

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 6, 2015

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <http://www.se-corp.com/>
 Representative: President Tetsuo Otsu
 Corporate Director Masaharu Tsukada
 Inquiries: Senior Managing Executive Officer TEL 03-3340-5500
 Scheduled date to file Quarterly Securities Report: November 12, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	8,626	(1.4)	(144)	–	(142)	–	(152)	–
Six months ended September 30, 2014	8,746	7.8	119	(66.8)	88	(76.6)	(8)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	(10.19)		–	
Six months ended September 30, 2014	(0.60)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	19,016	7,254	38.1	484.97
As of March 31, 2015	20,556	7,766	37.7	518.16

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2015	–	0.00	–	22.00	22.00
Year ending March 31, 2016	–	0.00	–	–	–
Year ending March 31, 2016 (Forecast)	–	–	–	22.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		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
Full year	20,500	4.6	1,109	60.1	1,100	63.6	675	93.0	45.14

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	15,628,300 shares	As of March 31, 2015	15,628,300 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	674,218 shares	As of March 31, 2015	674,218 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	14,954,082 shares	Six months ended September 30, 2014	14,954,082 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	4,833,349	3,857,224
Notes and accounts receivable - trade	7,811,707	6,322,176
Merchandise and finished goods	293,051	276,364
Work in process	361,502	627,913
Raw materials and supplies	1,188,574	966,551
Other	263,119	389,731
Allowance for doubtful accounts	(41,145)	(33,772)
Total current assets	14,710,161	12,406,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,149,955	1,155,739
Machinery, equipment and vehicles, net	393,344	380,959
Tools, furniture and fixtures, net	55,048	67,722
Land	2,237,573	2,237,583
Leased assets, net	35,483	35,424
Construction in progress	616	10,105
Total property, plant and equipment	3,872,023	3,887,534
Intangible assets		
Goodwill	124,517	168,269
Other	173,300	193,160
Total intangible assets	297,818	361,430
Investments and other assets		
Investment securities	1,110,535	1,743,864
Other	602,879	653,917
Allowance for doubtful accounts	(36,612)	(35,999)
Total investments and other assets	1,676,803	2,361,782
Total non-current assets	5,846,644	6,610,748
Total assets	20,556,805	19,016,938

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,509,656	3,689,137
Electronically recorded obligations - operating	1,130,378	1,030,901
Short-term loans payable	320,522	440,522
Current portion of long-term loans payable	1,258,376	1,196,472
Current portion of bonds	321,000	289,000
Income taxes payable	195,205	116,515
Provision for bonuses	93,034	109,944
Provision for loss on construction contracts	8,653	–
Other	582,267	1,194,050
Total current liabilities	8,419,093	8,066,542
Non-current liabilities		
Bonds payable	883,000	754,500
Long-term loans payable	2,277,845	1,798,060
Provision for directors' retirement benefits	561,790	511,270
Net defined benefit liability	400,258	407,247
Asset retirement obligations	60,949	61,360
Other	187,690	163,501
Total non-current liabilities	4,371,534	3,695,939
Total liabilities	12,790,627	11,762,482
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	995,600
Retained earnings	5,602,592	5,121,243
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,578,505	7,097,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,135	55,118
Foreign currency translation adjustment	87,150	83,780
Remeasurements of defined benefit plans	18,823	16,172
Total accumulated other comprehensive income	170,109	155,071
Non-controlling interests	17,563	2,227
Total net assets	7,766,178	7,254,455
Total liabilities and net assets	20,556,805	19,016,938

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	8,746,555	8,626,069
Cost of sales	6,529,578	6,625,544
Gross profit	2,216,976	2,000,524
Selling, general and administrative expenses	2,097,606	2,144,808
Operating income (loss)	119,369	(144,284)
Non-operating income		
Interest income	470	375
Dividend income	4,682	2,393
Commission fee	9,656	5,606
House rent income	9,405	8,932
Share of profit of entities accounted for using equity method	–	4,144
Reversal of allowance for doubtful accounts	5,487	8,933
Other	13,311	10,105
Total non-operating income	43,013	40,491
Non-operating expenses		
Interest expenses	34,059	29,778
Sales discounts	9,731	5,640
Foreign exchange losses	1,196	109
Contribution	6,420	1,340
Share of loss of entities accounted for using equity method	22,017	–
Other	466	1,489
Total non-operating expenses	73,890	38,357
Ordinary income (loss)	88,492	(142,149)
Extraordinary income		
Gain on sales of non-current assets	985	–
Gain on sales of investment securities	20,910	–
Insurance income	618	–
Total extraordinary income	22,514	–
Extraordinary losses		
Loss on sales of non-current assets	295	–
Loss on retirement of non-current assets	466	505
Directors' retirement benefits	–	1,700
Total extraordinary losses	761	2,205
Income (loss) before income taxes and minority interests	110,245	(144,355)
Income taxes	124,033	23,340
Loss	(13,788)	(167,695)
Loss attributable to non-controlling interests	(4,801)	(15,335)
Loss attributable to owners of parent	(8,987)	(152,359)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Loss	(13,788)	(167,695)
Other comprehensive income		
Valuation difference on available-for-sale securities	(806)	(9,618)
Share of other comprehensive income of entities accounted for using equity method	(777)	(2,769)
Remeasurements of defined benefit plans, net of tax	(1,057)	(2,650)
Total other comprehensive income	(2,640)	(15,037)
Comprehensive income	(16,429)	(182,733)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(11,628)	(167,397)
Comprehensive income attributable to non-controlling interests	(4,801)	(15,335)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	110,245	(144,355)
Depreciation	130,398	141,035
Amortization of goodwill	16,500	20,517
Loss on retirement of non-current assets	466	505
Share of (profit) loss of entities accounted for using equity method	22,017	(4,144)
Increase (decrease) in allowance for doubtful accounts	(5,358)	(8,664)
Increase (decrease) in provision for bonuses	12,599	15,313
Increase (decrease) in provision for directors' retirement benefits	(24,090)	(50,520)
Increase (decrease) in net defined benefit liability	6,605	3,000
Increase (decrease) in provision for loss on construction contracts	–	(8,653)
Interest and dividend income	(5,152)	(2,768)
Interest expenses	34,059	29,778
Decrease (increase) in notes and accounts receivable - trade	1,745,848	1,599,169
Decrease (increase) in inventories	(423,413)	91,421
Increase (decrease) in notes and accounts payable - trade	(600,894)	(1,037,498)
Increase (decrease) in advances received	26,136	79,159
Other, net	(170,245)	435,524
Subtotal	875,722	1,158,821
Interest and dividend income received	19,432	8,716
Interest expenses paid	(34,093)	(30,192)
Income taxes paid	(374,193)	(236,451)
Other, net	28,876	20,952
Net cash provided by (used in) operating activities	515,744	921,846
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	35,186
Payments into time deposits	(3,340)	–
Purchase of property, plant and equipment	(148,321)	(94,327)
Proceeds from sales of property, plant and equipment	1,613	–
Purchase of intangible assets	(27,962)	(54,740)
Purchase of investment securities	(3,786)	(677,041)
Decrease (increase) in other investments	39,059	(3,107)
Collection of loans receivable	1,614	1,720
Proceeds from cancellation of insurance funds	12,866	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(52,926)	(171,067)
Net cash provided by (used in) investing activities	(181,182)	(963,367)

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	118,974
Proceeds from long-term loans payable	100,000	100,000
Repayments of long-term loans payable	(747,964)	(672,027)
Redemption of bonds	(207,000)	(160,500)
Cash dividends paid	(328,204)	(328,406)
Repayments of finance lease obligations	(5,901)	(7,060)
Repayments of installment payables	(23,212)	(23,677)
Net cash provided by (used in) financing activities	(1,212,283)	(972,696)
Effect of exchange rate change on cash and cash equivalents	371	(39)
Net increase (decrease) in cash and cash equivalents	(877,350)	(1,014,257)
Cash and cash equivalents at beginning of period	4,703,049	4,491,318
Increase in cash and cash equivalents from newly consolidated subsidiary	28,218	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(3,006)	–
Cash and cash equivalents at end of period	3,850,910	3,477,061