

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2014

[JGAAP]



November 8, 2013
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, 2013

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, 2014 (April 1, 2013 to September 30, 2013)

(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)	(%)
2 nd Quarter FY2013	123,938	1.2	21,893	(2.4)	27,320	(2.2)	17,633	(0.2)
2 nd Quarter FY2012	122,441	(4.0)	22,433	2.7	27,948	11.9	17,698	1.1

(Note) Comprehensive income: 2nd Quarter FY2013 24,012 million yen [34.8%]
2nd Quarter FY2012 17,808 million yen [4.8%]

	Net income per share	Net income per share (diluted)
	(Yen)	(Yen)
2 nd Quarter FY2013	96.19	96.01
2 nd Quarter FY2012	96.38	95.93

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
2 nd Quarter FY2013	2,144,032	413,360	19.1	2,231.69
FY2012	2,141,802	394,868	18.3	2,131.58

(Reference) Equity: 2nd Quarter FY2013 409,807 million yen FY2012 391,426 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)
FY2012	–	0.00	–	30.00	30.00
FY2013	–	0.00			
FY2013 (Projected)			–	30.00	30.00

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

3. Consolidated Earning Forecasts for Fiscal 2013 (April 1, 2013 to March 31, 2014)

(% 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)
FY2013	251,000	2.7	43,500	2.8	51,300	(3.6)	32,000	(2.3)	174.26

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

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: 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):

2 nd Quarter FY2013:	185,444,772 shares	FY2012:	185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

2 nd Quarter FY2013:	1,813,490 shares	FY2012:	1,812,612 shares
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 - c. Average number of outstanding shares during the period (cumulative):

2 nd Quarter FY2013:	183,631,577 shares	2 nd Quarter FY2012:	183,633,061 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 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)

	FY2012 (As of March 31, 2013)	Second quarter of FY2013 (As of September 30, 2013)
(ASSETS)		
Current assets		
Cash and deposits	57,524	48,250
Accounts receivable-installment	1,291,731	1,264,606
Lease investment assets	219,571	223,265
Operational investment securities	13,846	17,437
Real estate for sale	79,902	82,743
Purchased receivables	9,303	8,790
Other inventories	1,339	1,358
Other	36,044	47,707
Allowance for doubtful accounts	(64,910)	(61,365)
Total current assets	1,644,355	1,632,794
Noncurrent assets		
Property, plant and equipment	64,837	63,807
Intangible assets	114,296	126,152
Investments and other assets		
Liquidation business assets	137,956	130,321
Other	197,897	206,885
Allowance for doubtful accounts	(18,042)	(16,459)
Total investments and other assets	317,811	320,748
Total noncurrent assets	496,945	510,707
Deferred assets	500	530
Total assets	2,141,802	2,144,032

(Millions of yen)

	FY2012 (As of March 31, 2013)	Second quarter of FY2013 (As of September 30, 2013)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	256,283	194,017
Short-term loans payable	212,960	198,660
Current portion of long-term loans payable	118,937	136,615
Current portion of bonds	30,225	10,225
Commercial papers	15,000	105,000
Current portion of long-term loans payable under credit fluidity	35,714	20,989
Lease obligations	1,941	1,341
Income taxes payable	7,744	11,342
Provision for bonuses	2,083	2,110
Provision for directors' bonuses	146	64
Provision for loss on interest repayment	9,290	7,160
Allowance for losses on collecting gift tickets	175	167
Deferred installment income	6,278	6,445
Other	39,112	37,097
Total current liabilities	735,893	731,236
Noncurrent liabilities		
Bonds payable	230,437	240,225
Long-term loans payable	673,874	658,529
Long-term loans payable under credit fluidity	8,548	2,805
Lease obligations	2,217	2,362
Provision for directors' retirement benefits	74	72
Provision for loss on guarantees	4,209	4,239
Allowance for losses on warranty of defects	19	17
Provision for point card certificates	71,532	74,206
Provision for loss on interest repayment	9,744	7,235
Asset retirement obligations	853	840
Other	9,528	8,901
Total noncurrent liabilities	1,011,040	999,435
Total liabilities	1,746,933	1,730,671

(Millions of yen)

	FY2012 (As of March 31, 2013)	Second quarter of FY2013 (As of September 30, 2013)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	84,838	84,838
Retained earnings	217,882	230,034
Treasury stock	(6,118)	(6,120)
Total shareholders' equity	372,531	384,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,391	26,163
Deferred gains or losses on hedges	(1,496)	(1,037)
Total accumulated other comprehensive income	18,894	25,126
Subscription rights to shares	0	0
Minority interests	3,442	3,552
Total net assets	394,868	413,360
Total liabilities and net assets	2,141,802	2,144,032

(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 FY2012 (April 1, 2012 to September 30, 2012)	Second quarter of FY2013 (April 1, 2013 to September 30, 2013)
Operating revenue		
Income from the credit service business	94,727	93,136
Income from the Lease business revenue	7,213	6,915
Revenue from the finance business	8,376	9,064
Income from the real estate related business		
Revenue from the real estate related business	17,979	26,336
Cost of the real estate related business	12,966	18,525
Income from the real estate related business	5,013	7,811
Income from the entertainment business		
Revenue from the entertainment business	39,613	37,870
Cost of the entertainment business	32,664	31,050
Income from the entertainment business	6,948	6,820
Financial revenue	161	189
Total operating revenue	122,441	123,938
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	3,646	6,122
Provision of allowance for doubtful accounts	8,037	6,912
Provision for loss on interest repayment	2,734	427
Provision for loss on guarantees	1,589	1,738
Commission fee	25,308	27,672
Other	50,935	52,378
Total selling, general and administrative expenses	92,252	95,251
Financial expenses	7,754	6,793
Total operating expenses	100,007	102,044
Operating income	22,433	21,893
Non-operating income		
Interest income	16	15
Dividends income	573	1,741
Equity in earnings of affiliates	2,811	2,697
Gain on bad debts recovered	805	790
Gain on liquidation business	948	-
Other	429	298
Total non-operating income	5,584	5,543
Non-operating expenses		
Interest expenses	19	15
Equity in loss of limited liability partnerships and other similar partnerships	19	10
Loss on liquidation of business	-	58
Other	29	32
Total non-operating expenses	69	116
Ordinary income	27,948	27,320
Extraordinary income		
Gain on sales of investment securities	0	0
Gain on sales of subsidiaries and affiliates' stocks	-	76
Gain on sales of noncurrent assets	-	1
Total extraordinary income	0	78

(Millions of yen)

	Second quarter of FY2012 (April 1, 2012 to September 30, 2012)	Second quarter of FY2013 (April 1, 2013 to September 30, 2013)
Extraordinary loss		
Loss on disposal of noncurrent assets	36	20
Loss on valuation of investment securities	173	2
Impairment loss	3	21
Other	13	-
Total extraordinary losses	226	44
Income before income taxes and minority interests	27,722	27,354
Income taxes-current	5,287	11,197
Income taxes-deferred	4,471	(1,624)
Total income taxes	9,758	9,573
Income before minority interests	17,963	17,780
Minority interests in income	265	117
Net income	17,698	17,633

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Second quarter of FY2012 (April 1, 2012 to September 30, 2012)	Second quarter of FY2013 (April 1, 2013 to September 30, 2013)
Income before minority interests	17,963	17,780
Other comprehensive income		
Valuation difference on available-for-sale securities	(343)	4,512
Deferred gains or losses on hedges	(18)	459
Share of other comprehensive income of associates accounted for using equity method	207	1,259
Total other comprehensive income	(154)	6,231
Comprehensive income	17,808	24,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,543	23,894
Comprehensive income attributable to minority interests	264	117

(3) Segment information, etc

Segment information

For the second quarter ended September 30, 2012 (from April 1, 2012 to September 30, 2012)

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	94,889	7,213	8,376	5,013	6,948	122,441	-	122,441
Inter-segment revenue and transfer	483	12	118	44	7	666	(666)	-
Total	95,373	7,225	8,494	5,057	6,956	123,107	(666)	122,441
Segment income	12,695	3,458	4,522	513	1,290	22,481	(47)	22,433

(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 September 30, 2013 (from April 1, 2013 to September 30, 2013)

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	93,326	6,915	9,065	7,811	6,820	123,938	-	123,938
Inter-segment revenue and transfer	544	12	-	36	10	603	(603)	-
Total	93,870	6,928	9,065	7,847	6,830	124,541	(603)	123,938
Segment income	9,990	2,808	4,545	3,352	1,192	21,889	3	21,893

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

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