

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 6, 2018

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 13, 2018  
 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, 2018 (from April 1, 2018 to June 30, 2018)

#### (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, 2018	4,470	13.1	20	–	7	–	(59)	–
Three months ended June 30, 2017	3,951	20.2	(28)	–	(38)	–	(87)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	(3.97)	–
Three months ended June 30, 2017	(5.82)	–

#### (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, 2018	21,893	7,972	36.3	532.12
As of March 31, 2018	22,525	8,345	37.0	556.86

### 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, 2018	–	0.00	–	18.00	18.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		0.00	–	18.00	18.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	21,500	6.5	1,045	9.6	1,050	(0.1)	680	(0.0)	45.47

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018  
 (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, 2018	15,628,300 shares	As of March 31, 2018	15,628,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	674,264 shares	As of March 31, 2018	674,264 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, 2018	14,954,036 shares	Three months ended June 30, 2017	14,954,082 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	5,492,809	5,470,367
Notes and accounts receivable - trade	7,065,473	6,151,575
Merchandise and finished goods	454,610	500,360
Work in process	644,666	714,164
Raw materials and supplies	811,122	1,043,137
Other	146,868	191,508
Allowance for doubtful accounts	(26,000)	(22,790)
Total current assets	14,589,551	14,048,322
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,558,928	1,590,692
Machinery, equipment and vehicles, net	473,575	451,001
Tools, furniture and fixtures, net	62,564	60,485
Land	2,788,918	2,788,898
Leased assets, net	103,960	98,993
Construction in progress	380	2,409
Total property, plant and equipment	4,988,329	4,992,481
Intangible assets		
Goodwill	354,991	334,764
Other	64,972	70,010
Total intangible assets	419,964	404,774
Investments and other assets		
Investment securities	1,786,366	1,708,784
Other	804,668	797,813
Allowance for doubtful accounts	(63,071)	(58,472)
Total investments and other assets	2,527,963	2,448,126
Total non-current assets	7,936,256	7,845,382
Total assets	22,525,808	21,893,705

(Thousands of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,903,979	3,933,528
Electronically recorded obligations - operating	1,176,909	878,314
Short-term loans payable	300,522	400,522
Current portion of long-term loans payable	1,273,704	1,259,918
Current portion of bonds	257,000	257,000
Income taxes payable	217,994	68,751
Provision for bonuses	110,038	56,413
Provision for loss on construction contracts	4,700	5,217
Other	1,411,880	1,490,054
<b>Total current liabilities</b>	<b>8,656,728</b>	<b>8,349,719</b>
<b>Non-current liabilities</b>		
Bonds payable	542,000	542,000
Long-term loans payable	3,686,983	3,741,808
Provision for directors' retirement benefits	631,040	581,905
Net defined benefit liability	450,413	448,134
Asset retirement obligations	87,504	137,769
Other	125,676	119,980
<b>Total non-current liabilities</b>	<b>5,523,618</b>	<b>5,571,597</b>
<b>Total liabilities</b>	<b>14,180,347</b>	<b>13,921,317</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,228,057	1,228,057
Capital surplus	1,003,898	1,003,898
Retained earnings	6,203,044	5,874,466
Treasury shares	(247,777)	(247,777)
<b>Total shareholders' equity</b>	<b>8,187,222</b>	<b>7,858,644</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	58,518	73,538
Foreign currency translation adjustment	55,819	1,003
Remeasurements of defined benefit plans	25,811	24,190
<b>Total accumulated other comprehensive income</b>	<b>140,149</b>	<b>98,732</b>
<b>Non-controlling interests</b>	<b>18,089</b>	<b>15,009</b>
<b>Total net assets</b>	<b>8,345,461</b>	<b>7,972,387</b>
<b>Total liabilities and net assets</b>	<b>22,525,808</b>	<b>21,893,705</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, 2017	Three months ended June 30, 2018
Net sales	3,951,696	4,470,557
Cost of sales	2,973,093	3,361,212
Gross profit	978,603	1,109,344
Selling, general and administrative expenses	1,007,249	1,089,233
Operating profit (loss)	(28,645)	20,111
Non-operating income		
Interest income	45	31
Dividend income	2,191	3,081
Commission fee	2,733	2,264
House rent income	4,337	2,274
Foreign exchange gains	–	2,818
Reversal of allowance for doubtful accounts	1,043	4,140
Other	6,146	10,781
Total non-operating income	16,499	25,392
Non-operating expenses		
Interest expenses	14,579	11,596
Sales discounts	2,368	4,291
Foreign exchange losses	229	–
Contribution	1,376	186
Share of loss of entities accounted for using equity method	7,804	21,281
Other	13	487
Total non-operating expenses	26,372	37,843
Ordinary profit (loss)	(38,518)	7,660
Extraordinary income		
Gain on sales of non-current assets	–	175
Total extraordinary income	–	175
Extraordinary losses		
Loss on sales of non-current assets	–	62
Loss on retirement of non-current assets	97	480
Loss on valuation of investment securities	11,140	3,050
Loss on sales of golf club memberships	–	130
Directors' retirement benefits	–	3,000
Total extraordinary losses	11,237	6,722
Profit (loss) before income taxes	(49,756)	1,113
Income taxes	38,504	63,597
Loss	(88,260)	(62,484)
Loss attributable to non-controlling interests	(1,166)	(3,079)
Loss attributable to owners of parent	(87,094)	(59,404)

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

(Thousands of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Loss	(88,260)	(62,484)
Other comprehensive income		
Valuation difference on available-for-sale securities	11,643	14,912
Remeasurements of defined benefit plans, net of tax	(200)	(1,621)
Share of other comprehensive income of entities accounted for using equity method	26,333	(54,707)
Total other comprehensive income	37,776	(41,416)
Comprehensive income	(50,484)	(103,900)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49,318)	(100,820)
Comprehensive income attributable to non-controlling interests	(1,166)	(3,079)