

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

August 5, 2016

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: August 12, 2016  
 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 three months ended June 30, 2016 (from April 1, 2016 to June 30, 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	%
Three months ended June 30, 2016	3,287	(12.9)	(212)	–	(183)	–	(199)	–
Three months ended June 30, 2015	3,772	(1.7)	(259)	–	(256)	–	(235)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	(13.36)		–	
Three months ended June 30, 2015	(15.77)		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	19,537	7,085	36.3	473.83
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	–				
Year ending March 31, 2017 (Forecast)		0.00	–	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 three months ended June 30, 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: 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 June 30, 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 June 30, 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)

Three months ended June 30, 2016	14,954,082 shares	Three months ended June 30, 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 June 30, 2016
Assets		
Current assets		
Cash and deposits	5,705,434	5,435,596
Notes and accounts receivable - trade	7,417,311	5,434,220
Merchandise and finished goods	282,539	305,340
Work in process	462,382	482,830
Raw materials and supplies	876,900	1,036,109
Other	288,286	392,416
Allowance for doubtful accounts	(36,990)	(28,529)
Total current assets	14,995,865	13,057,982
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,148,635	1,130,831
Machinery, equipment and vehicles, net	413,622	473,431
Tools, furniture and fixtures, net	60,962	58,058
Land	2,237,583	2,237,583
Leased assets, net	28,876	20,332
Construction in progress	–	7,257
Total property, plant and equipment	3,889,681	3,927,495
Intangible assets		
Goodwill	196,621	183,790
Other	161,526	145,478
Total intangible assets	358,148	329,268
Investments and other assets		
Investment securities	1,656,996	1,562,128
Other	716,251	698,628
Allowance for doubtful accounts	(37,807)	(38,057)
Total investments and other assets	2,335,439	2,222,698
Total non-current assets	6,583,270	6,479,463
Total assets	21,579,136	19,537,446

(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,852,635	2,909,801
Electronically recorded obligations - operating	1,397,643	1,250,804
Short-term loans payable	490,522	480,522
Current portion of long-term loans payable	1,415,978	1,376,408
Current portion of bonds	247,000	247,000
Income taxes payable	124,273	50,228
Provision for bonuses	105,269	59,240
Other	1,538,429	1,309,326
<b>Total current liabilities</b>	<b>9,171,750</b>	<b>7,683,331</b>
<b>Non-current liabilities</b>		
Bonds payable	636,000	636,000
Long-term loans payable	2,928,448	2,990,318
Provision for directors' retirement benefits	534,200	513,374
Net defined benefit liability	452,813	456,852
Asset retirement obligations	68,866	71,967
Other	120,344	99,979
<b>Total non-current liabilities</b>	<b>4,740,673</b>	<b>4,768,491</b>
<b>Total liabilities</b>	<b>13,912,423</b>	<b>12,451,823</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	1,003,898
Retained earnings	5,631,705	5,132,794
Treasury shares	(247,744)	(247,744)
<b>Total shareholders' equity</b>	<b>7,607,618</b>	<b>7,117,006</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	28,017	(19,639)
Foreign currency translation adjustment	38,204	(215)
Remeasurements of defined benefit plans	(11,281)	(11,528)
<b>Total accumulated other comprehensive income</b>	<b>54,940</b>	<b>(31,383)</b>
<b>Non-controlling interests</b>	<b>4,153</b>	<b>-</b>
<b>Total net assets</b>	<b>7,666,712</b>	<b>7,085,622</b>
<b>Total liabilities and net assets</b>	<b>21,579,136</b>	<b>19,537,446</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	3,772,411	3,287,116
Cost of sales	2,967,615	2,423,319
Gross profit	804,796	863,796
Selling, general and administrative expenses	1,064,437	1,076,130
Operating loss	(259,641)	(212,334)
Non-operating income		
Interest income	104	63
Dividend income	1,841	2,046
Commission fee	1,391	2,473
House rent income	4,466	4,390
Share of profit of entities accounted for using equity method	2,902	–
Foreign exchange gains	–	16,860
Reversal of allowance for doubtful accounts	6,665	8,209
Insurance premiums refunded cancellation	13	14,960
Other	5,379	10,190
Total non-operating income	22,764	59,195
Non-operating expenses		
Interest expenses	15,470	16,540
Sales discounts	3,038	2,664
Foreign exchange losses	54	–
Contribution	615	1,525
Share of loss of entities accounted for using equity method	–	9,353
Other	714	166
Total non-operating expenses	19,893	30,249
Ordinary loss	(256,770)	(183,388)
Extraordinary income		
Gain on sales of non-current assets	–	927
Total extraordinary income	–	927
Extraordinary losses		
Loss on sales of non-current assets	–	2,359
Loss on retirement of non-current assets	213	133
Directors' retirement benefits	1,700	–
Total extraordinary losses	1,913	2,493
Loss before income taxes	(258,683)	(184,953)
Income taxes	(11,795)	19,028
Loss	(246,887)	(203,982)
Loss attributable to non-controlling interests	(11,085)	(4,153)
Loss attributable to owners of parent	(235,801)	(199,829)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Loss	(246,887)	(203,982)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,266	(47,875)
Remeasurements of defined benefit plans, net of tax	(1,325)	(246)
Share of other comprehensive income of entities accounted for using equity method	(8,309)	(38,209)
Total other comprehensive income	(5,368)	(86,331)
Comprehensive income	(252,256)	(290,314)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(241,170)	(286,152)
Comprehensive income attributable to non-controlling interests	(11,085)	(4,161)