

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

[JGAAP]



February 8, 2017
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 14, 2017

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, 2017 (April 1, 2016 to December 31, 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)	(%)
3 rd Quarter FY2016	208,747	2.2	33,952	28.1	43,151	19.1	36,754	44.2
3 rd Quarter FY2015	204,289	6.3	26,501	(25.8)	36,220	(9.8)	25,481	(1.6)

(Note) Comprehensive income: 3rd Quarter FY2016 40,178 million yen [28.9%]
3rd Quarter FY2015 31,172 million yen [(9.9)%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3 rd Quarter FY2016	225.03	221.43
3 rd Quarter FY2015	140.17	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
3 rd Quarter FY2016	2,780,137	451,298	16.2	2,751.62
FY2015	2,550,990	418,988	16.4	2,563.61

(Reference) Equity: 3rd Quarter FY2016 449,422 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	–	0.00	–		
FY2016 (Projected)				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)
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 third 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):

3 rd 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:

3 rd Quarter FY2016: 22,114,923 shares	FY2015: 22,114,295 shares
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 - c. Average number of outstanding shares during the period (cumulative):

3 rd Quarter FY2016: 163,330,293 shares	3 rd Quarter FY2015: 181,790,537 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)	Third quarter of FY2016 (As of December 31, 2016)
(ASSETS)		
Current assets		
Cash and deposits	64,869	78,747
Accounts receivable - installment	1,596,865	1,817,159
Lease investment assets	227,451	227,573
Operational investment securities	29,310	29,215
Real estate for sale	98,487	99,327
Purchased receivables	13,231	12,867
Other inventories	1,280	1,554
Other	59,219	49,543
Allowance for doubtful accounts	(43,373)	(45,397)
Total current assets	2,047,342	2,270,590
Non-current assets		
Property, plant and equipment	61,950	70,470
Intangible assets	175,749	194,508
Investments and other assets		
Liquidation business assets	53,104	34,393
Other	215,218	212,485
Allowance for doubtful accounts	(3,280)	(3,255)
Total investments and other assets	265,043	243,623
Total non-current assets	502,742	508,601
Deferred assets	904	945
Total assets	2,550,990	2,780,137

(Millions of yen)

	FY2015 (As of March 31, 2016)	Third quarter of FY2016 (As of December 31, 2016)
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	239,719	262,239
Short-term loans payable	214,160	211,160
Current portion of long-term loans payable	121,760	96,565
Current portion of bonds	35,000	50,000
Commercial papers	236,000	430,000
Lease obligations	625	488
Income taxes payable	2,381	7,575
Provision for bonuses	2,206	1,108
Provision for directors' bonuses	124	99
Provision for loss on interest repayment	9,749	8,129
Allowance for losses on collecting gift tickets	151	145
Deferred installment income	8,241	8,864
Other	44,754	44,757
Total current liabilities	914,876	1,121,133
Non-current liabilities		
Bonds payable	245,000	235,000
Long-term loans payable	835,184	834,099
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,336	902
Provision for directors' retirement benefits	112	126
Provision for loss on guarantees	5,014	5,455
Allowance for losses on warranty of defects	8	12
Provision for point card certificates	88,576	92,908
Provision for loss on interest repayment	15,372	13,372
Asset retirement obligations	440	443
Other	6,081	5,385
Total non-current liabilities	1,217,125	1,207,705
Total liabilities	2,132,001	2,328,839

(Millions of yen)

	FY2015 (As of March 31, 2016)	Third quarter of FY2016 (As of December 31, 2016)
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	85,634	85,634
Retained earnings	265,554	296,589
Treasury shares	(52,885)	(52,887)
Total shareholders' equity	<u>374,232</u>	<u>405,266</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,301	45,930
Deferred gains or losses on hedges	(1,665)	(746)
Foreign currency translation adjustment	(152)	(1,028)
Total accumulated other comprehensive income	<u>44,483</u>	<u>44,155</u>
Subscription rights to shares	0	0
Non-controlling interests	272	1,875
Total net assets	<u>418,988</u>	<u>451,298</u>
Total liabilities and net assets	<u>2,550,990</u>	<u>2,780,137</u>

(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 FY2015 (April 1, 2015 to December 31, 2015)	Third quarter of FY2016 (April 1, 2016 to December 31, 2016)
Operating revenue		
Income from the credit service business	151,642	157,730
Income from the lease business revenue	10,119	10,003
Revenue from the finance business	20,648	22,701
Income from the real estate related business		
Revenue from the real estate related business	37,329	28,611
Cost of the real estate related business	23,653	17,783
Income from the real estate related business	13,676	10,827
Income from the entertainment business		
Revenue from the entertainment business	43,884	41,024
Cost of the entertainment business	35,898	33,745
Income from the entertainment business	7,985	7,279
Financial revenue	218	205
Total operating revenue	204,289	208,747
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	10,028	11,105
Provision of allowance for doubtful accounts	12,639	13,702
Provision for loss on interest repayment	15,046	4,581
Provision for loss on guarantees	3,986	4,594
Commission fee	45,907	46,702
Other	81,457	85,445
Total selling, general and administrative expenses	169,066	166,131
Financial expenses	8,721	8,663
Total operating expenses	177,788	174,795
Operating income	26,501	33,952
Non-operating income		
Interest income	22	21
Dividend income	1,238	1,431
Share of profit of entities accounted for using equity method	4,565	5,761
Gain on liquidation business	2,863	810
Other	1,161	1,275
Total non-operating income	9,850	9,300
Non-operating expenses		
Interest expenses	11	11
Equity in loss of limited liability partnerships and other similar partnerships	75	65
Loss on disposal of supplies	1	1
Other	43	23
Total non-operating expenses	132	101
Ordinary income	36,220	43,151

(Millions of yen)

	Third quarter of FY2015 (April 1, 2015 to December 31, 2015)	Third quarter of FY2016 (April 1, 2016 to December 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	1,057	–
Gain on sales of investment securities	113	830
Gain on sales of shares of subsidiaries and associates	184	–
Compensation income for expropriation	10	–
Settlement received	–	11,475
Other	1	0
Total extraordinary income	1,367	12,305
Extraordinary losses		
Loss on disposal of non-current assets	57	278
Loss on valuation of investment securities	–	699
Impairment loss	5	1
Loss on valuation of membership	22	–
Other	3	148
Total extraordinary losses	90	1,128
Profit before income taxes	37,497	54,328
Income taxes - current	14,321	7,613
Income taxes - deferred	(2,353)	8,326
Total income taxes	11,967	15,939
Profit	25,529	38,388
Profit attributable to non-controlling interests	48	1,634
Profit attributable to owners of parent	25,481	36,754

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Third quarter of FY2015 (April 1, 2015 to December 31, 2015)	Third quarter of FY2016 (April 1, 2016 to December 31, 2016)
Profit	25,529	38,388
Other comprehensive income		
Valuation difference on available-for-sale securities	4,120	776
Deferred gains or losses on hedges	(239)	919
Foreign currency translation adjustment	(100)	(102)
Share of other comprehensive income of entities accounted for using equity method	1,862	196
Total other comprehensive income	5,642	1,789
Comprehensive income	31,172	40,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,154	38,575
Comprehensive income attributable to non-controlling interests	18	1,603

(3) Segment information, etc.

Segment information

For the third quarter ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

Information regarding revenue, income and other items by reportable segments

(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.

For the third quarter ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

Information regarding revenue, income and other items by reportable segments

(Millions of yen)

	Reportable segments						Adjustments	Consolidated quarterly statements of income
	Credit service	Lease	Finance	Real estate related	Entertainment	Total		
Operating revenue								
External revenue	157,924	10,015	22,701	10,827	7,279	208,747	–	208,747
Inter-segment revenue and transfer	776	18	–	18	–	813	(813)	–
Total	158,701	10,033	22,701	10,845	7,279	209,561	(813)	208,747
Segment income	14,619	3,650	9,995	4,770	911	33,947	4	33,952

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

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