

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2017

[JGAAP]



August 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: August 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 First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)

(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)	(%)
1 st Quarter FY2016	67,555	(1.9)	12,492	(16.2)	15,362	(13.3)	11,208	(10.8)
1 st Quarter FY2015	68,853	9.6	14,915	27.1	17,709	25.9	12,560	18.0

(Note) Comprehensive income: 1st Quarter FY2016 4,784 million yen[(73.2)%]

1st Quarter FY2015 17,823 million yen [31.0%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1 st Quarter FY2016	68.62	–
1 st Quarter FY2015	68.37	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
1 st Quarter FY2016	2,591,526	418,053	16.1
FY2015	2,550,990	418,988	16.4

(Reference) Equity: 1st Quarter FY2016 417,789 million yen FY2015 418,716 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)
FY2015	–	0.00	–	35.00	35.00
FY2016	–				
FY2016 (Projected)		0.00	–	35.00	35.00

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

3. Consolidated Earnings Forecasts for Fiscal 2016 (April 1, 2016 to March 31, 2017)

(% 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)
First six months	136,000	0.8	23,500	(12.0)	27,500	(19.7)	25,000	8.6	153.06
FY2016	278,000	3.0	42,000	14.8	50,000	14.1	38,500	47.2	235.72

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

Notes

- (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 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 shares):
 - a. Number of shares issued at the end of the period (including treasury shares):

1 st Quarter FY2016:	185,444,772 shares	FY2015:	185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

1 st Quarter FY2016:	22,114,365 shares	FY2015:	22,114,295 shares
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 - c. Average number of outstanding shares during the period (cumulative):

1 st Quarter FY2016:	163,330,460 shares	1 st Quarter FY2015:	183,708,942 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)

	FY2015 (As of March 31, 2016)	First quarter of FY2016 (As of June 30, 2016)
(ASSETS)		
Current assets		
Cash and deposits	64,869	70,127
Accounts receivable - installment	1,596,865	1,646,230
Lease investment assets	227,451	227,455
Operational investment securities	29,310	32,032
Real estate for sale	98,487	98,069
Purchased receivables	13,231	13,869
Other inventories	1,280	1,359
Other	59,219	58,626
Allowance for doubtful accounts	(43,373)	(44,277)
Total current assets	2,047,342	2,103,495
Non-current assets		
Property, plant and equipment	61,950	61,970
Intangible assets	175,749	182,089
Investments and other assets		
Liquidation business assets	53,104	36,011
Other	215,218	210,270
Allowance for doubtful accounts	(3,280)	(3,266)
Total investments and other assets	265,043	243,015
Total non-current assets	502,742	487,075
Deferred assets	904	955
Total assets	2,550,990	2,591,526

(Millions of yen)

	FY2015 (As of March 31, 2016)	First quarter of FY2016 (As of June 30, 2016)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	239,719	228,785
Short-term loans payable	214,160	205,160
Current portion of long-term loans payable	121,760	140,790
Current portion of bonds	35,000	40,000
Commercial papers	236,000	305,000
Lease obligations	625	603
Income taxes payable	2,381	1,343
Provision for bonuses	2,206	1,814
Provision for directors' bonuses	124	33
Provision for loss on interest repayment	9,749	8,878
Allowance for losses on collecting gift tickets	151	150
Deferred installment income	8,241	8,329
Other	44,754	45,536
Total current liabilities	914,876	986,425
Non-current liabilities		
Bonds payable	245,000	235,000
Long-term loans payable	835,184	815,489
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,336	1,203
Provision for directors' retirement benefits	112	117
Provision for loss on guarantees	5,014	5,089
Allowance for losses on warranty of defects	8	12
Provision for point card certificates	88,576	90,126
Provision for loss on interest repayment	15,372	13,950
Asset retirement obligations	440	440
Other	6,081	5,619
Total non-current liabilities	1,217,125	1,187,047
Total liabilities	2,132,001	2,173,472

(Millions of yen)

	FY2015 (As of March 31, 2016)	First quarter of FY2016 (As of June 30, 2016)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	85,634	85,634
Retained earnings	265,554	271,043
Treasury shares	(52,885)	(52,885)
Total shareholders' equity	374,232	379,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,301	39,732
Deferred gains or losses on hedges	(1,665)	(1,180)
Foreign currency translation adjustment	(152)	(483)
Total accumulated other comprehensive income	44,483	38,068
Subscription rights to shares	0	0
Non-controlling interests	272	263
Total net assets	418,988	418,053
Total liabilities and net assets	2,550,990	2,591,526

(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 FY2015 (April 1, 2015 to June 30, 2015)	First quarter of FY2016 (April 1, 2016 to June 30, 2016)
Operating revenue		
Income from the credit service business	49,717	51,158
Income from the Lease business revenue	3,423	3,410
Revenue from the finance business	6,023	7,060
Income from the real estate related business		
Revenue from the real estate related business	19,711	10,054
Cost of the real estate related business	12,893	6,636
Income from the real estate related business	6,818	3,418
Income from the entertainment business I		
Revenue from the entertainment business	15,044	14,008
Cost of the entertainment business	12,250	11,576
Income from the entertainment business	2,793	2,431
Financial revenue	76	76
Total operating revenue	68,853	67,555
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	2,926	3,479
Provision of allowance for doubtful accounts	4,304	4,604
Provision for loss on guarantees	1,255	1,404
Commission fee	15,394	15,027
Other	27,093	27,437
Total selling, general and administrative expenses	50,975	51,953
Financial expenses	2,962	3,109
Total operating expenses	53,938	55,062
Operating income	14,915	12,492
Non-operating income		
Interest income	7	7
Dividend income	631	759
Share of profit of entities accounted for using equity method	1,479	1,494
Gain on liquidation business	280	166
Other	438	463
Total non-operating income	2,837	2,891
Non-operating expenses		
Interest expenses	8	1
Equity in loss of limited liability partnerships and other similar partnerships	24	7
Other	10	13
Total non-operating expenses	43	22
Ordinary income	17,709	15,362

(Millions of yen)

	First quarter of FY2015 (April 1, 2015 to June 30, 2015)	First quarter of FY2016 (April 1, 2016 to June 30, 2016)
Extraordinary income		
Gain on sales of investment securities	114	—
Gain on sales of non-current assets	209	—
Reversal of allowance for doubtful accounts	—	0
Other	12	—
Total extraordinary income	336	0
Extraordinary losses		
Loss on disposal of non-current assets	15	0
Impairment loss	—	0
Other	0	—
Total extraordinary losses	15	0
Profit before income taxes	18,029	15,361
Income taxes - current	7,395	824
Income taxes - deferred	(1,974)	3,328
Total income taxes	5,421	4,152
Profit	12,608	11,209
Profit attributable to non-controlling interests	48	0
Profit attributable to owners of parent	12,560	11,208

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	First quarter of FY2015 (April 1, 2015 to June 30, 2015)	First quarter of FY2016 (April 1, 2016 to June 30, 2016)
Profit	12,608	11,209
Other comprehensive income		
Valuation difference on available-for-sale securities	4,341	(4,913)
Deferred gains or losses on hedges	93	485
Foreign currency translation adjustment	—	(30)
Share of other comprehensive income of entities accounted for using equity method	780	(1,965)
Total other comprehensive income	5,215	(6,424)
Comprehensive income	17,823	4,784
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,775	4,793
Comprehensive income attributable to non-controlling interests	48	(8)

(3) Segment information, etc.

Segment information

For the first quarter ended June 30, 2015 (from April 1, 2015 to June 30, 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	49,793	3,423	6,023	6,818	2,793	68,853	-	68,853
Inter-segment revenue and transfer	236	7	-	4	0	248	(248)	-
Total	50,029	3,431	6,023	6,822	2,794	69,101	(248)	68,853
Segment income	5,497	1,343	3,275	4,414	382	14,914	0	14,915

(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 first quarter ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

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	51,222	3,421	7,060	3,418	2,431	67,555	-	67,555
Inter-segment revenue and transfer	259	6	-	6	-	272	(272)	-
Total	51,482	3,428	7,060	3,424	2,431	67,827	(272)	67,555
Segment income	5,649	1,394	3,840	1,313	291	12,490	2	12,492

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

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