

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2012

[JGAAP]



August 5, 2011
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: August 12, 2011

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

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

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2012 (April 1, 2011 to June 30, 2011)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
1 st Quarter FY2011	64,480	(11.9)	11,282	(0.7)	12,845	2.1	9,875	46.3
1 st Quarter FY2010	73,181	(7.7)	11,361	43.8	12,581	52.2	6,749	33.5

(Note) Comprehensive income: 1st Quarter FY2011 9,456 million yen [109.3%]
1st Quarter FY2010 4,517 million yen [-%]

	Net income per share	Net income per share
	(Yen)	(diluted) (Yen)
1 st Quarter FY2011	53.78	53.75
1 st Quarter FY2010	36.75	36.57

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
1 st Quarter FY2011	2,164,389	351,817	16.1
FY2010	2,231,246	347,915	15.5

(Reference) Equity: 1st Quarter FY2011 349,107 million yen FY2010 345,229 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)
FY2010	–	0.00	–	30.00	30.00
FY2011	–	–	–	–	–
FY2011 (Projected)	–	0.00	–	30.00	30.00

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

3. Consolidated Earning Forecasts for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(% represents year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
First six months	131,000	(9.8)	12,500	(8.7)	15,000	(14.9)	10,000	0.3	54.46
FY2011	261,000	(8.6)	24,500	(10.5)	30,000	(11.1)	17,000	32.5	92.58

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

4. Others

- (1) Changes in significant subsidiaries during the first quarter: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing quarterly consolidated 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: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (common stock):
 - a. Number of shares issued at the end of the period (including treasury stock):
1st Quarter FY2011: 185,444,772 shares FY2010: 185,444,772 shares
 - b. Number of treasury shares at the end of the period:
1st Quarter FY2011: 1,810,277 shares FY2010: 1,809,960 shares
 - c. Average number of outstanding shares during the period (cumulative):
1st Quarter FY2011: 183,634,633 shares 1st Quarter FY2010: 183,639,131 shares

- 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 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.

Qualitative Information Concerning Earning Forecasts for Fiscal 2011

There have been no changes to forecasts for the first six months and full year for fiscal 2011 that were announced on May 13, 2011. In the results for the first three months of fiscal 2011, operating revenues were largely as planned, while operating income, ordinary income and net income were higher than our forecast. This higher achievement rate was due to better management of receivables and improved cost efficiency, as well as a decline in third-party mediation of receivables by lawyers, judicial scriveners and others, which has led to provision of allowance for doubtful accounts being lower than assumed.

However, the operating environment remains severe, and we must look closely at the future impact of the Great East Japan Earthquake on credit risks and consumption trends. We have not revised our previous forecasts at this time. However, if the results of our examination of market conditions necessitate a revision, we will make a prompt announcement.

Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY2010 (As of March 31, 2011)	First quarter of FY2011 (As of June 30, 2011)
(ASSETS)		
Current assets		
Cash and deposits	64,111	50,698
Accounts receivable-installment	1,490,518	1,423,715
Lease investment assets	219,894	219,893
Operational investment securities	7,219	10,040
Short-term investment securities	5,982	987
Real estate for sale	229,996	230,471
Purchased receivables	12,737	13,507
Other inventories	1,113	1,090
Other	60,092	57,012
Allowance for doubtful accounts	(118,625)	(113,864)
Total current assets	1,973,041	1,893,552
Noncurrent assets		
Property, plant and equipment	59,569	58,333
Intangible assets	76,632	80,981
Investments and other assets		
Investments and other assets	126,540	136,077
Allowance for doubtful accounts	(4,969)	(4,949)
Total investments and other assets	121,571	131,128
Total noncurrent assets	257,774	270,443
Deferred assets	431	394
Total assets	2,231,246	2,164,389

	FY2010 (As of March 31, 2011)	First quarter of FY2011 (As of June 30, 2011)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	171,065	202,351
Short-term loans payable	248,029	229,779
Current portion of long-term loans payable	138,960	137,771
Current portion of bonds	45,225	45,225
Commercial papers	110,000	55,000
Current portion of long-term loans payable under credit fluidity	15,850	18,849
Lease obligations	1,598	1,593
Income taxes payable	1,535	6,112
Provision for bonuses	2,017	1,638
Provision for directors' bonuses	88	19
Provision for loss on interest repayment	19,612	16,997
Allowance for losses on collecting gift tickets	191	187
Deferred installment income	6,148	5,371
Other	37,342	42,245
Total current liabilities	797,666	763,141
Noncurrent liabilities		
Bonds payable	210,887	200,887
Long-term loans payable	691,635	672,929
Long-term loans payable under credit fluidity	78,317	71,562
Lease obligations	3,928	3,646
Provision for retirement benefits	2,179	2,151
Provision for directors' retirement benefits	73	78
Provision for loss on guarantees	5,464	5,472
Allowance for losses on warranty of defects	19	20
Provision for point card certificates	65,880	66,399
Provision for loss on interest repayment	15,569	14,241
Asset retirement obligations	834	814
Negative goodwill	705	611
Other	10,169	10,615
Total noncurrent liabilities	1,085,664	1,049,430
Total liabilities	1,883,330	1,812,572

	FY2010 (As of March 31, 2011)	First quarter of FY2011 (As of June 30, 2011)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	84,838	84,838
Retained earnings	185,628	189,957
Treasury stock	(6,114)	(6,114)
Total shareholders' equity	340,282	344,610
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,569	6,133
Deferred gains or losses on hedges	(1,622)	(1,636)
Total accumulated other comprehensive income	4,947	4,496
Subscription rights to shares	0	0
Minority interests	2,686	2,710
Total net assets	347,915	351,817
Total liabilities and net assets	2,231,246	2,164,389

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

(Millions of yen)

	First quarter of FY2010 (April 1, 2010 to June 30, 2010)	First quarter of FY2011 (April 1, 2011 to June 30, 2011)
Operating revenue		
Income from the credit service business	59,191	50,000
Income from the lease business revenue	3,563	3,618
Revenue from the finance business	3,882	3,784
Income from the real estate related business		
Revenue from the real estate related business	8,092	12,533
Cost of the real estate related business	5,184	8,667
Income from the real estate related business	2,908	3,865
Income from the entertainment business		
Revenue from the entertainment business	19,879	17,384
Cost of the entertainment business	16,353	14,329
Income from the entertainment business	3,525	3,054
Financial revenue	110	155
Total operating revenue	73,181	64,480
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	3,652	2,987
Provision of allowance for doubtful accounts	12,322	6,825
Provision for loss on interest repayment	662	999
Provision for loss on guarantees	1,051	806
Commission fee	11,311	11,639
Other	27,172	24,855
Total selling, general and administrative expenses	56,172	48,112
Financial expenses	5,647	5,084
Total operating expenses	61,820	53,197
Operating income	11,361	11,282

(Millions of yen)

	First quarter of FY2010 (April 1, 2010 to June 30, 2010)	First quarter of FY2011 (April 1, 2011 to June 30, 2011)
Non-operating income		
Interest income	12	9
Dividends income	474	555
Amortization of negative goodwill	94	93
Equity in earnings of affiliates	448	601
Other	393	349
Total non-operating income	1,423	1,609
Non-operating expenses		
Interest expenses	16	14
Provision of allowance for doubtful accounts	99	–
Equity in loss of limited liability partnerships and other similar partnerships	37	9
Other	49	22
Total non-operating expenses	202	46
Ordinary income	12,581	12,845
Extraordinary income		
Gain on sales of investment securities	–	9
Gain on sales of subsidiaries and affiliates' stocks	–	7,140
Total extraordinary income	–	7,149
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,224	–
Loss on disaster	–	105
Other	248	1
Total extraordinary losses	1,472	107
Income before income taxes and minority interests	11,108	19,887
Income taxes-current	819	5,887
Income taxes-deferred	3,419	4,092
Total income taxes	4,239	9,979
Income before minority interests	6,869	9,907
Minority interests in income	120	31
Net income	6,749	9,875

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	First quarter of FY2010 (April 1, 2010 to June 30, 2010)	First quarter of FY2011 (April 1, 2011 to June 30, 2011)
Income before minority interests	6,869	9,907
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,170)	(699)
Deferred gains or losses on hedges	(332)	(22)
Share of other comprehensive income of associates accounted for using equity method	150	269
Total other comprehensive income	(2,352)	(451)
Comprehensive income	4,517	9,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,396	9,425
Comprehensive income attributable to minority interests	120	30