

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 6, 2017

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <http://www.se-corp.com/>
 Representative: President Tetsuo Otsu
 Corporate Director
 Inquiries: Senior Managing Executive Officer Masaharu Tsukada TEL 03-3340-5500
 Scheduled date to file Quarterly Securities Report: February 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(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	%
Nine months ended December 31, 2016	11,970	(13.0)	20	–	36	–	(81)	–
Nine months ended December 31, 2015	13,762	2.1	(77)	–	(70)	–	(115)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2016	(5.45)	–
Nine months ended December 31, 2015	(7.71)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	19,920	7,212	36.2	482.28
As of March 31, 2016	21,579	7,666	35.5	512.41

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	0.00	–	20.00	20.00
Year ending March 31, 2017	–	0.00	–		
Year ending March 31, 2017 (Forecast)				20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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	18,700	(4.1)	689	34.4	700	27.7	340	(5.1)	22.74

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(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: Yes
- 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 December 31, 2016	15,628,300 shares	As of March 31, 2016	15,628,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	674,218 shares	As of March 31, 2016	674,218 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	14,954,082 shares	Nine months ended December 31, 2015	14,954,082 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	5,705,434	4,387,642
Notes and accounts receivable - trade	7,417,311	6,120,294
Merchandise and finished goods	282,539	298,911
Work in process	462,382	884,951
Raw materials and supplies	876,900	1,025,854
Other	288,286	394,917
Allowance for doubtful accounts	(36,990)	(28,483)
Total current assets	14,995,865	13,084,089
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,148,635	1,199,474
Machinery, equipment and vehicles, net	413,622	461,366
Tools, furniture and fixtures, net	60,962	63,598
Land	2,237,583	2,505,098
Leased assets, net	28,876	108,515
Construction in progress	–	30,126
Total property, plant and equipment	3,889,681	4,368,180
Intangible assets		
Goodwill	196,621	201,300
Other	161,526	115,063
Total intangible assets	358,148	316,364
Investments and other assets		
Investment securities	1,656,996	1,597,655
Other	716,251	590,447
Allowance for doubtful accounts	(37,807)	(36,548)
Total investments and other assets	2,335,439	2,151,555
Total non-current assets	6,583,270	6,836,099
Total assets	21,579,136	19,920,189

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,852,635	3,308,745
Electronically recorded obligations - operating	1,397,643	990,911
Short-term loans payable	490,522	450,522
Current portion of long-term loans payable	1,415,978	1,341,698
Current portion of bonds	247,000	237,000
Income taxes payable	124,273	72,517
Provision for bonuses	105,269	45,060
Provision for loss on construction contracts	–	2,137
Other	1,538,429	1,369,304
Total current liabilities	9,171,750	7,817,896
Non-current liabilities		
Bonds payable	636,000	517,500
Long-term loans payable	2,928,448	3,124,607
Provision for directors' retirement benefits	534,200	534,324
Net defined benefit liability	452,813	468,209
Asset retirement obligations	68,866	80,733
Other	120,344	164,887
Total non-current liabilities	4,740,673	4,890,261
Total liabilities	13,912,423	12,708,158
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	1,003,898
Retained earnings	5,631,705	5,251,139
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,607,618	7,235,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,017	40,882
Foreign currency translation adjustment	38,204	(52,181)
Remeasurements of defined benefit plans	(11,281)	(12,021)
Total accumulated other comprehensive income	54,940	(23,320)
Non-controlling interests	4,153	–
Total net assets	7,666,712	7,212,030
Total liabilities and net assets	21,579,136	19,920,189

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	13,762,949	11,970,835
Cost of sales	10,577,118	8,678,127
Gross profit	3,185,830	3,292,707
Selling, general and administrative expenses	3,262,994	3,272,071
Operating income (loss)	(77,164)	20,635
Non-operating income		
Interest income	448	189
Dividend income	5,651	7,287
Commission fee	7,197	11,028
House rent income	13,399	12,865
Share of profit of entities accounted for using equity method	15,425	9,000
Reversal of allowance for doubtful accounts	6,874	8,834
Surrender value of insurance	1,084	15,246
Other	14,251	27,830
Total non-operating income	64,332	92,283
Non-operating expenses		
Interest expenses	43,293	46,226
Sales discounts	9,159	10,618
Foreign exchange losses	342	9,855
Contribution	3,463	4,667
Other	1,447	4,867
Total non-operating expenses	57,705	76,234
Ordinary income (loss)	(70,537)	36,684
Extraordinary income		
Gain on sales of non-current assets	15,028	927
Gain on sales of investment securities	–	9,643
Total extraordinary income	15,028	10,570
Extraordinary losses		
Loss on sales of non-current assets	–	2,359
Loss on retirement of non-current assets	505	337
Directors' retirement benefits	1,700	–
Loss on valuation of golf club membership	–	1,070
Loss on sales of investment securities	–	518
Loss on valuation of investment securities	8,740	–
Total extraordinary losses	10,945	4,285
Profit (loss) before income taxes	(66,454)	42,969
Income taxes	65,377	128,606
Loss	(131,831)	(85,637)
Loss attributable to non-controlling interests	(16,599)	(4,153)
Loss attributable to owners of parent	(115,231)	(81,484)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Loss	(131,831)	(85,637)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,166)	11,843
Remeasurements of defined benefit plans, net of tax	(3,975)	(739)
Share of other comprehensive income of entities accounted for using equity method	(68,173)	(89,372)
Total other comprehensive income	(76,315)	(78,269)
Comprehensive income	(208,147)	(163,906)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(191,547)	(159,745)
Comprehensive income attributable to non-controlling interests	(16,599)	(4,161)