

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2015

[JGAAP]



November 7, 2014
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, 2014

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, 2015 (April 1, 2014 to September 30, 2014)

(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 FY2014	126,566	2.1	22,531	2.9	26,607	(2.6)	18,526	5.0
2 nd Quarter FY2013	123,938	-	21,893	-	27,306	-	17,649	-

(Note) Comprehensive income: 2nd Quarter FY2014 22,614 million yen [(5.8)%]
2nd Quarter FY2013 23,998 million yen [-%]

	Net income per share	Net income per share (diluted)
	(Yen)	(Yen)
2 nd Quarter FY2014	100.89	-
2 nd Quarter FY2013	96.11	95.94

(Note) Year-on-year changes for the 2nd Quarter FY2013 are not presented due to the retrospective adjustment for the changes in accounting policies.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
2 nd Quarter FY2014	2,318,167	439,879	18.8	2,379.19
FY2013	2,285,943	422,829	18.3	2,283.29

(Reference) Equity: 2nd Quarter FY2014 436,890 million yen FY2013 419,281 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)
FY2013	-	0.00	-	30.00	30.00
FY2014	-	0.00	-	-	-
FY2014 (Projected)	-	-	-	30.00	30.00

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

3. Consolidated Earnings Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(% 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)
FY2014	256,000	3.4	42,000	15.6	49,000	10.3	32,000	25.2	174.26

(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, 2015 (consolidated/non-consolidated)” announced on November 7, 2014.

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 FY2014: 185,444,772 shares	FY2013: 185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

2 nd Quarter FY2014: 1,814,888 shares	FY2013: 1,814,444 shares
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 - c. Average number of outstanding shares during the period (cumulative):

2 nd Quarter FY2014: 183,630,161 shares	2 nd Quarter FY2013: 183,631,577 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)

	FY2013 (As of March 31, 2014)	Second quarter of FY2014 (As of September 30, 2014)
(ASSETS)		
Current assets		
Cash and deposits	52,742	59,762
Accounts receivable - installment	1,396,495	1,387,782
Lease investment assets	225,333	227,490
Operational investment securities	18,979	23,326
Real estate for sale	83,212	88,504
Purchased receivables	9,818	12,859
Other inventories	1,403	1,377
Other	39,392	42,928
Allowance for doubtful accounts	(51,677)	(46,644)
Total current assets	1,775,699	1,797,387
Non-current assets		
Property, plant and equipment	62,833	61,908
Intangible assets	138,941	148,970
Investments and other assets		
Liquidation business assets	104,078	97,486
Other	214,494	220,114
Allowance for doubtful accounts	(10,704)	(8,450)
Total investments and other assets	307,868	309,151
Total non-current assets	509,643	520,030
Deferred assets	599	749
Total assets	2,285,943	2,318,167

(Millions of yen)

	FY2013 (As of March 31, 2014)	Second quarter of FY2014 (As of September 30, 2014)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	273,444	206,060
Short-term loans payable	199,160	203,160
Current portion of long-term loans payable	160,010	140,610
Current portion of bonds	60,225	70,225
Commercial papers	115,000	185,000
Current portion of long-term loans payable under credit fluidity	7,493	1,832
Lease obligations	1,270	1,137
Income taxes payable	11,756	12,301
Provision for bonuses	2,062	2,087
Provision for directors' bonuses	147	70
Provision for loss on interest repayment	10,436	7,760
Allowance for losses on collecting gift tickets	167	162
Deferred installment income	6,835	7,148
Other	37,217	38,423
Total current liabilities	885,228	875,979
Non-current liabilities		
Bonds payable	215,212	235,000
Long-term loans payable	660,164	665,119
Lease obligations	2,204	1,719
Provision for directors' retirement benefits	82	91
Provision for loss on guarantees	4,296	4,386
Allowance for losses on warranty of defects	18	6
Provision for point card certificates	77,390	80,146
Provision for loss on interest repayment	9,263	7,030
Asset retirement obligations	821	835
Other	8,430	7,974
Total non-current liabilities	977,885	1,002,308
Total liabilities	1,863,113	1,878,288

(Millions of yen)

	FY2013 (As of March 31, 2014)	Second quarter of FY2014 (As of September 30, 2014)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	84,838	84,838
Retained earnings	237,784	250,747
Treasury shares	(6,123)	(6,124)
Total shareholders' equity	392,428	405,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,054	32,593
Deferred gains or losses on hedges	(1,201)	(1,093)
Total accumulated other comprehensive income	26,852	31,500
Subscription rights to shares	0	0
Minority interests	3,548	2,988
Total net assets	422,829	439,879
Total liabilities and net assets	2,285,943	2,318,167

(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 FY2013 (April 1, 2013 to September 30, 2013)	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)
Operating revenue		
Income from the credit service business	93,136	95,825
Income from the Lease business revenue	6,915	7,013
Revenue from the finance business	9,064	10,713
Income from the real estate related business		
Revenue from the real estate related business	26,336	21,283
Cost of the real estate related business	18,525	14,067
Income from the real estate related business	7,811	7,216
Income from the entertainment business		
Revenue from the entertainment business	37,870	32,124
Cost of the entertainment business	31,050	26,481
Income from the entertainment business	6,820	5,643
Financial revenue	189	154
Total operating revenue	123,938	126,566
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	6,122	6,094
Provision of allowance for doubtful accounts	6,912	7,125
Provision for loss on interest repayment	427	148
Provision for loss on guarantees	1,738	2,016
Commission fee	27,672	29,143
Other	52,378	53,094
Total selling, general and administrative expenses	95,251	97,623
Financial expenses	6,793	6,412
Total operating expenses	102,044	104,035
Operating income	21,893	22,531
Non-operating income		
Interest income	15	15
Dividend income	1,741	674
Share of profit of entities accounted for using equity method	2,683	2,768
Gain on bad debts recovered	790	584
Other	298	250
Total non-operating income	5,529	4,293
Non-operating expenses		
Interest expenses	15	9
Equity in loss of limited liability partnerships and other similar partnerships	10	37
Loss on liquidation of business	58	61
Loss on disposal of supplies	18	54
Other	14	53
Total non-operating expenses	116	216
Ordinary income	27,306	26,607

(Millions of yen)

	Second quarter of FY2013 (April 1, 2013 to September 30, 2013)	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)
Extraordinary income		
Gain on sales of investment securities	0	229
Gain on sales of shares of subsidiaries and associates	76	-
Gain on sales of non-current assets	1	148
Compensation income for expropriation	-	754
Other	-	5
Total extraordinary income	78	1,137
Extraordinary losses		
Loss on disposal of non-current assets	20	4
Loss on valuation of investment securities	2	207
Loss on sales of investment securities	-	68
Impairment loss	21	26
Other	-	1
Total extraordinary losses	44	307
Income before income taxes and minority interests	27,354	27,437
Income taxes - current	11,197	11,738
Income taxes - deferred	(1,624)	(2,267)
Total income taxes	9,573	9,471
Income before minority interests	17,767	17,966
Minority interests in income (loss)	117	(559)
Net income	17,649	18,526

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Second quarter of FY2013 (April 1, 2013 to September 30, 2013)	Second quarter of FY2014 (April 1, 2014 to September 30, 2014)
Income before minority interests	17,767	17,966
Other comprehensive income		
Valuation difference on available-for-sale securities	4,512	4,098
Deferred gains or losses on hedges	459	107
Share of other comprehensive income of entities accounted for using equity method	1,259	441
Total other comprehensive income	6,231	4,647
Comprehensive income	23,998	22,614
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,881	23,174
Comprehensive income attributable to minority interests	117	(559)

(3) Segment information, etc.

Segment information

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.

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	3,318	431	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.