

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2018

[JGAAP]



February 13, 2018
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, 2018

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: No

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, 2018 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
3 rd Quarter FY2017	220,461	5.6	37,130	9.4	51,031	18.3	34,646	(5.7)
3 rd Quarter FY2016	208,747	2.2	33,952	28.1	43,151	19.1	36,754	44.2

(Note) Comprehensive income: 3rd Quarter FY2017 36,116 million yen [(5.0)%]
3rd Quarter FY2016 38,030 million yen [22.0%]

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3 rd Quarter FY2017	212.12	212.05
3 rd Quarter FY2016	225.03	221.43

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
3 rd Quarter FY2017	2,978,473	477,278	16.0	2,911.62
FY2016	2,720,051	446,882	16.4	2,724.88

(Reference) Equity: 3rd Quarter FY2017 475,563 million yen FY2016 445,063 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)
FY2016	–	0.00	–	35.00	35.00
FY2017	–	0.00	–		
FY2017 (Projected)				35.00	35.00

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

3. Consolidated Earnings Forecasts for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(% represents year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
FY2017	290,000	4.0	40,000	28.1	55,500	4.6	37,500	(11.2)	229.59

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

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: 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):

3 rd Quarter FY2017: 185,444,772 shares	FY2016: 185,444,772 shares
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 - b. Number of treasury shares at the end of the period:

3 rd Quarter FY2017: 22,033,423 shares	FY2016: 22,033,143 shares
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 - c. Average number of outstanding shares during the period (cumulative):

3 rd Quarter FY2017: 163,333,056 shares	3 rd Quarter FY2016: 163,330,293 shares
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- Quarterly financial results reports are not required to be subjected to quarterly reviews.

- 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)

	FY2016 (As of March 31, 2017)	Third quarter of FY2017 (As of December 31, 2017)
(ASSETS)		
Current assets		
Cash and deposits	63,266	104,108
Accounts receivable - installment	1,768,176	1,947,382
Purchased receivables	14,967	15,053
Lease investment assets	227,760	230,629
Operational investment securities	33,099	32,178
Real estate for sale	101,674	99,122
Other inventories	1,170	1,792
Other	44,585	60,359
Allowance for doubtful accounts	(47,289)	(49,923)
Total current assets	2,207,412	2,440,702
Non-current assets		
Property, plant and equipment	71,150	72,649
Intangible assets	200,622	208,140
Investments and other assets		
Liquidation business assets	32,456	32,358
Other	209,903	225,918
Allowance for doubtful accounts	(2,977)	(2,997)
Total investments and other assets	239,382	255,279
Total non-current assets	511,154	536,070
Deferred assets	1,484	1,701
Total assets	2,720,051	2,978,473
(LIABILITIES)		
Current liabilities		
Notes and accounts payable - trade	238,190	273,276
Short-term loans payable	229,960	236,360
Current portion of long-term loans payable	69,885	45,400
Current portion of bonds	50,000	20,000
Commercial papers	358,000	497,500
Lease obligations	524	490
Income taxes payable	9,589	3,190
Provision for bonuses	2,315	1,069
Provision for directors' bonuses	157	100
Provision for loss on interest repayment	9,445	8,828
Allowance for losses on collecting gift tickets	144	140
Deferred installment income	9,028	9,589
Other	39,388	53,866
Total current liabilities	1,016,629	1,149,813

(Millions of yen)

	FY2016 (As of March 31, 2017)	Third quarter of FY2017 (As of December 31, 2017)
Non-current liabilities		
Bonds payable	255,000	320,000
Long-term loans payable	852,899	879,999
Long-term loans payable under credit fluidity	20,000	20,000
Lease obligations	1,209	1,382
Provision for directors' retirement benefits	133	135
Provision for loss on guarantees	6,418	6,978
Allowance for losses on warranty of defects	14	16
Provision for point card certificates	94,033	100,638
Provision for loss on interest repayment	21,148	15,059
Asset retirement obligations	445	466
Other	5,238	6,707
Total non-current liabilities	1,256,539	1,351,381
Total liabilities	2,273,168	2,501,195
(NET ASSETS)		
Shareholders' equity		
Capital stock	75,929	75,929
Capital surplus	85,634	85,634
Retained earnings	302,087	331,015
Treasury shares	(52,879)	(52,879)
Total shareholders' equity	410,773	439,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,315	37,009
Deferred gains or losses on hedges	(649)	(517)
Foreign currency translation adjustment	(374)	(628)
Total accumulated other comprehensive income	34,290	35,863
Subscription rights to shares	0	0
Non-controlling interests	1,818	1,715
Total net assets	446,882	477,278
Total liabilities and net assets	2,720,051	2,978,473

(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 FY2016 (April 1, 2016 to December 31, 2016)	Third quarter of FY2017 (April 1, 2017 to December 31, 2017)
Operating revenue		
Income from the credit service business	157,730	164,657
Income from the Lease business revenue	10,003	9,679
Revenue from the finance business	22,701	26,050
Income from the real estate related business		
Revenue from the real estate related business	28,611	31,788
Cost of the real estate related business	17,783	18,980
Income from the real estate related business	10,827	12,807
Income from the entertainment business		
Revenue from the entertainment business	41,024	38,968
Cost of the entertainment business	33,745	31,866
Income from the entertainment business	7,279	7,101
Financial revenue	205	164
Total operating revenue	208,747	220,461
Operating expenses		
Selling, general and administrative expenses		
Provision for point card certificates	11,105	13,130
Provision of allowance for doubtful accounts	13,702	15,811
Provision for loss on interest repayment	4,581	-
Provision for loss on guarantees	4,594	5,901
Commission fee	46,702	51,443
Other	85,445	89,957
Total selling, general and administrative expenses	166,131	176,244
Financial expenses	8,663	7,086
Total operating expenses	174,795	183,331
Operating profit	33,952	37,130
Non-operating income		
Interest income	21	19
Dividend income	1,431	1,447
Share of profit of entities accounted for using equity method	5,761	10,054
Gain on liquidation business	810	62
Other	1,275	2,429
Total non-operating income	9,300	14,013
Non-operating expenses		
Interest expenses	11	16
Equity in loss of limited liability partnerships and other similar partnerships	65	71
Loss on disposal of supplies	1	1
Other	23	21
Total non-operating expenses	101	111
Ordinary profit	43,151	51,031

(Millions of yen)

	Third quarter of FY2016 (April 1, 2016 to December 31, 2016)	Third quarter of FY2017 (April 1, 2017 to December 31, 2017)
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	830	8,505
Settlement received	11,475	275
Other	0	17
Total extraordinary income	12,305	8,798
Extraordinary losses		
Loss on disposal of non-current assets	278	182
Loss on valuation of investment securities	699	-
Impairment loss	1	1
System transfer cost	-	12,969
Other	148	-
Total extraordinary losses	1,128	13,154
Profit before income taxes	54,328	46,676
Income taxes - current	7,613	7,317
Income taxes - deferred	8,326	4,805
Total income taxes	15,939	12,122
Profit	38,388	34,554
Profit (loss) attributable to non-controlling interests	1,634	(92)
Profit attributable to owners of parent	36,754	34,646

Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Third quarter of FY2016 (April 1, 2016 to December 31, 2016)	Third quarter of FY2017 (April 1, 2017 to December 31, 2017)
Profit	38,388	34,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,371)	5,876
Deferred gains or losses on hedges	919	132
Foreign currency translation adjustment	(102)	(36)
Share of other comprehensive income of entities accounted for using equity method	196	(4,409)
Total other comprehensive income	(358)	1,562
Comprehensive income	38,030	36,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,426	36,220
Comprehensive income attributable to non-controlling interests	1,603	(103)

(3) Segment information, etc.

Segment information

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

Information regarding revenue, profit 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 profit	14,619	3,650	9,995	4,770	911	33,947	4	33,952

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

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

For the third quarter ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

Information regarding revenue, profit 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	164,811	9,690	26,050	12,807	7,101	220,461	–	220,461
Inter-segment revenue and transfer	855	14	–	16	–	886	(886)	–
Total	165,667	9,704	26,050	12,824	7,101	221,347	(886)	220,461
Segment profit	14,868	3,226	12,080	6,001	950	37,127	2	37,130

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

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