

(TRANSLATION)



MEMBERSHIP

May 13, 2009

Condensed Statements of Financial Results for the Year Ended March 31, 2009

Company Name:	NIS GROUP CO., LTD. (URL: http://www.nisgroup.jp/)
Stock Exchange Listings:	Tokyo Stock Exchange, First Section (Code: 8571)
Location of Head Office:	Tokyo and Ehime
Representative:	Masayuki Yasuoka Chairman, Representative Director of the Board
Inquiries:	Shigeharu Nakashima Head of Strategic Planning Department (Tel: 81-3-5652-2270)
Scheduled Date of Annual Shareholders' Meeting:	June 29, 2009
Scheduled Filing Date of Annual Financial Report ("Yukashoken-Houkokusho"):	June 30, 2009
Application of GAAP:	Japanese GAAP

(Note: All amounts in these financial statements are rounded down to the nearest million yen, and percentages represent the rates of changes from the respective figures for the previous fiscal year)

1. Consolidated Financial Results for the Year Ended March 31, 2009

(1) Consolidated Operating Results

	Year Ended March 31,			
	2009		2008	
	Amount	Percentage	Amount	Percentage
	(In millions except percentages)			
Operating revenues	¥32,170	(61.3)%	¥83,027	(5.8)%
Operating losses	36,328	-	15,427	-
Ordinary losses	38,412	-	17,438	-
Net losses	50,805	-	45,116	-

	2009		2008	
	Year Ended March 31,			
	(In yen except percentages)			
Net losses per share:				
Basic	¥212.03		¥289.06	
Diluted	-		-	
Return on equity (%)	(171.2)%		(65.6)%	
Ratio of ordinary income to total assets (%)	(21.3)		(5.2)	
Ratio of operating income to operating revenues (%)	(112.9)		(18.6)	

Notes: 1. Net losses on affiliates accounted for under the equity method were ¥1,585 million for the year ended March 31, 2009 and ¥134 million for the year ended March 31, 2008.

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

(2) Consolidated Financial Position

	March 31,	
	2009	2008
	(In millions except percentages and per share data)	
Total assets	¥ 88,403	¥272,983
Net assets	16,019	58,763
Net worth ratio (%)	5.1%	20.1%
Net assets per share (in yen)	18.78	228.89

Note: Net worth was ¥4,499 million as of March 31, 2009 and ¥54,847million as of March 31, 2008.

(3) Consolidated Cash Flows

	Year Ended March 31,	
	2009	2008
	(In millions)	
Net cash provided by operating activities	¥ 64,853	¥ 68,045
Net cash provided by investing activities	6,767	8,104
Net cash used in financing activities	(78,598)	(92,168)
Cash and cash equivalents at end of year	2,575	9,552

2. Dividends

	Year Ended March 31,		Year Ending March 31, 2010
	2008	2009	(Forecasts)
Dividend per share:		(In yen)	
First quarter-end	¥ -	¥ -	¥ -
Second quarter-end	0.00	0.00	0.00
Third quarter-end	-	-	-
Year-end	0.00	0.00	0.00
Full-year	¥0.00	¥0.00	¥0.00

	Year Ended March 31,	
	2008	2009
	(In millions except percentages)	
Total year dividends payment	¥ -	¥ -
Dividend payout ratio (%)	-%	-%
Ratio of dividends to net assets (%)	-	-

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2010

	Six Months Ending September 30, 2009		Year Ending March 31, 2010	
	Amount	Percentage ^(Note)	Amount	Percentage ^(Note)
	(In millions except percentages)			
Operating revenues	¥3,600	(81.8)%	¥8,000	(75.1)%
Operating losses	(1,000)	-	(300)	-
Ordinary losses	(1,500)	-	(1,000)	-
Net losses	(1,500)	-	(1,000)	-

	Six Months Ending September 30, 2009	Year Ending March 31, 2010
	Amount	Amount
	(In yen)	
Net losses per share	¥6.26	¥4.17

Note: 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.

4. Other

- (1) Changes in Significant Subsidiaries during the Year Ended March 31, 2009
(Changes in scope of consolidation of specified subsidiaries): Yes

Included in the scope of consolidation: 2 companies (Company name: Japan Incubation Fund and Japan Incubation Fund IV)

Excluded from the scope of consolidation: 1 company (Company name: Japan Incubation Fund IV)

Note: See "CORPORATE GROUP" on page 10 for details.

- (2) Changes in Accounting Principles and Procedures, Presentation and Other Items Relating to the Preparation of Consolidated Financial Statements (described in "Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements")

- 1) Changes in accordance with the amendment of accounting standards: Yes
- 2) Other changes: Yes

Note: See "Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements" on page 25 for details.

(3) Number of Issued Shares of Common Stock

	March 31,	
	2009	2008
	(Shares)	
Number of issued shares	245,894,350	245,894,350
Of which treasury stock	6,285,085	6,276,613

Note: For the number of shares used as the basis for the calculation of consolidated net income per share, see "Per Share Data" on page 30.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2009

(1) Non-consolidated Operating Results

	Year Ended March 31,			
	2009		2008	
	Amount	Percentage	Amount	Percentage
	(In millions except percentages)			
Operating revenues	¥16,246	(42.2)%	¥28,123	(23.2)%
Operating losses	32,162	-	20,670	-
Ordinary losses	30,419	-	16,495	-
Net losses	46,424	-	45,615	-

	Year Ended March 31,	
	2009	2008
	(In yen)	
Net losses per share:		
Basic	¥193.75	¥292.26
Diluted	-	-

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

(2) Non-consolidated Financial Position

	March 31,	
	2009	2008
	(In millions except percentages and per share data)	
Total assets	¥99,952	¥222,855
Net assets	5,244	51,148
Net worth ratio (%)	5.2%	23.0%
Net assets per share (in yen)	21.89	213.46

Note: Net worth was ¥5,244 million as of March 31, 2009 and ¥51,148 million as of March 31, 2008.

(Special Note Regarding Forward-looking Statements and Other Notes)

Forward-looking statements in this document reflect our judgment based on the information available at this time. Various factors could cause actual results to differ materially from any of the forward-looking statements. For an explanation of certain factors affecting these financial forecasts and other related considerations, see "1. BUSINESS PERFORMANCE – 1) Analysis of Business Performance" on page 5 and "1. BUSINESS PERFORMANCE – 4) Business Risk Factors" on page 9.

1. BUSINESS PERFORMANCE

1) Analysis of Business Performance

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

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

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

Operating losses were ¥36,328 million, compared to ¥15,427 million of operating losses for the previous fiscal year. This is mainly attributable to impairment losses of ¥9,153 million in the total of real estate for sale in the servicing business and real estate for sale and real estate under construction for sale in the real estate business, and an additional allowance of ¥12,120 million for loan losses of real estate-backed loans receivable, reflecting the significant deterioration in Japanese real estate markets, as well as provision of ¥4,390 million for excess interest repayment-related losses.

Ordinary losses were ¥38,412 million, compared to ¥17,438 million of ordinary losses for the previous fiscal year. This is mainly attributable to interest expenses of ¥2,318 million and equity in losses of affiliates accounted for under the equity method of ¥1,585 million incurred as other expenses, offset by gains on foreign exchange of ¥1,439 million incurred as other income.

Net losses for the year ended March 31, 2009 were ¥50,805 million. This is mainly attributable to losses of ¥8,809 million on exercise of convertible preferred interest by TPG and losses of ¥4,346 million on impairment of investment securities reflecting a decline in the market price of securities held, losses of ¥2,372 million on cancellation of derivative transactions due to the cancellation of currency swap contracts on U.S. Dollar-denominated Unsecured Straight Bonds, losses of ¥1,485 million on impairment of investment in affiliated companies reflecting the commencement of civil rehabilitation proceedings by Araigumi Co., Ltd., a former affiliate accounted for under the equity method, and losses of ¥2,101 million on impairment of fixed assets, incurred as special losses, partially offset by compensation income of ¥2,992 million due to cancellation of the strategic investment and business alliance with TPG and gains of ¥7,089 million on retirement of bonds repurchased, incurred as special gains.

A. Operating Results by Business Segment

I. Integrated Financial Services

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

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

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

II. Servicing Business

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

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

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

III. Real Estate Business

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

As a result, operating revenues from the real estate business were ¥6,372 million and operating losses were ¥7,590 million for the year ended March 31, 2009.

IV. Other Businesses

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

B. Forecast for the year ending March 31, 2010

The business environment is expected to remain severe due to a prolonged period of global financial and capital markets turmoil and a credit crunch. In this business environment, the Group will increase its efforts to achieve early improvement of its business performance by promoting transformation of the Group's business structure from business relying on its operating assets to business earning for fee income by utilizing its business network and other resources.

While the Group will work to improve efficiency in the credit management and maximize collection of loans receivable in the loan business, the Group will promote to expand the investment banking business by utilizing its expertise that the Group has cultivated thus far as well as its business network and other resources. Accordingly, consolidated financial results for the year ending March 31, 2010 are forecasted to be as follows: operating revenues are expected to be ¥8,000 million; operating losses are expected to be ¥300 million; ordinary losses are expected to be ¥1,000 million; and net losses are expected to be ¥1,000 million.

2) Consolidated Financial Position

I. Assets, Liabilities and Net assets

As of March 31, 2009, total assets were ¥88,403 million, a decrease of ¥184,580 million, or 67.6%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥91,097 million in notes and loans receivable, ¥31,184 million in the total of real estate for sale in the servicing business and real estate for sale and real estate under construction for sale in the real estate business, ¥28,750 million in purchased loans receivable, and ¥23,208 million in investment securities, compared with the end of the previous fiscal year, respectively.

As of March 31, 2009, total liabilities were ¥72,383 million, a decrease of ¥141,836 million, or 66.2%, compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥133,265 million in total of short-term and long-term interest-bearing debt due to a decrease in operating assets, compared with the end of the previous fiscal year.

As of March 31, 2009, net assets were ¥16,019 million, a decrease of ¥42,743 million, or 72.7%, compared with the end of the previous fiscal year. This is attributable to a decrease of ¥50,792 million in retained earnings because of net losses for the year ended March 31, 2009.

II. Cash Flows

As of March 31, 2009, cash and cash equivalents (“Cash”) were ¥2,575 million, a decrease of ¥6,976 million, compared with the end of the previous fiscal year. Overview of cash flows is as follows:

(Cash Flows from Operating Activities)

Net Cash provided by operating activities for the year ended March 31, 2009 was ¥64,853 million, compared to ¥68,045 million provided for the previous fiscal year.

Cash provided during the year ended March 31, 2009 mainly comprised ¥12,207 million in net increase in allowance for loan losses, compared to ¥7,890 million for the previous fiscal year, ¥15,890 million in losses on impairment of securities and real estate, compared to ¥12,029 million for the previous fiscal year, ¥8,809 million in losses on exercise of preferred convertible interest, ¥9,990 million in charged-offs of loans receivable, compared to ¥13,553 million for the previous fiscal year, and ¥56,663 million provided by net collection of loans receivable, compared to ¥58,736 million provided for the previous fiscal year, offset by ¥50,513 million in losses before income taxes and minority interest, compared to ¥35,899 million of losses for the previous fiscal year.

(Cash Flows from Investing Activities)

Net Cash provided by investing activities for the year ended March 31, 2009 was ¥6,767 million, compared to ¥8,104 million provided for the previous fiscal year.

Cash provided during the year ended March 31, 2009 mainly comprised ¥13,945 million provided by collection of loans receivable, compared to ¥186 million provided for the previous fiscal year, while ¥6,650 million used in loan origination.

(Cash Flows from Financing Activities)

Net Cash used in financing activities for the year ended March 31, 2009 was ¥78,598 million, compared to ¥92,168 million used for the previous fiscal year.

Cash used during the year ended March 31, 2009 mainly comprised ¥94,755 million used in net repayments of interest-bearing debt, compared to ¥101,701 million used for the previous fiscal year, while ¥13,295 million provided by issuance of new shares to minority interest, compared to ¥705 million provided for the previous fiscal year.

(Reference) Trends in Cash Flow-Related Indices

	March 31,				
	2005	2006	2007	2008	2009
Net worth ratio (%)	29.1	22.8	20.5	20.1	5.1
Net worth ratio (on market value base, %)	68.5	100.5	49.4	13.0	7.9
Maturity of borrowings (years)	13.7	33.7	16.2	6.9	-
Interest coverage ratio (X)	3.7	2.7	4.3	4.5	-

- Net worth ratio: net worth (defined as the aggregate of “Total Shareholders’ Equity” and “Total Valuation and Translation Adjustments”) / total assets
- Net worth ratio (on market value basis): total market value (at year-end market price) / total assets
- Maturity of borrowings: interest-bearing debt / operating cash flows
- Interest coverage ratio: operating cash flows / interest payments

Notes: 1. Ratios presented above are derived from our consolidated financial statements.

2. Operating cash flows are cash flows from operating activities presented in our consolidated statements of cash flows excluding inflows and outflows from loan originations and other.

3. Interest-bearing debt is total borrowings with interest presented on our consolidated balance sheets. The interest payments are the amount of interest paid presented in our consolidated statements of cash flows.

3) Basic Policies Concerning Distribution of Earnings and Dividends for the Years Ended/Ending March 31, 2009 and 2010

As our dividend policy, we strive to maintain stable dividend payments at a target dividend payout ratio of 30% on a consolidated earnings basis. However, taking into the business environment surrounding the Company, we have decided to focus on internal reserve at the moment in order to establish a sustainable and stable capital base as a challenge for us.

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

4) Business Risk Factors

Certain risks that affect our business results, stock price and financial position are discussed below.

In addition, these materials contain forward-looking statements about our industry, our business, our plans and objectives, our financial condition and our results of operations that are based on our current expectations, assumptions, estimates and projections as of the date of filing of this earnings release (“kessan tanshin”) in Japan. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of financial condition, or state other forward-looking information.

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

1. Risks related to the Business Environment
 - (a) Weak economic conditions
 - (b) Misconduct by an employee or director, or negative publicity for our industry or the Group
2. Risks related to Laws and Regulations
 - (a) Regulations concerning the loan business
 - i) Regulation concerning interest rates
 - ii) Regulation concerning excessive lending
 - iii) Regulation concerning loan operations
 - (b) The Special Measures Law concerning the Claims Servicing Business
 - (c) Installment Sales Law
 - (d) Financial Instruments and Exchange Law
 - (e) Other related regulations
3. Business Risks
 - (a) Funding and market interest rates
 - (b) Claims for excess interest repayments
 - (c) Reliability of our information or technological systems and networks
 - (d) Risks in our operating assets portfolio
 - (e) Condition and liquidity in stock markets
 - (f) Ability to pursue and maintain successful strategic alliances and joint ventures
 - (g) Economic trends and liquidity in real estate markets

5) Going Concern

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

In order to resolve this situation, the Group has been developing a rehabilitation plan for reorganization of the Group’s business structure, stabilization of the Group’s capital base and establishment of a lean organizational structure and is striving to effectively implement such plan.

See “Going Concern” on page 21 for details.

2. CORPORATE GROUP

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

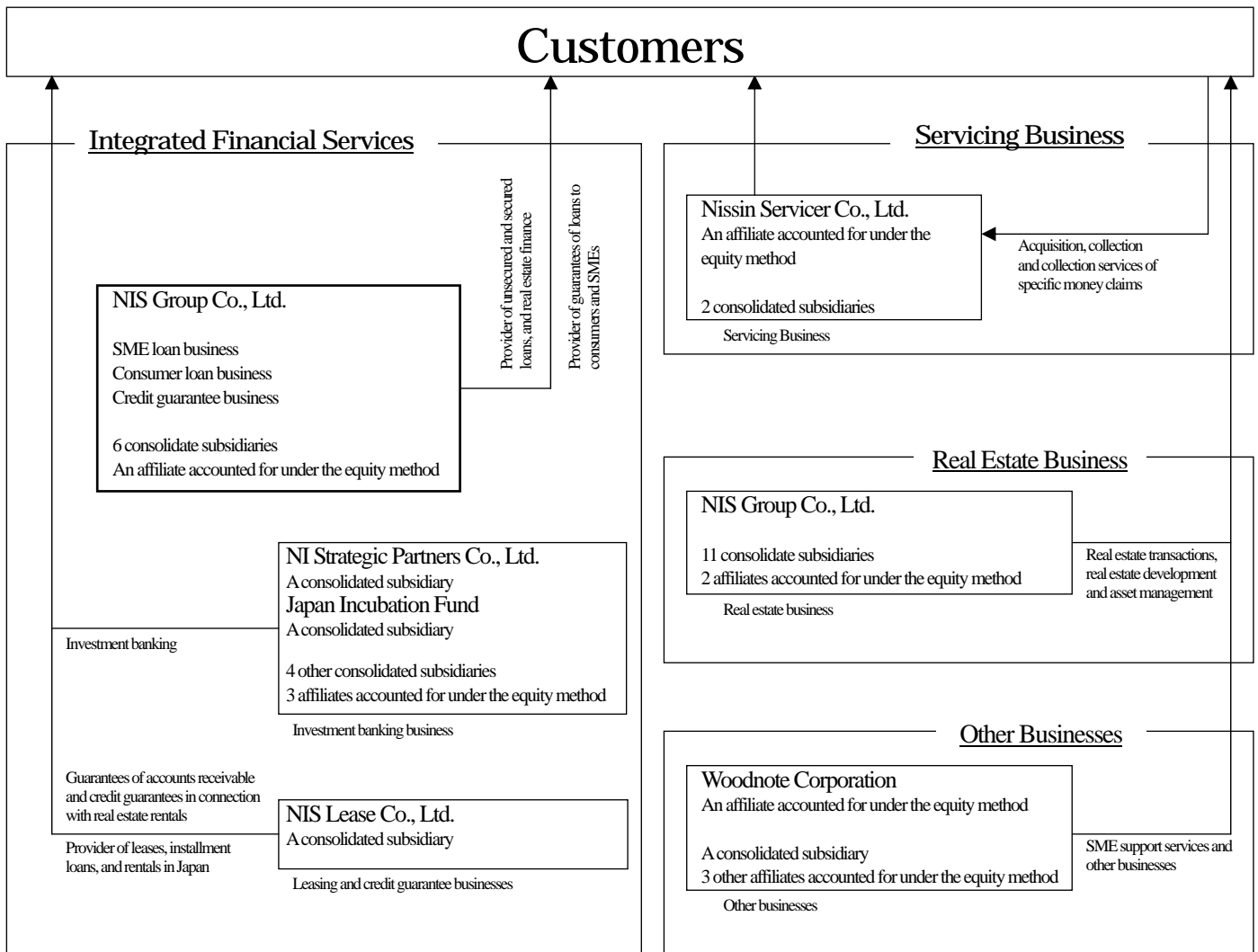
Business Segment	Business Category	Company Name	Business Description
Integrated Financial Services	Investment banking business	NI Strategic Partners Co., Ltd. Japan Incubation Fund 4 other consolidated subsidiaries and 3 affiliates accounted for under the equity method	Investment banking
		SME loan business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

Notes: 1. Nissin Servicer Co., Ltd. is listed on the Mothers market of the Tokyo Stock Exchange. Credit Organization of Small and Medium-sized Enterprises Co., Ltd., changed its company name from Aprek Co., Ltd. on July 1, 2008, is listed on the JASDAQ Securities Exchange. In addition, these companies are required to file their annual financial reports (Yukashoken-Houkokusho) with the Ministry of Finance.

2. Nissin Servicer Co., Ltd., a former consolidated subsidiary, became an affiliate accounted for under the equity method due to a decrease in the Company's voting rights as a result of sales of its shares.

3. In the above table, Japan Incubation Fund was newly established and became a specified subsidiary. In addition, Japan Incubation Fund IV was newly established and became a specified subsidiary, but it was excluded from the scope of consolidation due to a decrease in the Company's voting rights as a result of sales of its shares in Nissin Servicer.

Our business flow chart is shown below:



3. MANAGEMENT POLICIES

1) Basic Management Policies

With “innovation,” “familiarity” and “trust” as corporate mottos, the management principle for the Group is to contribute to the formulation of an affluent society through honest sales activities and management integrity in a fair competitive market, based on a spirit of respect for human dignity. In addition, the Group’s basic policy is to grow and develop together with all of its shareholders by flexibly and rapidly responding to changes in its business environment, as well as anticipating various needs of mid-sized SMEs.

2) Management Objectives

In order to enhance our corporate value, the Group focuses on achieving proper balance between net worth ratio and return on shareholder’s equity, or ROE.

3) Medium to Long-Term Management Strategy

Following the amendments to the Moneylending Business Restriction Law, a prolonged period of global financial and capital markets turmoil and a credit crunch, deterioration in the Japanese real estate market, and substantial changes in the management environment, the Group is undertaking improvement of efficiency in the loan business for mid-sized SMEs to maximize collection of loans receivable. In addition, the Group aims to expand fee income focusing on the investment banking business for mid-sized SMEs by utilizing its expertise that the Group has cultivated in the various business activities thus far, in order to reorganize its business structure, while responding to the various needs of mid-sized SMEs

4) Challenges for the Group

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

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

1. Reorganization of the Group’s business structure

The Group is working to expand fee income through a shift to businesses generating fee income focusing on the advisory business on mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

2. Stabilization of the Group’s capital base

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

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports from certain other lenders as well as disposal of assets.

3. Establishment of a lean organizational structure

In order to improve management efficiency through concentration in areas of core competence, the Group has implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reduction, such as employment transfer, relocation of headquarter, and outsource of its operation.

4. CONSOLIDATED FINANCIAL STATEMENTS

1) Consolidated Balance Sheets

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
ASSETS:		
Current Assets:		
Cash and deposits	¥ 11,652	¥ 3,427
Notes and loans receivable	124,545	-
Loans receivable	-	33,447
Receivables from guarantees paid	-	3,692
Operational investment securities	-	1,001
Purchased loans receivable	28,777	-
Real estate for sale in the servicing business	19,145	-
Real estate for sale and real estate under construction for sale in the real estate business	25,812	-
Real estate for sale in the real estate business	-	7,580
Real estate under construction for sale in the real estate business	-	6,193
Deferred tax assets	2,252	-
Other	23,140	4,166
Allowance for loan losses	(18,901)	(7,373)
Total Current Assets	216,425	52,135
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	735	358
Accumulated depreciation	(150)	(120)
	585	237
Equipment	483	344
Accumulated depreciation	(242)	(236)
	240	107
Assets held for leases	7,739	-
Accumulated depreciation	(3,346)	-
	4,392	-
Land	1,247	526
Total tangible fixed assets	6,466	871
Intangible fixed assets	1,933	62
Investment and other assets:		
Investment securities	31,358	8,149
Long-term loans	-	6,781
Bankrupt and delinquent loans receivable	16,689	46,955
Other	10,184	1,898
Allowance for loan losses	(10,440)	(28,609)
Total investment and other assets	47,791	35,175
Total Fixed Assets	56,191	36,109
Deferred Assets:		
Deferred bond issuance costs	367	159
Total Deferred Assets	367	159
Total Assets	¥272,983	¥88,403

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
LIABILITIES:		
Current Liabilities:		
Accounts payable	¥ 284	¥ 2
Short-term borrowings	24,944	12,700
Current portion of long-term borrowings	63,168	13,763
Current portion of bonds	27,530	5,000
Obligation under security buy-back agreements	-	7,200
Accrued income taxes	2,529	1,162
Accrued bonuses for employees	580	-
Accrued bonuses for directors	16	-
Reserve for guarantee losses	801	2,653
Reserve for losses on relocation of offices	154	336
Other	8,202	2,509
Total Current Liabilities	128,213	45,328
Long-term Liabilities:		
Bonds	30,230	11,198
Long-term borrowings	28,426	1,358
Asset-backed securities	10,185	-
Accrued retirement benefits for directors	324	27
Reserve for losses on excess interest repayments	10,766	11,340
Reserve for losses on businesses of affiliated companies	5,850	2,726
Other	154	405
Total Long-term Liabilities	85,938	27,055
Statutory Reserve:		
Reserve for securities transactions	68	-
Total Statutory Reserve	68	-
Total Liabilities	214,219	72,383
NET ASSETS:		
Shareholders' Equity:		
Common stock	26,289	26,289
Additional paid-in capital	30,180	30,180
Retained earnings (deficit)	2,080	(48,711)
Treasury stock	(3,892)	(3,893)
Total Shareholders' Equity	54,658	3,864
Valuation and Translation Adjustments:		
Unrealized gains (losses) on investment securities	73	(148)
Deferred losses (gains) on hedging instruments	(0)	783
Foreign currency translation adjustments	116	-
Total Valuation and Translation Adjustments	189	634
Stock Acquisition Rights	102	-
Minority Interest	3,814	11,520
Total Net Assets	58,763	16,019
Total Liabilities and Net Assets	¥272,983	¥88,403

2) Consolidated Statements of Operations

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Revenues	¥ 83,027	¥ 32,170
Operating Expenses	43,183	30,755
Net Operating Revenues	39,844	1,415
Selling, General and Administrative Expenses	55,271	37,744
Operating Losses	(15,427)	(36,328)
Other Income:		
Interest income from securities	5	-
Interest and dividends received	138	-
Interest received	-	400
Dividends received	-	71
Guarantee fees received	-	414
Cancellation fees received	69	-
Gains on foreign exchange	-	1,439
Other	86	137
Total Other Income	300	2,462
Other Expenses:		
Interest expenses	1,142	2,318
Stock issuance-related costs	129	-
Equity in losses on affiliates accounted for under the equity method	134	1,585
Losses on investment funds	270	361
Loan borrowing costs	430	-
Other	203	280
Total Other Expenses	2,312	4,546
Ordinary Losses	(17,438)	(38,412)

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Special Gains:		
Gains on sales of fixed assets	9	3
Gains on sales of investment securities	200	151
Gains on change in equity interest	437	132
Gains on retirement of bonds repurchased	75	7,089
Compensation income	-	3,192
Other	17	580
Total Special Gains	740	11,149
Special Losses:		
Losses on sales of fixed assets	269	16
Losses on disposal of fixed assets	42	41
Losses on impairment	252	2,101
Losses on sales of investment securities	2,757	195
Losses on impairment of investment securities	9,252	4,346
Losses on sales of investment in affiliated companies	-	482
Losses on impairment of investment in affiliated companies	1,015	1,485
Losses on impairment of other investment in affiliated companies	-	904
Losses on transfer of receivable from affiliated companies	-	1,522
Losses on change in equity interest	465	-
Provision for losses on businesses of affiliated companies	2,963	-
Expenses for management reform program	2,019	-
Provision for losses on relocation of offices	154	336
Provision for loan losses	5	-
Losses on cancellation of derivative transactions	-	2,372
Losses on exercise of convertible preferred interest	-	8,809
Other	1	634
Total Special Losses	19,201	23,249
Losses before Income Taxes and Minority Interest	(35,899)	(50,513)
Income Taxes:		
Current	4,129	55
Prior years	1,300	-
Deferred	3,666	2,334
Total Income Taxes	9,095	2,390
Minority Interest in Net Income (Losses) of Subsidiaries	121	(2,098)
Net Losses	¥(45,116)	¥(50,805)

3) Consolidated Statements of Changes in Net Assets

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Shareholders' Equity:		
Common stock:		
Balance at the beginning of the year	¥16,289	¥ 26,289
Changes in items for the year:		
Stock issuance	10,000	-
Total changes for the year	10,000	-
Balance at the end of the year	26,289	26,289
Additional paid-in capital:		
Balance at the beginning of the year	20,081	30,180
Changes in items for the year:		
Stock issuance	10,000	-
Sales of treasury stock	98	-
Total changes for the year	10,098	-
Balance at the end of the year	30,180	30,180
Retained earnings:		
Balance at the beginning of the year	47,196	2,080
Changes in items for the year:		
Net losses	(45,116)	(50,805)
Changes in the scope of consolidation	-	13
Total changes for the year	(45,116)	(50,792)
Balance at the end of the year	2,080	(48,711)
Treasury stock:		
Balance at the beginning of the year	(1,565)	(3,892)
Changes in items for the year:		
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	74	-
Total changes for the year	(2,327)	(1)
Balance at the end of the year	(3,892)	(3,893)
Total Shareholders' Equity:		
Balance at the beginning of the year	82,002	54,658
Changes in items for the year:		
Stock issuance	20,000	-
Net losses	(45,116)	(50,805)
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	173	-
Changes in the scope of consolidation	-	13
Total changes for the year	(27,344)	(50,793)
Balance at the end of the year	54,658	3,864

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Valuation and Translation Adjustments:		
Unrealized gains (losses) on investment securities:		
Balance at the beginning of the year	¥ 302	¥ 73
Changes in items for the year:		
Net changes in items other than shareholders' equity	(229)	(221)
Total changes for the year	(229)	(221)
Balance at the end of the year	73	(148)
Deferred (losses) gains on hedging instruments:		
Balance at the beginning of the year	(0)	(0)
Changes in items for the year:		
Net changes in items other than shareholders' equity	0	783
Total changes for the year	0	783
Balance at the end of the year	(0)	783
Foreign currency translation adjustments:		
Balance at the beginning of the year	360	116
Changes in items for the year:		
Net changes in items other than shareholders' equity	(244)	(116)
Total changes for the year	(244)	(116)
Balance at the end of the year	116	-
Total Valuation and Translation Adjustments:		
Balance at the beginning of the year	662	189
Changes in items for the year:		
Net changes in items other than shareholders' equity	(473)	445
Total changes for the year	(473)	445
Balance at the end of the year	189	634
Issuance of Stock Acquisition Rights:		
Balance at the beginning of the year	114	102
Changes in items for the year:		
Net changes in items other than shareholders' equity	(12)	(102)
Total changes for the year	(12)	(102)
Balance at the end of the year	102	-
Minority Interest:		
Balance at the beginning of the year	3,968	3,814
Changes in items for the year:		
Net changes in items other than shareholders' equity	(154)	7,706
Total changes for the year	(154)	7,706
Balance at the end of the year	3,814	11,520
Total Net Assets:		
Balance at the beginning of the year	86,747	58,763
Changes in items for the year:		
Stock issuance	20,000	-
Net losses	(45,116)	(50,805)
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	173	-
Changes in the scope of consolidation	-	13
Net changes in items other than shareholders' equity	(639)	8,049
Total changes for the year	(27,984)	(42,743)
Balance at the end of the year	58,763	16,019

4) Consolidated Statements of Cash Flows

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Activities:		
Losses before income taxes and minority interest	¥ (35,899)	¥ (50,513)
Depreciation and amortization	2,255	1,775
Losses on impairment	252	2,101
Increase in allowance for loan losses	7,890	12,207
Increase in reserve for losses on excess interest repayments	5,833	573
Decrease in accrued bonuses for employees	(92)	(538)
Decrease in accrued bonuses for directors	(64)	-
Increase (decrease) in reserve for losses on businesses of affiliated companies	5,850	(3,123)
Increase in reserve for guarantee losses	-	1,985
Gains on foreign exchange	-	(1,439)
Interest and dividends received	(2,627)	(588)
Interest expenses	6,105	4,844
Equity in losses of affiliates accounted for under the equity method	-	1,585
Losses on sales and disposal of fixed assets	302	54
Losses on sales of investment securities	2,557	43
Losses on impairment of investment securities	9,252	4,346
Losses on impairment of investment in affiliated companies	1,015	1,485
Losses on impairment of other investment in affiliated companies	-	904
Losses on transfer of receivable from affiliated companies	-	1,522
Losses on exercise of convertible preferred interest	-	8,809
Losses on impairment of real estate for sale in the servicing business	-	3,397
Losses on impairment of real estate for sale and real estate under construction for sale in the real estate business	-	5,755
Compensation income	-	(3,192)
Losses on cancellation of derivative transactions	-	2,372
Gains on retirement of bonds repurchased	-	(7,089)
Charge-offs of loans receivable	13,553	9,990
Losses (gains) on change in equity interest	28	(132)
Decrease in interest receivable	502	425
Decrease (increase) in advanced interest received	(111)	3
Increase in receivables from guarantees paid	-	(7,421)
Decrease in beneficial interest in trust	14,830	-
Other	4,961	5,056
Sub-total	36,397	(4,796)
Proceeds from interest and dividends received	2,617	603
Interest paid	(5,936)	(5,468)
Proceeds from compensation received	-	3,192
Income taxes paid	(6,529)	(1,178)
Sub-total	26,549	(7,647)
Loan origination	(174,599)	(39,020)
Proceeds from collections of loans receivable	233,336	95,684
Loans purchased	(12,334)	(1)
Proceeds from collections of purchased loans	12,930	4,552
Increase (decrease) in real estate for sale in the servicing business	(220)	2,415
Purchases of assets held for leases	(1,623)	(150)
Increase (decrease) in installment loans receivable	(12,584)	1,725
Increase (decrease) in real estate for sale and real estate under construction for sale in the real estate business	(1,017)	6,014
Increase (decrease) in operational investment securities	(2,390)	1,281
Net cash provided by operating activities	68,045	64,853

(Continued)

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Investing Activities:		
Time deposits	(434)	(1,352)
Proceeds from withdrawal of time deposits	467	1,450
Purchases of tangible fixed assets	(657)	(44)
Proceeds from sales of tangible fixed assets	530	43
Purchases of intangible fixed assets	(303)	(90)
Purchases of investment securities	(2,702)	(5,297)
Proceeds from sales of investment securities	8,060	2,009
Proceeds from redemption of investment securities	3,623	79
Purchases of investment in affiliated companies	(8)	(66)
Proceeds from sales of investment in affiliated companies	-	27
Purchases of other investment in affiliated companies	(2,313)	(82)
Proceeds from sales of other investment in affiliated companies	-	1,956
Proceeds from redemption of other investment in affiliated companies	1,540	1,589
Payments for sales of investment in subsidiaries resulting in change in the scope of consolidation	-	(1,149)
Payments for loan origination	-	(6,650)
Proceeds from collection of loans receivable	-	13,945
Other	301	399
Net cash provided by investing activities	8,104	6,767
Financing Activities:		
Deposits of restricted cash in banks	(6,300)	(1,503)
Proceeds from withdrawal of restricted cash in banks	4,038	2,581
Proceeds from short-term borrowings	89,869	28,450
Repayments of short-term borrowings	(114,061)	(32,287)
Proceeds from issuance of commercial paper	63,300	-
Payments for redemption of commercial paper	(90,400)	-
Proceeds from long-term borrowings	56,485	6,538
Repayments of long-term borrowings	(105,740)	(67,935)
Proceeds from issuance of bonds	24,502	-
Payments for redemption of bonds	(8,885)	(29,740)
Payments for cash collateral for bond issuance	(4,533)	-
Proceeds from collection of cash collateral on redemption of bonds	-	1,392
Increase in asset-backed securities	4,150	-
Decrease in asset-backed securities	(20,921)	(10,185)
Increase in obligation under receivable buy-back agreements	-	4,476
Decrease in obligation under receivable buy-back agreements	-	(936)
Increase in obligation under security buy-back agreements	-	6,865
Increase in long-term deposits	(565)	-
Decrease in long-term deposits	636	-
Redemption of cash collateral from share lending agreements	(1,640)	-
Proceeds from sales of bonds	9,500	-
Payments for repurchase of bonds	(9,500)	-
Proceeds from issuance of new shares	19,910	-
Proceeds from issuance of new shares to minority interest	705	13,295
Dividends paid	(8)	(4)
Dividends paid to minority interest	(283)	(0)
Purchases of treasury stock	(2,407)	(1)
Proceeds from sales of treasury stock	173	-
Other	(191)	398
Net cash used in financing activities	(92,168)	(78,598)
Effect of exchange rate changes on cash and cash equivalents	(102)	(0)
Net decrease in cash and cash equivalents	(16,120)	(6,976)
Cash and cash equivalents at beginning of year	27,625	9,552
Net decrease in cash and cash equivalents due to exclusion of subsidiaries from the scope of consolidation	(1,952)	-
Cash and cash equivalents at end of year	¥ 9,552	¥ 2,575

5) **Going Concern**

(April 1, 2007 ~ March 31, 2008)

None

(April 1, 2008 ~ March 31, 2009)

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

In order to resolve this situation, the Group has been developing a rehabilitation plan for reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure as follows and is striving to effectively implement such plan. In addition, although loan covenants had been breached due to the downgrading by a credit rating agency and a decrease in net assets, these were settled through full payments and changes in agreements by the end of this fiscal year.

1. Reorganization of the Group's business structure

The Group is working to expand fee income through a shift to businesses generating fee income focusing on the advisory business on mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

2. Stabilization of the Group's capital base

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

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports from certain other lenders as well as disposal of assets.

3. Establishment of a lean organizational structure

In order to improve management efficiency through concentration in areas of core competence, the Group has implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reduction, such as employment transfer, relocation of headquarter, and outsource of its operation.

Despite these measures, however, the Group recognizes substantial doubt concerning its ability to continue as a going concern at this time, because the possibility for the Group to ensure its operating revenues that could absorb increases in losses on excess interest repayments and loan losses-related expenses on notes and loans receivable is highly dependent on external factors with uncertainties.

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

6) Significant Items Relating to the Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

All subsidiaries are consolidated.

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

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

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

(2) Application of the Equity Method

The equity method is applied to all affiliates.

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

6. If the balance sheet date of an affiliate accounted for under the equity method is different from that of the consolidated financial statements, the consolidated financial statements are prepared by using such affiliate's financial statements for the relevant fiscal year with the exception of Credit Organization of Small and Medium-sized Enterprises and Real Estate Organization of Small and Medium-sized Enterprises.

In addition, the consolidated financial statements as of and for the year ended March 31, 2009 were prepared by using Real Estate Organization of Small and Medium-sized Enterprises' provisional settlement of accounts on January 31, 2009.

(3) Balance Sheet Dates of Consolidated Subsidiaries

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

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

For five consolidated subsidiaries listed above with balance sheet dates which are different from the consolidated balance sheet date for more than three months, the consolidated financial statements are prepared by using their provisional settlement of accounts within three months from the consolidated balance sheet date.

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

(4) Significant Accounting Policies

1. Valuation Standards and Methods for Computation of Assets

i. Investment securities

Other securities:

Marketable securities

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

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

Non-marketable securities

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

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

ii. Inventories

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

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

2. Depreciation and Amortization of Fixed Assets

i. Tangible fixed assets, except leased assets

Tangible fixed assets are amortized using the declining balance method.

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

ii. Intangible fixed assets, except leased assets

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

iii. Long-term prepaid expenses

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

3. Allowance and Reserve for Losses, and Accrued Expenses

i. Allowance for loan losses

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

ii. Reserve for guarantee losses

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

iii. Reserve for losses on relocation of offices

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

iv. Reserve for losses on excess interest repayments

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

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

v. Accrued retirement benefits for directors

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

vi. Reserve for losses on group businesses

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

4. Foreign Currency Translations

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

5. Hedging Activities

During the year ended March 31, 2009, the Group cancelled derivative transactions which had been utilized as hedging instruments and terminated adoption of hedge accounting. Accordingly, gains and losses of the hedging instruments at the time of termination will be deferred until gains and losses of the hedge items are recognized.

6. Other Significant Accounting Policies for the Preparation of Consolidated Financial Statements

i. Interest income from notes and loans receivable

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

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

ii. Classification of financial costs

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

iii. Accounting treatment of consumption taxes

Consumption taxes are excluded from transaction amounts.

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

(5) Evaluation of Assets and Liabilities of Consolidated Subsidiaries

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

(6) Amortization of Goodwill

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

(7) Cash and Cash Equivalents Stated in Consolidated Statements of Cash Flows

Cash and cash equivalents in consolidated statements of cash flows include cash on hand, highly liquid deposits in banks and short-term investments with negligible risk of fluctuation in value and maturities of three months or less.

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

Changes in Accounting Treatments

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

For the Company and consolidated subsidiaries which operate in integrated financial services, financial costs of borrowings had been previously treated as "Operating Expenses" unless it was obvious that the purpose of borrowings did not correspond to operating transactions. However, beginning from the year ended March 31, 2009, the Group changed its accounting treatment as follows: total assets are classified as operating assets related to integrated financial services and other assets, and financial costs corresponding to such operating assets are treated as "Operating Expenses" and financial costs corresponding to other assets are treated as "Other Expenses" in proportion to the balance of each such class of assets.

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

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

The effect on segment information is described in the corresponding section.

(Accounting Standard for Leases)

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

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

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

Changes in Presentation

(Consolidated Balance Sheet)

1. With respect to “Notes and loans receivable,” which had been presented as a separate item for the year ended March 31, 2008, “Loans receivable” is presented separately and “Notes receivable” is included in “Other” in “Current Assets” beginning from the year ended March 31, 2009, because the amount of “Notes receivable” became insignificant for financial reporting purposes, as well as to improve comparability of consolidated financial statements in accordance with the adoption of XBRL to EDINET. The amount of “Notes receivable” as of March 31, 2009 is ¥0 million, and the amounts of “Notes receivable” and “Loans receivable” for the year ended March 31, 2008 are ¥51 million and ¥124,494 million, respectively.
2. “Receivables from guarantees paid,” which had been included in “Other” in “Current Assets” for the year ended March 31, 2008, is presented as a separate item beginning from the year ended March 31, 2009, as the amount became more than 1% of total assets. The amount of “Receivables from guarantees paid” as of March 31, 2008 is ¥2,043 million.
3. “Operational investment securities,” which had been included in “Other” in “Current Assets” for the year ended March 31, 2008, is presented as a separate item beginning from the year ended March 31, 2009, as the amount became more than 1% of total assets. The amount of “Operational investment securities” as of March 31, 2008 is ¥2,292 million.
4. “Purchased loans receivable,” which had been presented as a separate item for the year ended March 31, 2008, is included in “Other” in “Current Assets” beginning from the year ended March 31, 2009, as the amount became less than 1% of total assets. The amount of “Purchased loans receivable” as of March 31, 2009 is ¥26 million.
5. In accordance with the adoption of Cabinet Office Ordinance regarding the Amendment of the Regulations concerning Terminology, Format and Preparation Method of Financial Statements (Cabinet Ordinance No. 50, August 7, 2008), “Real estate for sale and real estate under construction for sale in the real estate business” is presented as separate items into “Real estate for sale in the real estate business” and “Real estate under construction for sale in the real estate business” beginning from the year ended March 31, 2009. The amounts of “Real estate for sale in the real estate business” and “Real estate under construction for sale in the real estate business” as of March 31, 2008 are ¥15,902 million and ¥9,910 million, respectively.
6. “Long-term loans,” which had been included in “Other” in “Investment and other assets” for the year ended March 31, 2008, is presented as a separate item beginning from the year ended March 31, 2009, as the amount became more than 1% of total assets. The amount of “Long-term loans” as of March 31, 2008 is ¥701 million.

(Consolidated Statement of Operations)

1. “Interest and dividends received” is presented as separate items into “Interest received” and “Dividends received” beginning from the year ended March 31, 2009 in order to improve comparability of consolidated financial statements in accordance with the adoption of XBRL to EDINET. The amounts of “Interest received” and “Dividends received” for the year ended March 31, 2008 are ¥28 million and ¥98 million, respectively.
2. “Interest income from securities,” which had been presented as a separate item for the year ended March 31, 2008, is included in “Interest received” beginning from the year ended March 31, 2009 in order to improve comparability of consolidated financial statements in accordance with the adoption of XBRL to EDINET. The amount of “Interest income from securities” for the year ended March 31, 2009 is ¥7 million.
3. “Stock issuance-related costs,” which had been presented as a separate item for the year ended March 31, 2008, is included in “Other” in “Other Expenses” beginning from the year ended March 31, 2009, as the amount became less than 10% of the total of “Other Expenses.” The amount of “Stock issuance-related costs” for the year ended March 31, 2009 is ¥8 million.
4. “Loan borrowing costs,” which had been presented as a separate item for the year ended March 31, 2008, is included in “Other” in “Other Expenses” beginning from the year ended March 31, 2009, as the amount became less than 10% of the total of “Other Expenses.” The amount of “Loan borrowing costs” for the year ended March 31, 2009 is ¥19 million.

(Consolidated Statement of Cash Flows)

1. With respect to cash flows from operating activities, "Decrease in accrued bonuses for directors," which had been presented as a separate item for the year ended March 31, 2008, is included in "Other" beginning from the year ended March 31, 2009, as the amount became insignificant for financial purposes. The amount of "Decrease in accrued bonuses for directors" for the year ended March 31, 2009 is ¥16 million.
2. With respect to cash flows from operating activities, "Increase in reserve for guarantee losses," "Gains on foreign exchange," "Equity losses of affiliates accounted for under the equity method," "Losses on impairment of real estate for sale in the servicing business," "Losses on impairment of real estate for sale and real estate for sale under construction for sale in the real estate business," "Gains on retirement of bonds repurchased," and "Increase in receivables from guarantees paid," which had been included in "Other" for the year ended March 31, 2008, are presented as separate items beginning from the year ended March 31, 2009, as the amounts became significant for financial reporting purposes. The amounts of "Decrease in reserve for guarantee losses," "Gains on foreign exchange," "Equity losses of affiliates accounted for under the equity method," "Losses on impairment of real estate for sale in the servicing business," "Losses on impairment of real estate for sale and real estate for sale under construction for sale in the real estate business," "Gains on retirement of bonds repurchased," and "Increase in receivables from guarantees paid" for the year ended March 31, 2008 are ¥264 million, ¥0 million, ¥134 million, ¥947 million, ¥814 million, ¥75 million, and ¥1,005 million, respectively.
3. With respect to cash flows from investment activities, "Proceeds from collection of loans," which had been included in "Other" for the year ended March 31, 2008, is presented as a separate item beginning from the year ended March 31, 2009, as the amount became significant for financial reporting purposes. The amount of "Proceeds from collection of loans" for the year ended March 31, 2008 is ¥186 million.

8) Notes to Consolidated Financial Statements

Segment Information

1. Business Segment Information

Business segment information for the year ended March 31, 2008 is as follows:

	Year Ended March 31, 2008						
	Integrated Financial Services	Servicing Business	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
	(In millions)						
I. Operating revenues and operating income (losses):							
Operating revenues:							
(1) Operating revenues from third parties	¥37,215	¥18,860	¥24,994	¥1,956	¥ 83,027	¥ -	¥ 83,027
(2) Operating revenues from inter-segment sales or transfers	1,242	8,993	0	52	10,288	(10,288)	-
Total operating revenues	38,458	27,853	24,995	2,009	93,316	(10,288)	83,027
Operating expenses	60,303	22,983	21,591	2,260	107,138	(8,683)	98,454
Operating (losses) income	(21,845)	4,870	3,403	(250)	(13,822)	(1,605)	(15,427)
II. Assets, depreciation and amortization, and capital expenditures:							
Assets	223,905	55,917	30,547	391	310,762	(37,778)	272,983
Depreciation and amortization	2,171	8	64	10	2,255	-	2,255
Losses on impairment of fixed assets	208	-	41	1	252	-	252
Capital expenditures	2,429	9	139	6	2,584	-	2,584

Business segment information for the year ended March 31, 2009 is as follows:

	Year Ended March 31, 2009						
	Integrated Financial Services	Servicing Business	Real Estate Business	Other Businesses	Total	Eliminations	Consolidated
	(In millions)						
I. Operating revenues and operating income (losses):							
Operating revenues:							
(1) Operating revenues from third parties	¥15,079	¥10,227	¥6,372	¥491	¥32,170	¥ -	¥ 32,170
(2) Operating revenues from inter-segment sales or transfers	777	-	174	11	964	(964)	-
Total operating revenues	15,857	10,227	6,547	502	33,134	(964)	32,170
Operating expenses	40,135	14,262	14,137	670	69,206	(706)	68,499
Operating losses	24,278	4,035	7,590	167	36,071	257	36,328
II. Assets, depreciation and amortization, and capital expenditures:							
Assets	92,909	-	12,250	56	105,216	(16,813)	88,403
Depreciation and amortization	1,735	7	27	4	1,775	-	1,775
Losses on impairment of fixed assets	1,141	1	939	19	2,101	-	2,101
Capital expenditures	268	14	-	3	286	-	286

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 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 transactions
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 Consolidated Financial Statements,” for the Company and consolidated subsidiaries which operate in integrated financial services, financial costs of borrowings had been previously treated as “Operating Expenses,” unless it was obvious that the purpose of borrowings did not correspond to operating transactions. However, beginning from the year ended March 31, 2009, the Group changed its accounting treatment as follows: total assets are classified as operating assets related to integrated financial services and other assets, and financial costs corresponding to such operating assets are treated as “Operating Expenses” and financial costs corresponding to other assets are treated as “Other Expenses,” in proportion to the balance of each such class of assets.

As a result of this change, compared with the results under the previous treatment, “Operating expenses” and “Operating losses” each decreased by ¥1,218 million in “Integrated Financial Services” for the year ended March 31, 2009.

4. Significant change in assets by business segment

NIS Lease Co., Ltd., a consolidated subsidiary engaging in integrated financial services, and Nissin Servicer Co., Ltd., a consolidated subsidiary engaging in the servicing business, became affiliates accounted for under the equity method for the year ended March 31, 2009, due to a decrease in the Company’s voting rights as a result of sales of its shares.

As a result, assets in “Integrated Financial Services” and “Servicing Business” decreased by ¥11,203 million and ¥55,917 million, respectively, compared with the end of the previous fiscal year.

2. Geographical Segment Information

Geographical segment information is omitted for the year ended March 31, 2008 and 2009, as domestic operating revenues and assets accounted for more than 90% of the total operating revenues and the total assets, respectively, for all segments during the corresponding year.

3. Overseas Operating Revenues

Overseas operating revenues information is omitted for the year ended March 31, 2008 and 2009, as overseas operating revenues accounted for less than 10% of the total operating revenues during the corresponding year.

Per Share Data

	Year Ended March 31,	
	2008	2009
	(In yen)	
Consolidated:		
Net assets per share	¥228.89	¥ 18.78
Net income (losses) per share:		
Basic	(289.06)	(212.03)
Diluted	-	-

Notes: 1. Diluted net income per share for the year ended March 31, 2008 was not presented because of net losses per share.

2. The basis for calculation of the amounts presented above is as follows:

(1) Net assets per share

	March 31,	
	2008	2009
	(In millions)	
Total net assets on the consolidated balance sheet	¥58,763	¥16,019
Net assets attributable to common stock	54,847	4,499
Differences between net assets and net assets attributable to common stock:		
Stock acquisition rights	102	-
Minority interest	3,814	11,520

	March 31,	
	2008	2009
	(In thousands of shares)	
Number of issued shares	245,894	245,894
Number of shares of treasury stock	6,276	6,285
Number of shares for the calculation of net assets per share	239,617	239,609

(2) Basic and diluted net income (losses) per share

	Year Ended March 31,	
	2008	2009
	(In millions)	
Net losses on the consolidated statement of income	¥45,116	¥50,805
Net losses attributable to common stock	45,116	50,805
Amounts not attributable to common shareholders	-	-

	Year Ended March 31,	
	2008	2009
	(In thousands of shares)	
Weighted-average number of outstanding shares	156,077	239,612

In addition, shares without dilutive effect which are not reflected in the calculation of diluted net income per share for the years ended March 31, 2008 and 2009 were as follows:

(April 1, 2007 ~ March 31, 2008)

	Year Ended March 31,			
	2008			
Type	Stock acquisition rights	Stock acquisition rights	Stock acquisition rights	Stock acquisition rights
Special resolution date	June 22, 2004	June 22, 2005	June 22, 2005	February 18, 2008
Number of stock acquisition rights	2,444 units	13,000 units	3,050 units	87,500 units

(April 1, 2008 ~ March 31, 2009)

	Year Ended March 31,
	2009
Type	Stock acquisition rights
Special resolution date	February 18, 2008
Number of stock acquisition rights	87,500 units

Note: The stock acquisition rights of 87,500 units described above are own stock acquisition rights.

2. Stock split and reverse stock split

(April 1, 2007 ~ March 31, 2008)

On August 31, 2007, the Company completed a 1-for-20 reverse stock split. If the reverse stock split were deemed to have occurred on April 1, 2006, the retroactively adjusted per share data for the year ended March 31, 2007 would have been as follows:

	Year Ended March 31, 2007
	(In yen)
Net assets per share	¥580.20
Net income per share:	
Basic	0.06
Diluted	0.01

(April 1, 2008 ~ March 31, 2009)

None

Significant Subsequent Events

None

Omission of Disclosure

Information on lease transactions, related-party transactions, tax effect accounting, investment securities, derivative transactions, retirement benefits, stock acquisition rights and business combination is omitted at this time, since the necessity to disclose such information in the condensed statements of financial results for the year ended March 31, 2009 is not considered significant.

5. NON-CONSOLIDATED FINANCIAL STATEMENTS

1) Non-consolidated Balance Sheets

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
ASSETS:		
Current Assets:		
Cash and deposits	¥ 6,986	¥ 2,632
Notes receivable	51	0
Loans receivable	123,785	33,847
Receivables from guarantees paid	1,934	3,692
Other receivables	-	276
Operational investment securities	11,300	13,314
Real estate for sale in the real estate business	-	2,645
Interest receivable	606	-
Prepaid expenses	232	912
Accrued income	352	443
Loans to affiliated companies	14,150	1,700
Other	3,118	647
Allowance for loan losses	(14,869)	(10,425)
Total Current Assets	147,648	49,687

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Fixed Assets:		
Tangible fixed assets:		
Buildings	264	171
Accumulated depreciation	(103)	(80)
	160	90
Equipment	358	306
Accumulated depreciation	(180)	(202)
	178	103
Total tangible fixed assets	339	194
Intangible fixed assets:		
Software	1,226	60
Software development in progress	109	-
Telephone rights	43	-
Total intangible fixed assets	1,379	60
Investments and other assets:		
Investment securities	8,879	7,553
Investment in affiliated companies	7,278	1,155
Other investment in affiliated companies	19,981	13,408
Capital contributions	4	7
Long-term loans	-	6,650
Loans to employees	173	121
Loans to affiliated companies	24,206	2,075
Bankrupt and delinquent loans receivable	16,509	46,955
Long-term prepaid expenses	45	592
Security deposit	5,331	-
Long-term receivables	2,648	-
Other	1,045	1,465
Allowance for loan losses	(12,085)	(30,133)
Allowance for investment losses	(900)	-
Total investments and other assets	73,120	49,851
Total Fixed Assets	74,839	50,106
Deferred Assets:		
Deferred bond issuance costs	367	159
Total Deferred Assets	367	159
Total Assets	¥222,855	¥99,952

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
LIABILITIES:		
Current Liabilities:		
Short-term borrowings	¥ 16,979	¥ 12,700
Current portion of long-term borrowings	45,072	9,390
Current portion of bonds	27,400	5,000
Obligation under security buy-back agreements	-	9,460
Obligation under receivable buy-back agreements	-	5,940
Other payable	882	1,263
Accrued expenses	522	372
Accrued income taxes	215	1,160
Deferred tax liabilities	-	167
Deposits received	108	214
Unearned income	18	32
Accrued bonuses for employees	452	-
Reserve for guarantee losses	749	2,653
Reserve for losses on relocation of offices	154	336
Other	220	67
Total Current Liabilities	92,775	48,759
Long-term Liabilities:		
Bonds	29,480	11,198
Long-term borrowings	9,110	984
Asset-backed securities	10,185	-
Obligation under receivable buy-back agreement	13,208	19,267
Accrued retirement benefits for directors	324	27
Reserve for losses on excess interest repayments	10,766	11,340
Reserve for losses on businesses of affiliated companies	5,850	2,726
Deferred tax liabilities	-	366
Other	5	39
Total Long-term Liabilities	78,931	45,948
Total Liabilities	171,707	94,707
NET ASSETS:		
Shareholders' Equity:		
Common stock	26,289	26,289
Additional paid-in capital:		
General	28,586	28,586
Other	1,593	1,593
Total additional paid-in capital	30,180	30,180
Retained earnings (deficits):		
Legal reserve	400	400
Other:		
Dividend reserves	1,000	1,000
Special reserve	41,300	41,300
Unappropriated retained earnings (deficits)	(44,240)	(90,664)
Total retained earnings (deficits)	(1,539)	(47,963)
Treasury stock	(3,892)	(3,893)
Total Shareholders' Equity	51,038	4,612
Valuation and Translation Adjustments:		
Unrealized (gains) losses on investment securities	109	(151)
Deferred losses on hedging instruments	-	783
Total Valuation and Translation Adjustments	109	632
Total Net Assets	51,148	5,244
Total Liabilities and Net Assets	¥222,855	¥99,952

2) Non-consolidated Statements of Operations

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Operating Revenues:		
Interest income from notes and loans receivable	¥20,049	¥6,817
Other financial income	2,720	842
Sales from the real estate business	-	5,003
Other	5,353	3,582
Total Operating Revenues	28,123	16,246
Operating Expenses:		
Financial costs	4,897	2,575
Costs of sales from the real estate business	-	9,853
Other	424	482
Total Operating Expenses	5,321	12,910
Net Operating Revenues	22,801	3,335
Selling, General and Administrative Expenses		
Advertising expenses	35	7
Loan losses	155	38
Provision for loan losses	18,690	20,083
Provision for guarantee losses	749	2,303
Provision for losses on excess interest repayments	9,369	4,215
Losses on transfer of receivables	-	941
Salaries for directors	302	161
Salaries for employees	4,198	2,268
Bonuses for employees	335	-
Provision for bonuses for employees	452	-
Depreciation and amortization	653	533
Taxes and duties	488	509
Lease and rental expenses	1,477	907
Commission fees	762	175
Other	5,803	3,351
Total Selling, General and Administrative Expenses	43,472	35,498
Operating Losses	(20,670)	(32,162)
Other Income:		
Interest received	-	1,537
Interest income from loans to affiliated companies	1,724	-
Interest income from securities	4	7
Dividends received	97	70
Dividends received from affiliated companies	2,813	-
Guarantee fees received from affiliated companies	9	416
Rental revenues from subsidiaries	199	-
Consignment fees received	37	-
Gains on foreign exchange	-	1,439
Other	37	213
Total Other Income	4,924	3,684
Other Expenses:		
Interest expense	-	840
Interest on bonds	-	472
Amortization of bond issuance costs	-	30
Stock issuance-related costs	123	-
Losses on investment funds	357	472
Rental costs for subsidiaries	197	-
Other	70	125
Total Other expenses	749	1,942
Ordinary Losses	(16,495)	(30,419)

	Year Ended March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
(Continued)		
Special Gains:		
Gains on sales of fixed assets	-	3
Gains on sales of investment securities	200	149
Gains on sales of investment in affiliated companies	-	232
Gains on retirement of bonds repurchased	75	7,089
Compensation income	-	3,192
Other	-	502
Total Special Gains	275	11,169
Special Losses:		
Losses on sales of fixed assets	264	16
Losses on disposal of fixed assets	41	25
Losses on impairment	196	1,026
Losses on sales of investment securities	2,757	85
Impairment of investment securities	7,880	3,133
Losses on sales of investment in affiliated companies	-	1,775
Losses on Impairment of investment in affiliated companies	3,035	2,526
Losses on sales of other investment in affiliated companies	-	394
Losses on Impairment of other investment in affiliated companies	1,565	2,303
Losses on transfer of receivable from affiliated companies	-	1,497
Provision for losses on investment	900	-
Provision for losses on affiliated companies	1,558	1,104
Provision for losses on businesses of affiliated companies	2,963	-
Expenses for management reform program	1,955	-
Provision for losses on relocation of offices	154	336
Losses on cancellation of derivative transactions	-	2,372
Losses on exercise of convertible preferred interest	-	9,403
Adjustment to estimated excess interest repayment-related costs	-	660
Total Special Losses	23,274	26,663
Losses before Income Taxes and Minority Interest	(39,495)	(45,913)
Income Taxes:		
Current	20	18
Prior years	1,300	-
Deferred	4,798	492
Total Income Taxes	6,119	510
Net Losses	¥(45,615)	¥(46,424)

3) Non-consolidated Statements of Changes in Net Asset

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Shareholders' Equity:		
Common stock:		
Balance at the beginning of the year	¥16,289	¥ 26,289
Changes in items for the year:		
Stock issuance	10,000	-
Total changes for the year	10,000	-
Balance at the end of the year	26,289	26,289
Additional paid-in capital:		
General:		
Balance at the beginning of the year	18,586	28,586
Changes in items for the year:		
Stock issuance	10,000	-
Total changes for the year	10,000	-
Balance at the end of the year	28,586	28,586
Other:		
Balance at the beginning of the year	1,494	1,593
Changes in items for the year:		
Sales of treasury stock	98	-
Total changes for the year	98	-
Balance at the end of the year	1,593	1,593
Total additional paid-in capital:		
Balance at the beginning of the year	20,081	30,180
Changes in items for the year:		
Stock issuance	10,000	-
Sales of treasury stock	98	-
Total changes for the year	10,098	-
Balance at the end of the year	30,180	30,180
Retained earnings (deficits):		
Legal Reserve:		
Balance at the beginning of the year	400	400
Changes in items for the year:		
Cash Dividends	-	-
Total changes for the year	-	-
Balance at the end of the year	400	400
Other:		
Dividend reserves :		
Balance at the beginning of the year	1,000	1,000
Changes in items for the year:		
Funding special reserve	-	-
Total changes for the year	-	-
Balance at the end of the year	1,000	1,000
Special reserve:		
Balance at the beginning of the year	41,300	41,300
Changes in items for the year:		
Funding special reserve	-	-
Total changes for the year	-	-
Balance at the end of the year	41,300	41,300
Unappropriated retained earnings (deficits):		
Balance at the beginning of the year	1,375	(44,240)
Changes in items for the year:		
Net losses	(45,615)	(46,424)
Total changes for the year	(45,615)	(46,424)
Balance at the end of the year	(44,240)	(90,664)
Total retained earnings (deficits):		
Balance at the beginning of the year	44,075	(1,539)
Changes in items for the year:		
Net losses	(45,615)	(46,424)
Total changes for the year	(45,615)	(46,424)
Balance at the end of the year	(1,539)	(47,963)

	March 31,	
	2008	2009
	Amount	Amount
	(In millions)	
Treasury stock:		
Balance at the beginning of the year	¥ (1,565)	¥ (3,892)
Changes in items for the year:		
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	74	-
Total changes for the year	(2,327)	(1)
Balance at the end of the year	(3,892)	(3,893)
Total Shareholders' Equity:		
Balance at the beginning of the year	78,881	51,038
Changes in items for the year:		
Stock issuance	20,000	-
Net losses	(45,615)	(46,424)
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	173	-
Total changes for the year	(27,843)	(46,425)
Balance at the end of the year	51,038	4,612
Valuation and Translation Adjustments:		
Unrealized (losses) gains on investment securities:		
Balance at the beginning of the year	(61)	109
Changes in items for the year:		
Net changes in items other than shareholders' equity	171	(261)
Total changes for the year	171	(261)
Balance at the end of the year	109	(151)
Deferred gains on hedging instruments:		
Balance at the beginning of the year	-	-
Changes in items for the year:		
Net changes in items other than shareholders' equity	-	783
Total changes for the year	-	783
Balance at the end of the year	-	783
Total Valuation and Translation Adjustments:		
Balance at the beginning of the year	(61)	109
Changes in items for the year:		
Net changes in items other than shareholders' equity	171	522
Total changes for the year	171	522
Balance at the end of the year	109	632
Total Net Assets:		
Balance at the beginning of the year	78,820	51,148
Changes in items for the year:		
Stock issuance	20,000	-
Net losses	(45,615)	(46,424)
Purchases of treasury stock	(2,401)	(1)
Sales of treasury stock	173	-
Net changes in items other than shareholders' equity	171	522
Total changes for the year	(27,671)	(45,903)
Balance at the end of the year	51,148	5,244

4) Going Concern

(April 1, 2007 ~ March 31, 2008)

None

(April 1, 2008 ~ March 31, 2009)

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

In order to resolve this situation, the Group has been developing a rehabilitation plan for reorganization of the Group's business structure, stabilization of the Group's capital base and establishment of a lean organizational structure as follows and is striving to effectively implement such plan. In addition, although loan covenants had been breached due to the downgrading by a credit rating agency and a decrease in net assets, these were settled through full payments and changes in agreements by the end of this fiscal year.

1. Reorganization of the Group's business structure

The Group is working to expand fee income through a shift to businesses generating fee income focusing on the advisory business on mergers and acquisitions (M&A), arrangement of investment and financing projects, support for due diligence, and operating investment funds by utilizing its expertise in investment in and M&A of unlisted companies and funds procurement for those companies, as well as in credit management and loan servicing business that the Group has cultivated thus far.

2. Stabilization of the Group's capital base

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

In addition, Incubator Bank of Japan, Limited and Chusho-Kigyo Hosho Kiko have shown willingness to provide necessary financial support, and the Company has considerably reduced its interest-bearing debt as a result of financial supports from certain other lenders as well as disposal of assets.

3. Establishment of a lean organizational structure

In order to improve management efficiency through concentration in areas of core competence, the Group has implemented restructuring, including sales of a part of its shares in Nissin Servicer Co., Ltd., NIS Lease Co., Ltd. and other former consolidated subsidiaries, resulting in their becoming affiliates accounted for under the equity method, as well as sales of other operating assets and integration of sales offices to enhance its credit management system. Also, the Group has implemented cost reduction, such as employment transfer, relocation of headquarter, and outsource of its operation.

Despite these measures, however, the Group recognizes substantial doubt concerning its ability to continue as a going concern at this time, because the possibility for the Group to ensure its operating revenues that could absorb increases in losses on excess interest repayments and loan losses-related expenses on notes and loans receivable is highly dependent on external factors with uncertainties.

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

6. OTHER

1) Changes in Directors

The Group will announce the changes in directors as soon as they are determined.

2) Operating Results of the Group

1. Operating Revenues by Business Segment

	Year ended March 31,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
(In millions except percentages)				
Integrated Financial Services:				
Interest income from notes and loans receivable:				
Secured loans	¥ 6,239	7.5%	¥ 2,148	6.7%
SME loans	11,149	13.4	2,431	7.6
Discount notes	99	0.1	2	0.0
Consumer loans	4,673	5.7	2,255	7.0
Total	22,162	26.7	6,838	21.3
Fees received	1,742	2.1	129	0.4
Guarantee fees received	1,962	2.3	2,090	6.5
Revenue from leases and installment loans	5,867	7.1	2,875	8.9
Other	5,480	6.6	3,145	9.8
Total	15,052	18.1	8,241	25.6
Sub-total	37,215	44.8	15,079	46.9
Servicing Business:				
Revenue from purchased loans	12,335	14.9	6,441	20.0
Revenue from sales of real estate	4,326	5.2	2,506	7.8
Other	2,197	2.6	1,279	4.0
Sub-total	18,860	22.7	10,227	31.8
Real Estate Business:				
Revenue from sales of real estate	23,317	28.1	4,957	15.4
Other	1,676	2.0	1,415	4.4
Sub-total	24,994	30.1	6,372	19.8
Other Businesses:				
Other	1,956	2.4	491	1.5
Total	¥83,027	100.0%	¥32,170	100.0%

Notes: 1. Business segments presented above are identical to the business segments presented in "Segment Information."

2. Consumption taxes are excluded from the amounts presented above.

2. Operating Assets by Business Segment

	March 31,			
	2008		2009	
	Amount	Percentage of Total	Amount	Percentage of Total
(In millions except percentages)				
Integrated Financial Services:				
Notes and loans receivable:				
Secured loans	¥63,061	29.4%	¥10,266	19.6%
SME loans	39,925	18.6	12,235	23.3
Discount notes	51	0.0	0	0.0
Consumer loans	21,507	10.1	10,945	20.8
Total	124,545	58.1	33,448	63.7
Receivables from guarantees paid	2,043	1.0	3,692	7.0
Assets held for finance leases, of which ownership is non-transferable:				
Machinery	243	0.1	-	-
Equipment	2,113	1.0	-	-
Software	433	0.2	-	-
Other	29	0.0	-	-
Total	2,819	1.3	-	-
Assets held for operating leases	2,035	1.0	-	-
Installment loans	4,268	2.0	-	-
Other	4,735	2.2	1,571	3.0
Sub-total	140,448	65.6	38,712	73.7
Servicing Business:				
Purchased loans receivable	28,777	13.4	26	0.1
Real Estate for sale	19,145	9.0	-	-
Sub-total	47,922	22.4	26	0.1
Real Estate Business:				
Real estate for sale	15,902	7.4	7,580	14.4
Real estate under construction for sale	9,910	4.6	6,193	11.8
Sub-total	25,812	12.0	13,773	26.2
Total	¥214,184	100.0%	¥52,512	100.0%

Notes: 1. Installment loans presented above are the amount after deduction of unearned revenue from installment loans.

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:

	Year Ended March 31,	
	2008	2009
	Amount	Amount
(In millions)		
Guarantees for loans and accounts receivable	¥16,397	¥21,614

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 group businesses.

3. In integrated financial services, NIS Lease Co., Ltd., a consolidated subsidiary which mainly engages in the leasing business, became an affiliate accounted for under the equity method for the year ended March 31, 2009.

4. In the servicing business, Nissin Servicer Co., Ltd., a consolidated subsidiary which mainly engages in the servicing business, became an affiliate accounted for under the equity method for the year ended March 31, 2009.