

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2018

[JGAAP]



November 10, 2017
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 14, 2017

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, 2018 (April 1, 2017 to September 30, 2017)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2 nd Quarter FY2017	145,411	6.0	26,082	2.7	36,240	16.9	32,010	13.3
2 nd Quarter FY2016	137,241	1.7	25,401	(4.9)	31,006	(9.4)	28,245	22.7

(Note) Comprehensive income: 2nd Quarter FY2017 28,981 million yen [8.6%]
2nd Quarter FY2016 26,687 million yen [4.9%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2 nd Quarter FY2017	195.98	–
2 nd Quarter FY2016	172.93	169.63

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
2 nd Quarter FY2017	2,849,752	470,144	16.4	2,868.55
FY2016	2,720,051	446,882	16.4	2,724.88

(Reference) Equity: 2nd Quarter FY2017 468,528 million yen FY2016 445,063 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)
FY2016	–	0.00	–	35.00	35.00
FY2017	–	0.00	–	35.00	35.00
FY2017 (Projected)	–	–	–	35.00	35.00

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

3. Consolidated Earnings Forecasts for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(% represents year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
FY2017	292,000	4.7	44,000	41.0	57,000	7.4	40,000	(5.3)	244.90

(Note) Revision of consolidated earnings forecasts most recently announced: None

Notes

- (1) Changes in significant subsidiaries during the second quarter: 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: None
 - b. Changes in accounting policies other than a. above: Yes
 - 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 FY2017: 185,444,772 shares	FY2016: 185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

2 nd Quarter FY2017: 22,033,256 shares	FY2016: 22,033,143 shares
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 - c. Average number of outstanding shares during the period (cumulative):

2 nd Quarter FY2017: 163,333,102 shares	2 nd Quarter FY2016: 163,330,410 shares
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- Quarterly financial results reports are not required to be subjected to quarterly reviews.

- 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)

	FY2016 (As of March 31, 2017)	Second quarter of FY2017 (As of September 30, 2017)
(ASSETS)		
Current assets		
Cash and deposits	63,266	86,925
Accounts receivable - installment	1,768,176	1,850,257
Purchased receivables	14,967	16,345
Lease investment assets	227,760	230,998
Operational investment securities	33,099	32,753
Real estate for sale	101,674	99,928
Other inventories	1,170	1,470
Other	44,585	55,582
Allowance for doubtful accounts	(47,289)	(50,001)
Total current assets	2,207,412	2,324,259
Non-current assets		
Property, plant and equipment	71,150	71,625
Intangible assets	200,622	216,898
Investments and other assets		
Liquidation business assets	32,456	32,004
Other	209,903	206,257
Allowance for doubtful accounts	(2,977)	(2,951)
Total investments and other assets	239,382	235,310
Total non-current assets	511,154	523,834
Deferred assets	1,484	1,658
Total assets	2,720,051	2,849,752

(Millions of yen)

	FY2016 (As of March 31, 2017)	Second quarter of FY2017 (As of September 30, 2017)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	238,190	264,131
Short-term loans payable	229,960	231,160
Current portion of long-term loans payable	69,885	58,090
Current portion of bonds	50,000	10,000
Commercial papers	358,000	424,500
Lease obligations	524	530
Income taxes payable	9,589	6,587
Provision for bonuses	2,315	2,495
Provision for directors' bonuses	157	67
Provision for loss on interest repayment	9,445	8,861
Allowance for losses on collecting gift tickets	144	141
Deferred installment income	9,028	9,445
Other	39,388	44,040
Total current liabilities	1,016,629	1,060,050
Non-current liabilities		
Bonds payable	255,000	300,000
Long-term loans payable	852,899	870,099
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,209	1,453
Provision for directors' retirement benefits	133	130
Provision for loss on guarantees	6,418	7,039
Allowance for losses on warranty of defects	14	15
Provision for point card certificates	94,033	97,213
Provision for loss on interest repayment	21,148	16,771
Asset retirement obligations	445	465
Other	5,238	6,370
Total non-current liabilities	1,256,539	1,319,557
Total liabilities	2,273,168	2,379,608

(Millions of yen)

	FY2016 (As of March 31, 2017)	Second quarter of FY2017 (As of September 30, 2017)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	85,634	85,634
Retained earnings	302,087	328,379
Treasury shares	(52,879)	(52,879)
Total shareholders' equity	410,773	437,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,315	32,657
Deferred gains or losses on hedges	(649)	(552)
Foreign currency translation adjustment	(374)	(639)
Total accumulated other comprehensive income	34,290	31,464
Subscription rights to shares	0	0
Non-controlling interests	1,818	1,615
Total net assets	446,882	470,144
Total liabilities and net assets	2,720,051	2,849,752

(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 FY2016 (April 1, 2016 to September 30, 2016)	Second quarter of FY2017 (April 1, 2017 to September 30, 2017)
Operating revenue		
Income from the credit service business	103,294	108,485
Income from the lease business revenue	6,742	6,483
Revenue from the finance business	15,123	17,283
Income from the real estate related business		
Revenue from the real estate related business	20,006	21,029
Cost of the real estate related business	12,996	12,770
Income from the real estate related business	7,010	8,259
Income from the entertainment business		
Revenue from the entertainment business	27,937	26,666
Cost of the entertainment business	23,010	21,873
Income from the entertainment business	4,927	4,793
Financial revenue	143	105
Total operating revenue	137,241	145,411
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	7,260	7,475
Provision of allowance for doubtful accounts	8,650	11,515
Provision for loss on guarantees	3,019	4,129
Commission fee	31,082	33,467
Other	55,700	57,996
Total selling, general and administrative expenses	105,711	114,584
Financial expenses	6,127	4,743
Total operating expenses	111,839	119,328
Operating profit	25,401	26,082
Non-operating income		
Interest income	14	12
Dividend income	795	924
Share of profit of entities accounted for using equity method	3,404	8,250
Gain on liquidation business	581	34
Other	870	1,051
Total non-operating income	5,665	10,274
Non-operating expenses		
Interest expenses	5	10
Equity in loss of limited liability partnerships and other similar partnerships	35	85
Loss on disposal of supplies	3	1
Other	16	18
Total non-operating expenses	60	117
Ordinary profit	31,006	36,240

(Millions of yen)

	Second quarter of FY2016 (April 1, 2016 to September 30, 2016)	Second quarter of FY2017 (April 1, 2017 to September 30, 2017)
Extraordinary income		
Gain on sales of investment securities	-	8,481
Gain on sales of non-current assets	-	0
Settlement received	11,475	275
Other	0	17
Total extraordinary income	11,475	8,775
Extraordinary losses		
Loss on disposal of non-current assets	13	22
Loss on valuation of investment securities	699	-
Impairment loss	0	1
Other	148	-
Total extraordinary losses	862	23
Profit before income taxes	41,619	44,991
Income taxes - current	4,750	6,414
Income taxes - deferred	7,123	6,759
Total income taxes	11,873	13,174
Profit	29,745	31,816
Profit (loss) attributable to non-controlling interests	1,500	(193)
Profit attributable to owners of parent	28,245	32,010

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Second quarter of FY2016 (April 1, 2016 to September 30, 2016)	Second quarter of FY2017 (April 1, 2017 to September 30, 2017)
Profit	29,745	31,816
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,434)	1,524
Deferred gains or losses on hedges	644	97
Foreign currency translation adjustment	(103)	(31)
Share of other comprehensive income of entities accounted for using equity method	(1,165)	(4,426)
Total other comprehensive income	(3,057)	(2,835)
Comprehensive income	26,687	28,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,218	29,184
Comprehensive income attributable to non-controlling interests	1,469	(203)

(3) Segment information, etc.

Segment information

For the second quarter ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

Information regarding revenue, profit and other items by reportable segments

(Millions of yen)

	Reportable segments						Adjustments	Consolidated quarterly statements of income
	Credit service	Lease	Finance	Real estate related	Entertainment	Total		
Operating revenue								
External revenue	103,427	6,752	15,123	7,010	4,927	137,241	–	137,241
Inter-segment revenue and transfer	519	12	–	12	–	544	(544)	–
Total	103,946	6,764	15,123	7,023	4,927	137,785	(544)	137,241
Segment profit	11,090	2,624	8,155	2,857	670	25,398	3	25,401

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

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

For the second quarter ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Information regarding revenue, profit and other items by reportable segments

(Millions of yen)

	Reportable segments						Adjustments	Consolidated quarterly statements of income
	Credit service	Lease	Finance	Real estate related	Entertainment	Total		
Operating revenue								
External revenue	108,586	6,487	17,283	8,259	4,793	145,411	–	145,411
Inter-segment revenue and transfer	557	9	–	11	–	578	(578)	–
Total	109,143	6,497	17,283	8,270	4,793	145,989	(578)	145,411
Segment profit	11,308	2,166	7,913	4,029	663	26,081	1	26,082

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

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