

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 4, 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: August 10, 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	3,951	20.2	(28)	–	(38)	–	(87)	–
Three months ended June 30, 2016	3,287	(12.9)	(212)	–	(183)	–	(199)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	(5.82)	–
Three months ended June 30, 2016	(13.36)	–

(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, 2017	21,395	7,491	35.0	500.19
As of March 31, 2017	21,633	7,781	35.9	519.49

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, 2017	–	0.00	–	16.00	16.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecast)		0.00	–	18.00	18.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		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
Full year	19,500	9.9	746	13.7	750	10.4	457	6.4	30.56

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (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: No
- 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, 2017	15,628,300 shares	As of March 31, 2017	15,628,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	674,218 shares	As of March 31, 2017	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, 2017	14,954,082 shares	Three months ended June 30, 2016	14,954,082 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	5,793,036	6,269,773
Notes and accounts receivable - trade	6,879,642	5,853,287
Merchandise and finished goods	261,961	297,523
Work in process	569,946	726,161
Raw materials and supplies	849,071	969,327
Other	352,923	390,718
Allowance for doubtful accounts	(25,813)	(26,842)
Total current assets	14,680,768	14,479,948
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,213,570	1,191,749
Machinery, equipment and vehicles, net	470,691	446,436
Tools, furniture and fixtures, net	59,204	56,445
Land	2,505,098	2,505,098
Leased assets, net	117,528	111,024
Construction in progress	110,279	156,965
Total property, plant and equipment	4,476,372	4,467,719
Intangible assets		
Goodwill	187,333	173,366
Other	101,079	84,717
Total intangible assets	288,412	258,084
Investments and other assets		
Investment securities	1,624,611	1,632,599
Other	599,418	593,463
Allowance for doubtful accounts	(36,544)	(36,542)
Total investments and other assets	2,187,485	2,189,521
Total non-current assets	6,952,270	6,915,325
Total assets	21,633,038	21,395,273

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,562,154	3,581,174
Electronically recorded obligations - operating	966,429	824,983
Short-term loans payable	450,522	420,522
Current portion of long-term loans payable	1,423,244	1,400,294
Current portion of bonds	337,000	337,000
Income taxes payable	173,188	51,137
Provision for bonuses	98,163	49,585
Provision for loss on construction contracts	7,681	–
Other	1,119,435	1,333,770
Total current liabilities	8,137,818	7,998,466
Non-current liabilities		
Bonds payable	799,000	799,000
Long-term loans payable	3,684,946	3,899,735
Provision for directors' retirement benefits	544,730	545,925
Net defined benefit liability	438,365	430,131
Asset retirement obligations	80,906	81,082
Other	165,989	149,399
Total non-current liabilities	5,713,937	5,905,273
Total liabilities	13,851,755	13,903,740
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	1,003,898	1,003,898
Retained earnings	5,762,002	5,435,642
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,746,213	7,419,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,267	40,213
Foreign currency translation adjustment	(14,105)	11,925
Remeasurements of defined benefit plans	8,108	7,907
Total accumulated other comprehensive income	22,270	60,046
Non-controlling interests	12,798	11,632
Total net assets	7,781,283	7,491,533
Total liabilities and net assets	21,633,038	21,395,273

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, 2016	Three months ended June 30, 2017
Net sales	3,287,116	3,951,696
Cost of sales	2,423,319	2,973,093
Gross profit	863,796	978,603
Selling, general and administrative expenses	1,076,130	1,007,249
Operating loss	(212,334)	(28,645)
Non-operating income		
Interest income	63	45
Dividend income	2,046	2,191
Commission fee	2,473	2,733
House rent income	4,390	4,337
Foreign exchange gains	16,860	–
Reversal of allowance for doubtful accounts	8,209	1,043
Insurance premiums refunded cancellation	14,960	–
Other	10,190	6,146
Total non-operating income	59,195	16,499
Non-operating expenses		
Interest expenses	16,540	14,579
Sales discounts	2,664	2,368
Foreign exchange losses	–	229
Contribution	1,525	1,376
Share of loss of entities accounted for using equity method	9,353	7,804
Other	166	13
Total non-operating expenses	30,249	26,372
Ordinary loss	(183,388)	(38,518)
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	133	97
Loss on valuation of investment securities	–	11,140
Total extraordinary losses	2,493	11,237
Loss before income taxes	(184,953)	(49,756)
Income taxes	19,028	38,504
Loss	(203,982)	(88,260)
Loss attributable to non-controlling interests	(4,153)	(1,166)
Loss attributable to owners of parent	(199,829)	(87,094)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Loss	(203,982)	(88,260)
Other comprehensive income		
Valuation difference on available-for-sale securities	(47,875)	11,643
Remeasurements of defined benefit plans, net of tax	(246)	(200)
Share of other comprehensive income of entities accounted for using equity method	(38,209)	26,333
Total other comprehensive income	(86,331)	37,776
Comprehensive income	(290,314)	(50,484)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(286,152)	(49,318)
Comprehensive income attributable to non-controlling interests	(4,161)	(1,166)