

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

[JGAAP]



February 5, 2016
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: February 12, 2016

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 Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 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)	(%)
3 rd Quarter FY2015	204,289	6.3	26,501	(25.8)	36,220	(9.8)	25,481	(1.6)
3 rd Quarter FY2014	192,122	3.0	35,739	7.1	40,139	(5.4)	25,899	(6.0)

(Note) Comprehensive income: 3rd Quarter FY2015 31,172 million yen [(9.9)%]
3rd Quarter FY2014 34,586 million yen[(16.4)%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3 rd Quarter FY2015	140.17	–
3 rd Quarter FY2014	141.04	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
3 rd Quarter FY2015	2,571,271	425,063	16.5	2,600.90
FY2014	2,373,299	447,082	18.8	2,424.05

(Reference) Equity: 3rd Quarter FY2015 424,807 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	273,000	5.4	37,500	(6.6)	48,500	11.0	28,000	121.7	171.43

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

Please refer to the “Announcement regarding recording of provision for loss on interest repayment and revision of business forecasts for full fiscal year ending March 31, 2016 (consolidated/non-consolidated)” announced on February 5, 2016.

Notes

- (1) Changes in significant subsidiaries during the third 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):

3 rd 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:

3 rd Quarter FY2015: 22,114,213 shares	FY2014: 1,815,505 shares
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 - c. Average number of outstanding shares during the period (cumulative):

3 rd Quarter FY2015: 181,790,537 shares	3 rd Quarter FY2014: 183,629,978 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)	Third quarter of FY2015 (As of December 31, 2015)
(ASSETS)		
Current assets		
Cash and deposits	51,836	71,932
Accounts receivable - installment	1,452,531	1,604,608
Lease investment assets	226,025	226,572
Operational investment securities	25,531	25,653
Real estate for sale	93,322	91,707
Purchased receivables	11,560	14,748
Other inventories	1,228	1,572
Other	49,561	49,481
Allowance for doubtful accounts	(45,099)	(43,504)
Total current assets	1,866,497	2,042,774
Non-current assets		
Property, plant and equipment	59,285	60,172
Intangible assets	149,626	167,784
Investments and other assets		
Liquidation business assets	72,437	55,479
Other	232,191	247,468
Allowance for doubtful accounts	(7,463)	(3,282)
Total investments and other assets	297,165	299,664
Total non-current assets	506,076	527,621
Deferred assets	724	875
Total assets	2,373,299	2,571,271

(Millions of yen)

	FY2014 (As of March 31, 2015)	Third quarter of FY2015 (As of December 31, 2015)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	235,157	250,289
Short-term loans payable	217,160	199,160
Current portion of long-term loans payable	139,960	108,330
Current portion of bonds	65,212	45,000
Commercial papers	150,000	269,000
Lease obligations	873	680
Income taxes payable	12,621	5,428
Provision for bonuses	2,127	1,077
Provision for directors' bonuses	154	87
Provision for loss on interest repayment	10,465	10,087
Allowance for losses on collecting gift tickets	159	152
Asset retirement obligations	442	-
Deferred installment income	7,430	8,072
Other	39,532	49,402
Total current liabilities	881,297	946,768
Non-current liabilities		
Bonds payable	205,000	230,000
Long-term loans payable	715,424	833,264
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,206	1,476
Provision for directors' retirement benefits	100	108
Provision for loss on guarantees	4,554	4,878
Allowance for losses on warranty of defects	5	9
Provision for point card certificates	82,925	87,162
Provision for loss on interest repayment	8,539	16,468
Asset retirement obligations	413	409
Other	6,750	5,662
Total non-current liabilities	1,044,918	1,199,439
Total liabilities	1,926,216	2,146,207

(Millions of yen)

	FY2014 (As of March 31, 2015)	Third quarter of FY2015 (As of December 31, 2015)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	84,838	85,634
Retained earnings	244,902	264,872
Treasury shares	(6,125)	(52,885)
Total shareholders' equity	399,543	373,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,518	52,651
Deferred gains or losses on hedges	(935)	(1,175)
Foreign currency translation adjustment	-	(220)
Total accumulated other comprehensive income	45,583	51,256
Subscription rights to shares	0	0
Non-controlling interests	1,955	256
Total net assets	447,082	425,063
Total liabilities and net assets	2,373,299	2,571,271

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

(Millions of yen)

	Third quarter of FY2014 (April 1, 2014 to December 31, 2014)	Third quarter of FY2015 (April 1, 2015 to December 31, 2015)
Operating revenue		
Income from the credit service business	146,529	151,642
Income from the Lease business revenue	10,518	10,119
Revenue from the finance business	16,250	20,648
Income from the real estate related business		
Revenue from the real estate related business	28,657	37,329
Cost of the real estate related business	18,380	23,653
Income from the real estate related business	10,277	13,676
Income from the entertainment business I		
Revenue from the entertainment business	47,031	43,884
Cost of the entertainment business	38,779	35,898
Income from the entertainment business	8,251	7,985
Financial revenue	296	218
Total operating revenue	192,122	204,289
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	9,418	10,028
Provision of allowance for doubtful accounts	10,862	12,639
Provision for loss on interest repayment	148	15,046
Provision for loss on guarantees	3,148	3,986
Commission fee	44,252	45,907
Other	78,848	81,457
Total selling, general and administrative expenses	146,679	169,066
Financial expenses	9,703	8,721
Total operating expenses	156,383	177,788
Operating income	35,739	26,501
Non-operating income		
Interest income	23	22
Dividend income	1,169	1,238
Share of profit of entities accounted for using equity method	1,841	4,565
Gain on liquidation business	428	2,863
Other	1,187	1,161
Total non-operating income	4,650	9,850
Non-operating expenses		
Interest expenses	12	11
Equity in loss of limited liability partnerships and other similar partnerships	67	75
Loss on disposal of supplies	111	1
Other	58	43
Total non-operating expenses	250	132
Ordinary income	40,139	36,220

(Millions of yen)

	Third quarter of FY2014 (April 1, 2014 to December 31, 2014)	Third quarter of FY2015 (April 1, 2015 to December 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	297	1,057
Gain on sales of investment securities	230	113
Gain on sales of shares of subsidiaries and associates	-	184
Compensation income for expropriation	754	10
Other	5	1
Total extraordinary income	1,288	1,367
Extraordinary losses		
Loss on disposal of non-current assets	8	57
Loss on valuation of investment securities	633	-
Loss on sales of investment securities	68	-
Impairment loss	45	5
Business structure improvement expenses	217	-
Loss on valuation of membership	-	22
Other	29	3
Total extraordinary losses	1,001	90
Income before income taxes and minority interests	40,425	37,497
Income taxes - current	14,870	14,321
Income taxes - deferred	(290)	(2,353)
Total income taxes	14,580	11,967
Profit	25,845	25,529
Profit (loss) attributable to non-controlling interests	(54)	48
Profit attributable to owners of parent	25,899	25,481

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Third quarter of FY2014 (April 1, 2014 to December 31, 2014)	Third quarter of FY2015 (April 1, 2015 to December 31, 2015)
Profit	25,845	25,529
Other comprehensive income		
Valuation difference on available-for-sale securities	5,338	4,120
Deferred gains or losses on hedges	67	(239)
Foreign currency translation adjustment	-	(100)
Share of other comprehensive income of entities accounted for using equity method	3,335	1,862
Total other comprehensive income	8,741	5,642
Comprehensive income	34,586	31,172
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,641	31,154
Comprehensive income attributable to non-controlling interests	(54)	18

(3) Segment information, etc.

Segment information

For the third quarter ended December 31, 2014 (from April 1, 2014 to December 31, 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	146,825	10,518	16,250	10,277	8,251	192,122	-	192,122
Inter-segment revenue and transfer	720	23	-	16	9	769	(769)	-
Total	147,545	10,542	16,250	10,293	8,261	192,892	(769)	192,122
Segment income	17,275	4,530	9,089	3,899	940	35,736	2	35,739

(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 third quarter ended December 31, 2015 (from April 1, 2015 to December 31, 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	151,860	10,119	20,648	13,676	7,985	204,289	-	204,289
Inter-segment revenue and transfer	760	21	-	13	0	795	(795)	-
Total	152,620	10,140	20,648	13,689	7,985	205,085	(795)	204,289
Segment income	2,697	3,829	12,095	6,897	978	26,499	2	26,501

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

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