2. PLANS FOR ACQUISITIONS AND DISPOSALS OF PROPERTY AND EQUIPMENT

(1) Acquisitions of Major Property and Equipment

1) Assets for Internal Use

The following relocations and acquisitions, which were planned as of March 31, 2008, were implemented during the three months ended June 30, 2008:

Company Name	Description (Business Segment)	Expenditures (In millions)	Date of Completion
NIS Group Co., Ltd.	Installation of equipment at Tokyo Head Office (Integrated Financial Services)	¥9	June 2008

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

In addition, there were no significant plans for relocations and acquisitions of major property and equipment newly determined during the three months ended June 30, 2008.

2) Assets Held for Leases

The following acquisition of assets held for leases, which was planned as of March 31, 2008, was implemented during the three months ended June 30, 2008:

Company Name	Description (Business Segment)	Expenditures (In millions)
NIS Lease Co., Ltd.	Assets held for leases (Integrated Financial Services)	¥124

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

In addition, there were no significant changes in plans for acquisitions of assets held for leases during the three months ended June 30, 2008.

(2) Disposals of Major Property and Equipment

There were no disposals of major property and equipment planned or implemented as of March 31, 2008.

In addition, there were no significant plans for disposals of major property and equipment newly determined during the three months ended June 30, 2008.

ITEM 4. OVERVIEW OF THE COMPANY

1. INFORMATION ON CAPITAL STOCK

(1) Total Number of Shares

1) Total Number of Authorized Shares

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

2) Total Number of Issued Shares

Type of Shares	June 30, 2008 (Shares)	August 14, 2008 (Filing Date) (Shares)	Stock Exchange	Details
Common stock	245,894,350	245,894,350	Tokyo Stock Exchange (First Section)	-
Total	245,894,350	245,894,350	-	-

Notes: 1. The number of issued shares of common stock as of the filing date does not include the number of shares newly issued upon exercises of stock acquisition rights during the period from August 1, 2008 to the filing date of this Quarterly Financial Report.

2. The Company voluntarily delisted from the New York Stock Exchange on August 4, 2008.

(2) Information on Stock Acquisition Rights and Convertible Bonds

Stock Acquisition Rights Issued under the Former Amended Commercial Code of Japan

(Special Resolution at the Annual Shareholders' Meeting on June 22, 2005)

	June 30, 2008
Number of stock acquisition rights:	12,400 units
Number of stock acquisition rights for share repurchases:	-
Type of shares:	Common stock
Number of shares of common stock issuable upon exercise:	248,000 shares (Note 1)
Amount to be paid in upon exercise:	¥1,160 per share (Note 2)
Exercise period:	From August 1, 2005 to July 31, 2008
Exercise price:	¥1,160 per share
Amount to be credited to common stock:	¥580 per share
Requirement for exercise of stock acquisition rights:	Grantee must be a director, statutory auditor, corporate advisor, contract employee or regular employee (including employees of the Group seconded to other companies and employees of other companies seconded to the Group), or director, statutory auditor or employee of a business counterparty of the Company approved by the Board of Directors at the time of the exercise of such stock acquisition rights. Business counterparties approved by the Board of Directors are bound by the Contract on Granting New Share Subscription Rights (the "Contract") entered into between the Company and each grantee. However, stock acquisition rights may be exercised upon the retirement of a director, retirement due to age or under certain other reasonable circumstances. Other requirements for the exercise of stock acquisition rights are defined in the Contract executed pursuant to the approval by the Annual Shareholders' Meeting and the Board of Directors.
Transfer restriction item:	Upon approval by the Board of Directors
Substitution item for cash payment:	-
Restriction on issuance in connection with organizational restructuring:	-

Notes: 1. In the event of a split or consolidation on the Company's stock, the number of shares issuable upon exercise per stock acquisition right unit will be adjusted by the following formula, except that the number of shares issuable upon exercise will be rounded down to the nearest share:

$$\text{Number of shares as adjusted} = \text{Number of shares before adjustment} \times \text{Split or consolidation ratio}$$

2. In the event of a split or consolidation on the Company's stock, the paid-in amount of exercised shares per stock acquisition right unit will be adjusted by the following formula, with any fraction of ¥1 occurring upon such adjustment rounded upward to the nearest yen:

$$\text{Paid-in amount as adjusted} = \text{Paid-in amount before adjustment} \times \frac{1}{\text{Split or consolidation ratio}}$$

In the event that the Company issues new shares or distributes shares of treasury stock of the Company at a price lower than the current market price after the issuance of the stock acquisition right, the paid-in amount shall be adjusted in accordance with the following formula, with any fraction of ¥1 occurring upon such adjustment rounded upward to the nearest yen:

$$\text{Paid-in amount as adjusted} = \text{Paid-in amount before adjustment} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued (distributed) shares} \times \text{Paid-in price per share}}{\text{Current market price per share}}}{\text{Number of already issued shares} + \text{Number of newly issued (distributed) shares}}$$

(Special Resolution at the Annual Shareholders' Meeting on June 22, 2005)

June 30, 2008

Number of stock acquisition rights:	3,050 units
Number of stock acquisition rights for share repurchases:	-
Type of shares:	Common stock
Number of shares of common stock issuable upon exercise:	61,000 shares (Note 1)
Amount to be paid in upon exercise:	¥2,620 per share (Note 2)
Exercise period:	From April 1, 2006 to March 31, 2009
Exercise price:	¥2,620 per share
Amount to be credited to common stock:	¥1,310 per share
Requirement for exercise of stock acquisition rights:	Grantee must be a director, statutory auditor, corporate advisor, contract employee or regular employee (including employees of the Group seconded to other companies and employees of other companies seconded to the Group), or director, statutory auditor or employee of a business counterparty of the Company approved by the Board of Directors at the time of the exercise of such stock acquisition rights. Business counterparties approved by the Board of Directors are bound by the Contract entered into between the Company and each grantee. However, stock acquisition rights may be exercised upon the retirement of a director, retirement due to age or under certain other reasonable circumstances. Other requirements for the exercise of stock acquisition rights are defined in the Contract executed pursuant to the approval by the Annual Shareholders' Meeting and the Board of Directors.
Transfer restriction item:	Upon approval by the Board of Directors
Substitution item for cash payment:	-
Restriction on issuance in connection with organizational restructuring:	-

Notes: 1. In the event of a split or consolidation on the Company's stock, the number of shares issuable upon exercise per stock acquisition right unit will be adjusted by the following formula, except that the number of shares issuable upon exercise will be rounded down to the nearest share:

$$\text{Number of shares as adjusted} = \text{Number of shares before adjustment} \times \text{Split or consolidation ratio}$$

2. In the event of a split or consolidation on the Company's stock, the paid-in amount of exercised shares per stock acquisition right unit will be adjusted by the following formula, with any fraction of ¥1 occurring upon such adjustment rounded upward to the nearest yen:

$$\text{Paid-in amount as adjusted} = \text{Paid-in amount before adjustment} \times \frac{1}{\text{Split or consolidation ratio}}$$

In the event that the Company issues new shares or distributes shares of treasury stock of the Company at a price lower than the current market price after the issuance of the stock acquisition right, the paid-in amount shall be adjusted in accordance with the following formula, with any fraction of ¥1 occurring upon such adjustment rounded upward to the nearest yen:

$$\text{Paid-in amount as adjusted} = \text{Paid-in amount before adjustment} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued (distributed) shares} \times \text{Paid-in price per share}}{\text{Current market price per share}}}{\text{Number of already issued shares} + \text{Number of newly issued (distributed) shares}}$$

Stock Acquisition Rights Issued under the Corporate Law of Japan

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

June 30, 2008

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

June 30, 2008

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

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

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

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

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

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

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

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

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

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

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

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

June 30, 2008

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

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

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

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

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

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

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

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

June 30, 2008

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

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

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

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

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

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

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

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

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

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

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

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

Such reduction (if any) shall become effective immediately after the opening of business on the business day following the Expiration Time.

In the event that the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Exercise Price shall again be adjusted to be the Exercise Price that would have been in effect if such tender offer had not been made.

June 30, 2008

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

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

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

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

Exercise period:
 Exercise price:
 Amount to be credited to common stock:
 Requirement for exercise of stock acquisition rights:
 Transfer restriction item:
 Substitution item for cash payment:
 Restriction on issuance in connection with organizational restructuring:

From February 20, 2008 to February 20, 2015, 5.00 p.m.
 ¥200 per share
 ¥100 per share
 Each Equity Warrant shall be exercisable only in whole and not in part.
 The acquisition of the Equity Warrants through assignment shall not require approval by resolution of the Company's board of directors.

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

June 30, 2008

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

(3) Summary of Rights Plan

Not Applicable

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

Date	Change in Issued Shares of Common Stock	Balance of Issued Shares of Common Stock	Change in Common Stock	Balance of Common Stock	Change in Additional Paid-in Capital	Balance of Additional Paid-in Capital
(In millions except thousand shares)						
June 30, 2008	-	245,894	¥-	¥26,289	¥-	¥28,586

(5) Major Shareholders

The Company does not recognize changes in major shareholders for the three months ended June 30, 2008.

(6) Voting Rights of Capital Stock

The following information on voting rights of capital stock is based on the list of shareholders on March 31, 2008, which is the most recent record date for the determination of shareholders, since the Company could not recognize beneficial shareholders as of June 30, 2008.

1) Issued Shares

Type	Number of Shares	Number of Voting Rights	Details
Non-voting capital stock	-	-	-
Capital stock with restricted voting rights (Treasury stock)	-	-	-
Capital stock with restricted voting rights (Others)	-	-	-
Capital stock with voting rights (Treasury stock)	(Treasury stock) Common stock: 6,276,600	-	-
Capital stock with voting rights (Others)	Common stock: 238,274,100	2,382,741	-
Capital stock below one unit under the Japanese Unit Share System	Common stock: 1,343,650	-	-
Total number of issued shares	245,894,350	-	-
Total number of voting rights	-	2,382,741	-

Notes: 1. 35,300 shares (equivalent to 353 voting rights) nominally owned by Japan Securities Depository Center, Inc., are included in the "Capital stock with voting rights (Others)."

2. 13 shares of treasury stock are included in "Capital stock below one unit under the Japanese Unit Share System."

2) Treasury Stock

Owner	Address	Shares of Common Stock Owned As of March 31, 2008			
		Under the Company's Name	Under Other Names	Total Number of Shares	Percentage of Total Issued Shares
(Shares except percentages)					
(Treasury stock) NIS Group Co., Ltd.	7-6, Chifune-machi 5-chome, Matsuyama City, Ehime	6,276,600	-	6,276,600	2.55%
Total	-	6,276,600	-	6,276,600	2.55%

2. MARKET PRICE INFORMATION

The Monthly Highest and Lowest Share Prices of the Company's Common Stock for the Three Months Ended June 30, 2008

	April 2008	May 2008	June 2008
(In yen)			
Highest	¥220	¥244	¥210
Lowest	151	193	155

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

3. MEMBERS OF THE BOARD OF DIRECTORS AND STATUTORY AUDITORS

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

Internal Reassignment

Current Position	Previous Position	Name	Date of Reassignment
Executive Director of the Board and Executive Officer (Deputy Head of Investment Banking, Sales & Marketing, Head of Real Estate Group Division and General Manager of Real Estate Department)	Executive Director of the Board and Executive Officer (Deputy Head of Investment Banking, Sales & Marketing and Head of Real Estate Group Division)	Katsutoshi Shimizu	July 1, 2008

ITEM 5. FINANCIAL STATEMENTS

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

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

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

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

1. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

	June 30, 2008	March 31, 2008
	Amount	Amount
	(In millions)	
ASSETS:		
Current Assets:		
Cash and deposits (Note 3)	¥ 10,748	¥ 11,652
Notes and loans receivable (Notes 3, 4, 6, 7 and 8)	88,472	124,545
Compensation of loans receivable	2,851	2,043
Installment loans receivable	5,148	5,522
Purchased loans receivable (Note 3)	25,712	28,777
Real estate for sale in the servicing business (Note 3)	17,533	19,145
Real estate for sale in the real estate business (Note 3)	15,871	15,902
Real estate under construction for sale in the real estate business (Note 3)	10,167	9,910
Margin transaction assets	2,628	2,554
Other (Note 2)	12,901	15,273
Allowance for loan losses	(15,808)	(18,901)
Total Current Assets	176,227	216,425
Fixed Assets:		
Tangible fixed assets (Notes 1 and 3)	5,992	6,466
Intangible fixed assets	1,727	1,933
Investment and other assets:		
Investment securities (Note 3)	30,013	31,358
Other (Note 7)	27,144	26,873
Allowance for loan losses	(11,344)	(10,440)
Total investment and other assets	45,813	47,791
Total Fixed Assets	53,534	56,191
Deferred Assets	345	367
Total Assets	¥230,107	¥272,983

Quarterly Financial Report

	June 30, 2008	March 31, 2008
	Amount	Amount
	(In millions)	
LIABILITIES:		
Current Liabilities:		
Accounts payable	¥ 424	¥ 284
Short-term borrowings (Notes 3 and 8)	20,784	24,944
Current portion of long-term borrowings (Notes 3 and 8)	49,084	63,168
Current portion of bonds	20,030	27,530
Margin transaction liabilities (Note 3)	2,334	1,885
Accrued income taxes	1,818	2,529
Reserves	1,644	1,553
Other (Note 6)	5,550	6,317
Total Current Liabilities	101,671	128,213
Long-term Liabilities:		
Bonds	30,230	30,230
Long-term borrowings (Notes 3 and 8)	22,962	28,426
Asset-backed securities (Note 3)	1,934	10,185
Reserve for losses on excess interest repayments	10,077	10,766
Reserve for losses on business of affiliated companies	5,240	5,850
Other reserves	27	324
Other	158	154
Total Long-term Liabilities	70,630	85,938
Statutory Reserve:		
Reserve for securities transactions	68	68
Total Statutory Reserve	68	68
Total Liabilities	172,370	214,219
NET ASSETS:		
Shareholders' Equity:		
Common stock	26,289	26,289
Additional paid-in capital	30,180	30,180
Retained earnings	2,629	2,080
Treasury stock	(3,892)	(3,892)
Total Shareholders' Equity	55,206	54,658
Valuation and Translation Adjustments:		
Unrealized (losses) gains on investment securities	(703)	73
Deferred losses on hedging instruments	(0)	(0)
Foreign currency translation adjustments	(737)	116
Total Valuation and Translation Adjustments	(1,441)	189
Issuance of Stock Acquisition Rights	101	102
Minority Interest	3,870	3,814
Total Net Assets	57,736	58,763
Total Liabilities and Net Assets	¥230,107	¥272,983

2) Consolidated Statement of Income

	Three Months Ended June 30, 2008
	Amount
	(In millions)
Operating Revenues	¥12,249
Operating Expenses	6,517
Net Operating Revenues	5,732
Selling, General and Administrative Expenses (Note 1)	4,704
Operating Income	1,028
Other Income:	
Interest received	39
Dividends received	25
Guarantee fees received	152
Other	68
Total Other Income	285
Other Expenses:	
Interest expenses	575
Equity losses on affiliates accounted for under the equity method	65
Losses on investment funds	34
Other	37
Total Other Expenses	713
Ordinary Income	600
Special Gains:	
Gains on sales of fixed assets	2
Gains on sales of investment securities	105
Compensation income	200
Other	2
Total Special Gains	310
Special Losses:	
Losses on sales of fixed assets	0
Losses on disposal of fixed assets	9
Losses on impairment	64
Losses on impairment of investment securities	31
Other	33
Total Special Losses	139
Income before Income Taxes and Minority Interest	771
Income Taxes:	
Current	104
Deferred	37
Total Income Taxes	141
Minority Interest	80
Net Income	¥ 549

3) Consolidated Statement of Cash Flows

Three Months Ended June 30, 2008

	Amount
	(In millions)
Operating Activities:	
Income before income taxes and minority interest	¥ 771
Depreciation and amortization	540
Losses on impairment	64
Decrease in allowance for loan losses	(2,189)
Decrease in reserve for losses on excess interest repayments	(689)
Decrease in reserve for losses on business of affiliated companies	(609)
Decrease in other reserves	(205)
Interest and dividends received	(129)
Interest expenses	1,293
Losses on sales and disposal of fixed assets	7
Gains on sales of investment securities	(105)
Losses on impairment of investment securities	31
Charge-offs of loans receivable	3,201
Decrease in interest receivable	81
Decrease in advanced interest received	(4)
Other	(682)
Sub-total	1,376
Proceeds from interest and dividends received	106
Interest paid	(1,608)
Income taxes paid	(920)
Sub-total	(1,045)
Decrease in loans receivable	31,716
Decrease in purchased loans receivable	2,473
Decrease in real estate for sale in the servicing business	1,609
Purchases of assets held for leases	(138)
Decrease in installment loans receivable	326
Increase in real estate for sale and real estate under construction for sale in the real estate business	(151)
Decrease in operational investment securities	1,100
Net cash provided by operating activities	35,889

(Continued)

Quarterly Financial Report

Three Months June 30, 2008

	Amount
	(In millions)
(Continued)	
Investing Activities:	
Time deposits	(450)
Purchases of tangible fixed assets	(21)
Proceeds from sales of tangible fixed assets	18
Purchases of intangible fixed assets	(16)
Purchases of investment securities	(1,839)
Proceeds from sales of investment securities	1,203
Proceeds from redemption of other investment in affiliated companies	369
Proceeds from collections of loans to affiliated companies	1,714
Other	23
Net cash provided by investing activities	1,001
Financing Activities:	
Deposits of restricted cash in banks	(638)
Proceeds from short-term borrowings	7,400
Repayments of short-term borrowings	(11,560)
Proceeds from long-term borrowings	3,238
Repayments of long-term borrowings	(22,787)
Payments for redemption of bonds	(7,500)
Decrease in asset-backed securities	(8,250)
Other	1,214
Net cash used in financing activities	(38,883)
Net decrease in cash and cash equivalents	(1,992)
Cash and cash equivalents at beginning of period	9,552
Cash and cash equivalents at end of period (Note 1)	¥ 7,560

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

(April 1, 2008 ~ June 30, 2008)

1. Changes in Scope of Consolidation

4 companies, including SC-AM Co., Ltd., were excluded from the scope of consolidation as a result of completion of liquidation during the three months ended June 30, 2008.

2. Changes in Significant Accounting Policies

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

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

Due to the recent decreasing trend of operating assets in the integrated financial services such as loans receivable, the proportion of funds, which were procured by the Company operating the integrated financial services and invested indirectly in operating assets in the servicing business and the real estate business through loans to affiliated companies clearly increased. In addition, such trend is expected to continue reflecting the management decision of the Company 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 by matching expenses with suitable revenues.

As a result of this change, compared with the results under the previous treatment, "Operating Expenses" decreased by ¥308 million, while "Net Operating Revenues," "Operating Income" and "Other Expenses" increased by the same amount, respectively. However, there was no effect on "Ordinary Income" and "Income before Income Taxes and Minority Interest."

The effect on segment information is described in corresponding section.

SIMPLIFIED ACCOUNTING TREATMENTS

(April 1, 2008 ~ June 30, 2008)

Measurement of Deferred Tax Assets and Liabilities

Judgment about realizability of the deferred tax assets was based on the forecasts of financial results and tax-planning strategies used in the previous fiscal year, because there had been no significant changes in the business environment and temporary differences since the end of the previous fiscal year.

PARTICULAR ACCOUNTING TREATMENTS FOR THE PREPARATION OF QUARTERLY FINANCIAL STATEMENTS

(April 1, 2008 ~ June 30, 2008)

Not applicable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Note 1. Accumulated depreciation of tangible fixed assets as of June 30, 2008 and March 31, 2008 are ¥3,933 million and ¥3,739 million, respectively.

Note 2. Significant components of inventories included in “Other” as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Operational investment securities	¥1,172	¥2,292
Interest receivable on loans receivable	521	602
Other operating receivables	1,827	1,837
Other inventories	329	197

Note 3. Assets pledged as collateral for short and long-term borrowings as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Cash and deposits	¥2,638	¥ 2,000
Notes and loans receivable	25,752	40,408
Purchased loans receivable	9,530	8,229
Real estate for sale in the servicing business	13,679	15,213
Real estate for sale in the real estate business	13,634	11,519
Real estate under construction for sale in the real estate business	1,230	1,230
Buildings and structures	371	376
Land	1,247	1,247
Investment securities	3,538	2,619
Total	¥71,622	¥82,843

Corresponding borrowings secured by the above collateral as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Short-term borrowings	¥16,332	¥13,024
Current portion of long-term borrowings	25,617	32,868
Long-term borrowings	8,231	9,470
Total	¥50,181	¥55,363

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. However, 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 consolidated financial statements herein, and the corresponding funds are recognized as long-term liability. There is no control over the interest by the Company except through the above option. Entrusted loans outstanding included in “Notes and loans receivable” and the related long-term liability recorded as “Asset-backed securities” as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Notes and loans receivable	¥11,696	¥23,709
Asset-backed securities	1,934	10,185

Furthermore, assets pledged for borrowings on margin transactions of ¥1,747 million and ¥1,585 million as of June 30, 2008 and March 31, 2008, respectively, are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Securities received as collateral for financing from broker’s own capital	¥102	¥102
Substitute securities for guarantee money received	829	704

Note 4. Unsecured consumer loans included in loans receivable as of June 30, 2008 and March 31, 2008 were ¥1,008 million and ¥1,227 million, respectively.

Note 5. Commitments and contingencies as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Guarantees for receivables in the credit guarantee business	¥25,431	¥13,095
Guarantees for loans receivable held by affiliated companies	3,095	3,302
Guarantees for borrowings of affiliated companies	2,228	3,170

Note: "Guarantees for loans receivable held by affiliated companies" as of June 30, 2008 presented above include guarantees for loans receivable which were transferred from an affiliated company to a third party.

In addition to above, the Company has to indemnify Aprek Co., Ltd. until February 28, 2013, for losses that Aprek incurs due to claims for excess interest repayments raised by customers to whom Aprek lent money on or before March 3, 2008. Although it is difficult to estimate the amount of this liability, the Company estimates the amount of such losses as being ¥1,193 and ¥1,266 million, which have been included in "Reserve for losses on business of affiliated companies" as of June 30, 2008 and March 31, 2008, respectively.

Note 6. Rediscounted notes as of June 30, 2008 and March 31, 2008 were ¥26 million and ¥49 million, respectively.

Note 7. Bankrupt and delinquent loans receivable as of June 30, 2008 and March 31, 2008 are classified as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Bankrupt loans receivable	¥ 1,605	¥ 1,819
Delinquent loans receivable	16,987	14,870
Delinquent loans receivable (three months or more)	-	-
Restructured loans receivable	13,861	17,267
Total	¥32,454	¥33,956

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

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

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

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

Note 8. (1) In order to raise funds efficiently, the Company entered into syndicated loan agreements, overdraft agreements, and loan commitment agreements with several banks. The unused balance of these prescribed limit agreements as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Total overdraft facilities, loan commitment limits and syndicated loan credit lines	¥ 3,500	¥ 5,200
Outstanding borrowings within the limits	(3,500)	(5,200)
Unused balance	¥ -	¥ -

(2) In providing its core business, integrated financial services, the Company contracts credit line agreements with certain customers, and these customers are able to borrow as needed within set credit lines. The unfunded credit lines as of June 30, 2008 and March 31, 2008 are as follows:

	June 30, 2008	March 31, 2008
	(In millions)	
Total amount of credit line agreements	¥ 17,974	¥ 19,499
Loans outstanding under credit line agreements	(17,520)	(18,710)
Total unfunded credit lines	¥ 453	¥ 788
Of which unfunded credit lines without loans outstanding	233	698

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

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

Consolidated Statement of Income

Note 1. Significant components of “Selling, General and Administrative Expenses” for the three months ended June 30, 2008 are as follows:

	Three Months Ended June 30, 2008
	(In millions)
Selling, General and Administrative Expenses:	
Provision for loan losses	¥ 432
Provision for guarantee losses	738
Depreciation and amortization	186
Salaries for employees	1,037
Provision for bonuses for employees	223
Taxes and duties	203
Lease and rental expenses	403
Commission fees	235

Consolidated Statement of Cash Flows

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

	June 30, 2008
	(In millions)
Cash and deposits	¥10,748
Time deposits with maturities of over three months	(550)
Restricted cash in banks pledged as collateral	(2,638)
Cash and cash equivalents	¥ 7,560

Shareholders' Equity

(April 1, 2008 ~ June 30, 2008)

1. Information on issued shares as of June 30, 2008 are as follows:

	June 30, 2008
Type of share	Common stock
Number of shares (thousand shares)	245,894

2. Information on shares of treasury stock as of June 30, 2008 are as follows:

	June 30, 2008
Type of share	Common stock
Number of shares (thousand shares)	6,280

3. Information on issuance of stock acquisition rights as of June 30, 2008 are as follows:

Company Name	Type of Shares		Number of Shares (Thousand shares)	Outstanding as of June 30, 2008 (In millions)
	Attributable to Stock Acquisition Rights	Attributable to Stock Acquisition Rights		
NIS Group Co., Ltd.	Common stock		8,750	¥ -
Consolidated subsidiaries	-		-	101
Total			8,750	¥101

Note: “Number of Shares Attributable to Stock Acquisition Rights” presented above is the number of exercisable shares of stock acquisition rights.

4. Dividends

Not applicable

Lease

Finance lease, except for which the ownership of the leased assets is transferred to the lessee, are accounted for in the same manner as operating leases, and there were significant changes in the outstanding balance of such leased assets as a lessor during the three months ended June 30, 2008 compared with the end of the previous fiscal year.

(Lessor)

1. Acquisition costs, accumulated depreciation and amortization, and book value of leased assets included in "Assets held for leases" as of June 30, 2008 are as follows:

	June 30, 2008
	(In millions)
Machinery:	
Acquisition costs	¥ 473
Accumulated depreciation	(240)
Book value	233
Equipment:	
Acquisition costs	3,726
Accumulated depreciation	(1,835)
Book value	1,890
Software:	
Acquisition costs	717
Accumulated depreciation	(331)
Book value	386
Other:	
Acquisition costs	63
Accumulated depreciation	(35)
Book value	27
Total:	
Acquisition costs	4,981
Accumulated depreciation and amortization	(2,443)
Book value	¥ 2,538

2. The amounts of outstanding future lease payments to be received as of June 30, 2008 are as follows:

	June 30, 2008
	(In millions)
Due within one year	¥1,090
Due after one year	1,696
Total	¥2,787

3. Lease revenue, depreciation and amortization expense, and interest income equivalent for the three months ended June 30, 2008 are as follows:

	Three Months ended June 30, 2008
	(In millions)
Lease revenue	¥368
Depreciation and amortization expense	266
Interest income equivalent	100

4. The method used to calculate interest income equivalent of leased assets is as follows:

Interest income equivalent of leased assets is calculated as the amount of total lease payments plus estimated residual value less acquisition costs of the leased assets, with the amount allocated to each relevant accounting period using the interest method.

Investment Securities

(June 30, 2008)

Marketable securities included in other securities are an important factor in the Group's business operations, and there were significant changes in the carrying value and other amounts of such securities during the three months ended June 30, 2008 compared with the end of the previous fiscal year.

Marketable securities included in other securities as of June 30, 2008 are as follows:

	Cost	June 30, 2008 Carrying Value	Difference
		(In millions)	
Equity securities	¥2,785	¥2,203	¥(581)
Total	¥2,785	¥2,203	¥(581)

Segment Information

1. Business Segment Information

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

	Three Months Ended June 30, 2008						
	Integrated Financial Services	Servicing Business	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
	(In millions)						
Operating revenues:							
(1) Operating revenues from third parties	¥ 5,424	¥5,626	¥1,150	¥48	¥12,249	¥ -	¥12,249
(2) Operating revenues from inter-segment sales or transfers	192	-	-	0	193	(193)	-
Total operating revenues	5,617	5,626	1,150	48	12,443	(193)	12,249
Operating (losses) income	¥ (206)	¥ 734	¥ 651	¥ (55)	¥ 1,124	¥ (95)	¥ 1,028

Notes: 1. Classification of business segments

Business segments are classified by taking into consideration similarities in the type and nature of businesses and operating transactions.

2. Main descriptions of each business segment

- (1) Integrated Financial Services: Provider of loan products to individuals including consumers, SMEs, and their owners
Provider of leases, etc.
Provider of guarantee services
Securities business
- (2) Servicing Business: Management, collection, acquisition, and investment in specific money claims
- (3) Real Estate Business: Real estate transaction
Real estate development
Asset management
- (4) Other Businesses: SME support services
Agent for life or non-life insurance companies, etc.

3. As discussed in "CHANGES IN SIGNIFICANT ITEMS RELATING TO THE PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS," in the Company and the consolidated subsidiaries which operate the integrated financial services, financial costs on borrowings had been previously treated as "Operating Expenses," unless it was obvious that the purpose of borrowings did not correspond to operating transactions. However, beginning from the three months ended June 30, 2008, the Group changed its accounting treatment as follows: total assets are classified into operating assets related to the integrated financial services and the other assets, and financial costs corresponding to the operating assets are treated as "Operating Expenses" and financial costs corresponding to the other assets are treated as "Other Expenses," in proportion to the balance of those classified assets.

As a result of this change, compared with the results under the previous treatment, "Operating Expenses" decreased by ¥260 million, while "Operating Income" increased by the same amount in "Integrated Financial Services."

4. All operating expenses are apportionable.

2. Geographical Segment Information

Geographical segment information is omitted for the three months ended June 30, 2008, as domestic operating revenues accounted for more than 90% of the total operating revenues for all segments during the corresponding period.

3. Overseas Operating Revenues

Information on overseas operating revenues is omitted for the three months ended June 30, 2008 as overseas operating revenues accounted for less than 10% of the total operating revenues during the corresponding period.

Per Share Data

1. Net assets per share

	June 30, 2008	March 31, 2008
	(In yen)	
Consolidated:		
Net assets per share	¥224.38	¥228.89

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

	June 30, 2008	March 31, 2008
	(In millions)	
Total net assets on the consolidated balance sheets	¥57,736	¥58,763
Net assets attributable to common stock	53,765	54,847
Differences between net assets and net assets attributable to common stock:		
Stock acquisition rights	101	102
Minority interest	3,870	3,814

	June 30, 2008	March 31, 2008
	(Thousand shares)	
Number of issued shares	245,894	245,894
Number of shares of treasury stock	6,280	6,276
Number of shares for the calculation of net assets per share	239,613	239,617

2. Basic and diluted net income per share for the three months ended June 30, 2008

	Three Months Ended June 30, 2008	
	(In yen)	
Consolidated:		
Net income per share:		
Basic		¥2.29
Diluted		-

Notes: 1. Diluted net income per share for the three months ended June 30, 2008 was not presented because there existed no shares with dilutive effect.
2. The basis for the calculation of net income per share presented above is as follows:

	Three Months Ended June 30, 2008	
	(In millions except shares)	
Net income on the consolidated statement of income		¥549
Net income attributable to common stock		549
Amounts not attributable to common shareholders		-
Weighted-average number of outstanding shares (thousand shares)		239,615

In addition, there were no significant changes of shares without dilutive effect which were not reflected in the calculation of diluted net income per share for the three months ended June 30, 2008, compared with the end of the previous fiscal year.

Significant Subsequent Events

On July 1, 2008, the Company completed an absorption merger with NIS Property Co., Ltd., a consolidated subsidiary, based on the merger agreement approved by the Board of Directors on May 23, 2008 and Annual Shareholders' Meeting held on June 24, 2008.

1. Name of the companies concerned and descriptions of their businesses, legal form of the business combination, name of the company after the business combination, and summary of the transaction including its purpose are as follows:

(1) Name of the companies concerned and descriptions of their businesses

1) Surviving Company

Name: NIS Group Co., Ltd.

Business Description: Provider of SME loans, consumer loans and credit guarantee services

2) Dissolved Company

Name: NIS Property Co., Ltd.

Business Description: Real estate transaction, real estate development and asset management

(2) Legal form of the business combination

An absorption merger with the Company as the surviving company and NIS Property as the dissolved company.

(3) Name of the company after the business combination

NIS Group Co., Ltd.

(4) Summary of the transaction including its purpose

The Group focuses on the real estate-related businesses primarily through NIS Property, which engages in the principal investment business investing in Japanese real estate market. The aim of this merger is the further increase of operational efficiency through group reorganization.

2. Summary of Accounting Treatments

A transaction under a common control in accordance with "Accounting Standard for Business Combination" issued by the Business Accounting Council on October 31, 2003 and ASB Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" issued by the ASBJ as last amended on November 15, 2007.

2. OTHER

None

SECOND SECTION: GUARANTOR COMPANY OF THE COMPANY

None

Quarterly Review Report of Independent Certified Public Accountants

August 13, 2008

Board of Directors of
NIS GROUP CO., LTD.

Sanyu & Co.

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

Pursuant to Article 193-2-1 of “Financial Instruments and Exchange Law,” we have reviewed the consolidated balance sheet, the consolidated statements of income and cash flows of NIS GROUP CO., LTD. included in “FINANCIAL STATEMENTS” as of and for the three months ended June 30, 2008. These financial statements are the responsibility of the management. Our responsibility is to express a result of review of these financial statements based on our review.

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

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

Additional information:

1. As discussed in “CHANGES IN SIGNIFICANT ITEMS RELATING TO THE PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS,” the Company changed its accounting treatment for classification of financial costs into “Operating Expenses” and “Other Expenses.”
2. As discussed in “Significant Subsequent Events,” on July 1, 2008, the Company completed an absorption merger with NIS Property Co., Ltd., a consolidated subsidiary, based on the merger agreement approved by the Board of Directors on May 23, 2008 and Annual Shareholders’ Meeting held on June 24, 2008.

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

Certification of Quarterly Financial Report

Document for filing: Certification of Quarterly Financial Report

Pursuant to: Japanese Financial Instruments and Exchange Law, Regulation 24-4-8-1

Administrative division for filing to: Director of Kanto Local Finance Bureau

Filing date: August 14, 2008

Company name: NIS GROUP CO., LTD.

Representative: Kunihiro Sakioka
President, Representative Director of the Board and CEO

Chief Financial Officer: Akihiro Nojiri
Senior Executive Director of the Board, Executive Officer and
Head of Strategy & Operations Control

Location of Matsuyama Head Office: 7-6, Chifune-machi 5-chome, Matsuyama City, Ehime
(The address above is the registered head office; the actual principal
executive office is the Tokyo Head Office stated below)

Locations where the filing is available to the public: Tokyo Head Office, NIS Group Co., Ltd.
(6-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo)

Research Department, NIS Group Co., Ltd.
(1-8, Hon-cho 4-chome, Kawaguchi City, Saitama)

Nagoya Sales Section 1, Sales Control 2nd Department, NIS Group Co., Ltd.
(20-25, Nishiki 1-chome, Naka-ku, Nagoya City)

Osaka Sales Section 1, Sales Control 2nd Department, NIS Group Co., Ltd.
(4-26, Minami-Senba 3-chome, Chuo-ku, Osaka City)

Tokyo Stock Exchange, Inc.
(2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

Certification of Quarterly Financial Report

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

Kunihiko Sakioka, President, Representative Director of the Board and the Chief Executive Officer, and Akihiro Nojiri, the Chief Financial Officer, hereby certifies that the contents of the Quarterly Financial Report for the three months ended June 30, 2008 fairly present information in conformity with regulations of the Japanese Financial Instruments and Exchange Law.

2. SPECIAL NOTES

None