

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2016

[JGAAP]



November 9, 2015
Stock exchange listing: Tokyo
(URL <http://www.saisoncard.co.jp>)

Listed company name: Credit Saison Co., Ltd.

Code number: 8253

Representative: Hiroshi Rinno / President and CEO

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Scheduled date to submit Quarterly Securities Report: November 13, 2015

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to September 30, 2015)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2 nd Quarter FY2015	134,940	6.6	26,716	18.6	34,235	28.7	23,027	24.3
2 nd Quarter FY2014	126,566	2.1	22,531	2.9	26,607	(2.6)	18,526	5.0

(Note) Comprehensive income: 2nd Quarter FY2015 25,430 million yen [12.5%]

2nd Quarter FY2014 22,614 million yen [(5.8)%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2 nd Quarter FY2015	125.28	–
2 nd Quarter FY2014	100.89	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
2 nd Quarter FY2015	2,431,598	467,153	19.2	2,538.04
FY2014	2,373,299	447,082	18.8	2,424.05

(Reference) Equity: 2nd Quarter FY2015 466,866 million yen FY2014 445,127 million yen

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2014	–	0.00	–	30.00	30.00
FY2015	–	0.00			
FY2015 (Projected)			–	35.00	35.00

(Note) Revision of projected dividends most recently announced: None

3. Consolidated Earnings Forecasts for Fiscal 2015 (April 1, 2015 to March 31, 2016)

(% represents year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
FY2015	270,000	4.2	53,000	32.0	60,000	37.3	38,500	204.9	209.30

(Note) Revision of consolidated earnings forecasts most recently announced: Yes

Please refer to the “Announcement regarding difference in the forecasted and actual performance for the second quarter (cumulative) and revision of business forecasts for full fiscal year ending March 31, 2016 (consolidated/non-consolidated)” announced on November 9, 2015.

Notes

- (1) Changes in significant subsidiaries during the second quarter (cumulative): None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing consolidated quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies in accordance with revisions of accounting standards and other regulations: Yes
 - b. Changes in accounting policies other than a. above: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (common shares):
 - a. Number of shares issued at the end of the period (including treasury shares):

2 nd Quarter FY2015:	185,444,772 shares	FY2014:	185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

2 nd Quarter FY2015:	1,496,908 shares	FY2014:	1,815,505 shares
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 - c. Average number of outstanding shares during the period (cumulative):

2 nd Quarter FY2015:	183,811,352 shares	2 nd Quarter FY2014:	183,630,161 shares
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- Indication regarding execution of quarterly review procedures

The quarterly review procedures pursuant to the Financial Instruments and Exchange Act do not apply to this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the quarterly review procedures of quarterly financial statements pursuant to the Financial Instruments and Exchange Act are incomplete.

- Proper use of projected results, and other special matters

(Caution regarding forward-looking statements, etc.)

The forecasts indicated above are based on our future outlook as of the announcement date of these materials, assumptions that form the basis of plans, and predictions. Actual performance may differ from the projected results due to various factors.

(Means of obtaining supplementary material on quarterly financial results)

The Company provides English translations of supplementary materials on its businesses and performance and its quarterly financial statements (excerpted sections only) on its website.

Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY2014 (As of March 31, 2015)	Second quarter of FY2015 (As of September 30, 2015)
(ASSETS)		
Current assets		
Cash and deposits	51,836	63,041
Accounts receivable - installment	1,452,531	1,485,844
Lease investment assets	226,025	227,483
Operational investment securities	25,531	25,042
Real estate for sale	93,322	89,461
Purchased receivables	11,560	14,039
Other inventories	1,228	1,451
Other	49,561	46,598
Allowance for doubtful accounts	(45,099)	(42,439)
Total current assets	1,866,497	1,910,522
Non-current assets		
Property, plant and equipment	59,285	62,105
Intangible assets	149,626	161,447
Investments and other assets		
Liquidation business assets	72,437	60,911
Other	232,191	238,973
Allowance for doubtful accounts	(7,463)	(3,294)
Total investments and other assets	297,165	296,591
Total non-current assets	506,076	520,143
Deferred assets	724	932
Total assets	2,373,299	2,431,598

(Millions of yen)

	FY2014 (As of March 31, 2015)	Second quarter of FY2015 (As of September 30, 2015)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	235,157	217,914
Short-term loans payable	217,160	208,160
Current portion of long-term loans payable	139,960	95,160
Current portion of bonds	65,212	70,000
Commercial papers	150,000	147,000
Lease obligations	873	720
Income taxes payable	12,621	10,899
Provision for bonuses	2,127	2,168
Provision for directors' bonuses	154	59
Provision for loss on interest repayment	10,465	8,235
Allowance for losses on collecting gift tickets	159	154
Asset retirement obligations	442	417
Deferred installment income	7,430	7,812
Other	39,532	42,676
Total current liabilities	881,297	811,380
Non-current liabilities		
Bonds payable	205,000	240,000
Long-term loans payable	715,424	788,299
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,206	949
Provision for directors' retirement benefits	100	110
Provision for loss on guarantees	4,554	4,787
Allowance for losses on warranty of defects	5	3
Provision for point card certificates	82,925	85,863
Provision for loss on interest repayment	8,539	5,824
Asset retirement obligations	413	418
Other	6,750	6,808
Total non-current liabilities	1,044,918	1,153,064
Total liabilities	1,926,216	1,964,445

(Millions of yen)

	FY2014 (As of March 31, 2015)	Second quarter of FY2015 (As of September 30, 2015)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	84,838	85,634
Retained earnings	244,902	262,418
Treasury shares	(6,125)	(5,053)
Total shareholders' equity	399,543	418,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,518	49,014
Deferred gains or losses on hedges	(935)	(1,076)
Total accumulated other comprehensive income	45,583	47,938
Subscription rights to shares	0	0
Non-controlling interests	1,955	286
Total net assets	447,082	467,153
Total liabilities and net assets	2,373,299	2,431,598

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income (Cumulative)

(Millions of yen)

	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)	Second quarter of FY2015 (April 1, 2015 to September 30, 2015)
Operating revenue		
Income from the credit service business	95,825	99,706
Income from the Lease business revenue	7,013	6,789
Revenue from the finance business	10,713	12,747
Income from the real estate related business		
Revenue from the real estate related business	21,283	27,909
Cost of the real estate related business	14,067	17,893
Income from the real estate related business	7,216	10,015
Income from the entertainment business		
Revenue from the entertainment business	32,124	30,102
Cost of the entertainment business	26,481	24,567
Income from the entertainment business	5,643	5,535
Financial revenue	154	145
Total operating revenue	126,566	134,940
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	6,094	6,538
Provision of allowance for doubtful accounts	7,125	8,074
Provision for loss on interest repayment	148	-
Provision for loss on guarantees	2,016	2,656
Commission fee	29,143	30,772
Other	53,094	54,281
Total selling, general and administrative expenses	97,623	102,322
Financial expenses	6,412	5,901
Total operating expenses	104,035	108,223
Operating income	22,531	26,716
Non-operating income		
Interest income	15	15
Dividend income	674	667
Share of profit of entities accounted for using equity method	2,768	3,194
Gain on liquidation business	-	2,873
Other	834	890
Total non-operating income	4,293	7,641
Non-operating expenses		
Interest expenses	9	14
Equity in loss of limited liability partnerships and other similar partnerships	37	82
Loss on liquidation of business	61	-
Loss on disposal of supplies	54	1
Other	53	22
Total non-operating expenses	216	121
Ordinary income	26,607	34,235

(Millions of yen)

	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)	Second quarter of FY2015 (April 1, 2015 to September 30, 2015)
Extraordinary income		
Gain on sales of investment securities	229	114
Gain on sales of non-current assets	148	208
Compensation income for expropriation	754	10
Other	5	1
Total extraordinary income	1,137	335
Extraordinary losses		
Loss on disposal of non-current assets	4	56
Loss on valuation of investment securities	207	-
Loss on sales of investment securities	68	-
Impairment loss	26	5
Loss on valuation of membership	-	22
Other	1	0
Total extraordinary losses	307	85
Income before income taxes and minority interests	27,437	34,485
Income taxes - current	11,738	10,355
Income taxes - deferred	(2,267)	1,055
Total income taxes	9,471	11,410
Profit	17,966	23,075
Profit (loss) attributable to non-controlling interests	(559)	48
Profit attributable to owners of parent	18,526	23,027

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)	Second quarter of FY2015 (April 1, 2015 to September 30, 2015)
Profit	17,966	23,075
Other comprehensive income		
Valuation difference on available-for-sale securities	4,098	1,852
Deferred gains or losses on hedges	107	(140)
Share of other comprehensive income of entities accounted for using equity method	441	643
Total other comprehensive income	4,647	2,354
Comprehensive income	22,614	25,430
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,174	25,381
Comprehensive income attributable to non-controlling interests	(559)	48

(3) Segment information, etc.

Segment information

For the second quarter ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

Information regarding sales, income and other items by reportable segments

(Unit: Millions of yen)

	Reportable segments						Adjustments	Consolidated quarterly statements of income
	Credit service	Lease	Finance	Real estate related	Entertainment	Total		
Operating revenue								
External revenue	95,980	7,013	10,713	7,216	5,643	126,566	-	126,566
Inter-segment revenue and transfer	476	16	-	11	9	512	(512)	-
Total	96,456	7,029	10,713	7,227	5,652	127,078	(512)	126,566
Segment income	9,668	3,031	6,079	3,003	746	22,528	2	22,531

(Notes)1. Adjustments include inter-segment eliminations.

2. Segment income is adjusted to total operating income in the consolidated quarterly statements of income.

For the second quarter ended June 30, 2015 (from April 1, 2015 to September 30, 2015)

Information regarding sales, income and other items by reportable segments

(Unit: Millions of yen)

	Reportable segments						Adjustments	Consolidated quarterly statements of income
	Credit service	Lease	Finance	Real estate related	Entertainment	Total		
Operating revenue								
External revenue	99,852	6,789	12,747	10,015	5,535	134,940	-	134,940
Inter-segment revenue and transfer	498	15	-	8	0	522	(522)	-
Total	100,350	6,804	12,747	10,024	5,536	135,462	(522)	134,940
Segment income	10,807	2,679	7,027	5,451	749	26,714	1	26,716

(Notes)1. Adjustments include inter-segment eliminations.

2. Segment income is adjusted to total operating income in the consolidated quarterly statements of income.