

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 6, 2014

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <http://www.se-corp.com/>
 Representative: President Mineo Morimoto
 Inquiries: Corporate Director Masaharu Tsukada TEL 03-3340-5500
 Senior Managing Executive Officer
 Scheduled date to file Quarterly Securities Report: November 13, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	8,746	7.8	119	(66.8)	88	(76.6)	(8)	–
Six months ended September 30, 2013	8,112	10.5	359	136.5	377	166.7	203	240.0

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	(0.60)		–	
Six months ended September 30, 2013	13.60		–	

(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, 2014	18,882		7,295		38.6		487.69	
As of March 31, 2014	20,550		7,744		37.6		517.38	

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, 2014	–	0.00	–	22.00	22.00
Year ending March 31, 2015	–	0.00			
Year ending March 31, 2015 (Forecast)			–	22.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,500	9.7	1,489	16.6	1,500	15.9	834	5.2	55.77

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014
(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, 2014	15,628,300 shares	As of March 31, 2014	15,628,300 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	674,218 shares	As of March 31, 2014	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, 2014	14,954,082 shares	Six months ended September 30, 2013	14,954,082 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	5,221,192	4,406,341
Notes and accounts receivable - trade	7,677,981	6,112,071
Merchandise and finished goods	278,457	285,868
Work in process	370,250	657,590
Raw materials and supplies	1,101,739	1,267,709
Other	370,231	410,446
Allowance for doubtful accounts	(51,162)	(36,986)
Total current assets	14,968,689	13,103,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,121,460	1,133,038
Machinery, equipment and vehicles, net	259,449	394,008
Tools, furniture and fixtures, net	55,689	56,971
Land	2,221,759	2,237,573
Leased assets, net	31,117	32,358
Construction in progress	–	5,400
Total property, plant and equipment	3,689,476	3,859,351
Intangible assets		
Goodwill	111,530	141,018
Other	203,608	192,394
Total intangible assets	315,138	333,413
Investments and other assets		
Investment securities	1,028,807	968,055
Other	572,343	659,052
Allowance for doubtful accounts	(24,163)	(40,208)
Total investments and other assets	1,576,987	1,586,899
Total non-current assets	5,581,602	5,779,663
Total assets	20,550,292	18,882,706

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,592,399	5,218,446
Short-term loans payable	280,522	320,522
Current portion of long-term loans payable	1,357,993	1,206,751
Current portion of bonds	369,000	284,000
Income taxes payable	346,598	133,170
Provision for bonuses	85,349	102,754
Other	664,024	563,044
Total current liabilities	8,695,887	7,828,688
Non-current liabilities		
Bonds payable	654,000	532,000
Long-term loans payable	2,447,215	1,996,303
Provision for directors' retirement benefits	468,780	544,690
Net defined benefit liability	256,560	408,424
Asset retirement obligations	44,793	60,546
Other	238,992	216,893
Total non-current liabilities	4,110,341	3,758,857
Total liabilities	12,806,229	11,587,546
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	995,600
Retained earnings	5,684,654	5,243,193
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,660,567	7,219,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,418	49,434
Foreign currency translation adjustment	15,712	16,112
Remeasurements of defined benefit plans	9,301	8,243
Total accumulated other comprehensive income	76,431	73,790
Minority interests	7,063	2,262
Total net assets	7,744,062	7,295,160
Total liabilities and net assets	20,550,292	18,882,706

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, 2013	Six months ended September 30, 2014
Net sales	8,112,268	8,746,555
Cost of sales	5,835,737	6,529,578
Gross profit	2,276,530	2,216,976
Selling, general and administrative expenses	1,917,284	2,097,606
Operating income	359,246	119,369
Non-operating income		
Interest income	476	470
Dividend income	31,802	4,682
Commission fee	4,987	9,656
House rent income	8,872	9,405
Share of profit of entities accounted for using equity method	12,799	–
Reversal of allowance for doubtful accounts	5,350	5,487
Other	10,249	13,311
Total non-operating income	74,538	43,013
Non-operating expenses		
Interest expenses	39,939	34,059
Sales discounts	10,173	9,731
Foreign exchange losses	115	1,196
Contribution	3,300	6,420
Share of loss of entities accounted for using equity method	–	22,017
Other	2,417	466
Total non-operating expenses	55,946	73,890
Ordinary income	377,838	88,492
Extraordinary income		
Gain on sales of non-current assets	2,246	985
Gain on sales of investment securities	–	20,910
Insurance income	2,000	618
Total extraordinary income	4,246	22,514
Extraordinary losses		
Loss on sales of non-current assets	–	295
Loss on retirement of non-current assets	14,319	466
Loss on valuation of investment securities	7,018	–
Total extraordinary losses	21,338	761
Income before income taxes and minority interests	360,747	110,245
Income taxes	159,399	124,033
Income (loss) before minority interests	201,347	(13,788)
Minority interests in loss	(2,099)	(4,801)
Net income (loss)	203,446	(8,987)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income (loss) before minority interests	201,347	(13,788)
Other comprehensive income		
Valuation difference on available-for-sale securities	23,445	(806)
Share of other comprehensive income of entities accounted for using equity method	35,917	(777)
Remeasurements of defined benefit plans, net of tax	—	(1,057)
Total other comprehensive income	59,362	(2,640)
Comprehensive income	260,710	(16,429)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	262,809	(11,628)
Comprehensive income attributable to minority interests	(2,099)	(4,801)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	360,747	110,245
Depreciation	126,486	130,398
Amortization of goodwill	10,902	16,500
Loss on retirement of non-current assets	13,931	466
Loss (gain) on valuation of investment securities	7,018	–
Share of (profit) loss of entities accounted for using equity method	(12,799)	22,017
Increase (decrease) in allowance for doubtful accounts	(6,819)	(5,358)
Increase (decrease) in provision for bonuses	2,700	12,599
Increase (decrease) in provision for directors' bonuses	(15,000)	–
Increase (decrease) in provision for retirement benefits	(3,238)	–
Increase (decrease) in provision for directors' retirement benefits	9,690	(24,090)
Increase (decrease) in net defined benefit liability	–	6,605
Interest and dividend income	(32,278)	(5,152)
Interest expenses	39,939	34,059
Decrease (increase) in notes and accounts receivable - trade	1,651,248	1,745,848
Decrease (increase) in inventories	(167,756)	(423,413)
Increase (decrease) in notes and accounts payable - trade	(524,884)	(600,894)
Increase (decrease) in accounts payable - other	(140,314)	(69,055)
Increase (decrease) in advances received	39,659	26,136
Other, net	(117,599)	(101,189)
Subtotal	1,241,632	875,722
Interest and dividend income received	32,278	19,432
Interest expenses paid	(42,797)	(34,093)
Income taxes paid	(372,746)	(374,193)
Other, net	7,979	28,876
Net cash provided by (used in) operating activities	866,346	515,744
Cash flows from investing activities		
Payments into time deposits	(189,292)	(3,340)
Purchase of property, plant and equipment	(86,023)	(148,321)
Proceeds from sales of property, plant and equipment	2,246	1,613
Purchase of intangible assets	(4,757)	(27,962)
Purchase of investment securities	(33,400)	(3,786)
Decrease (increase) in other investments	(2,209)	39,059
Collection of loans receivable	3,085	1,614
Proceeds from cancellation of insurance funds	–	12,866
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(52,926)
Net cash provided by (used in) investing activities	(310,351)	(181,182)

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from financing activities		
Proceeds from long-term loans payable	–	100,000
Repayments of long-term loans payable	(807,862)	(747,964)
Redemption of bonds	(167,000)	(207,000)
Cash dividends paid	(223,883)	(328,204)
Repayments of finance lease obligations	(6,587)	(5,901)
Repayments of installment payables	(22,757)	(23,212)
Net cash provided by (used in) financing activities	(1,228,090)	(1,212,283)
Effect of exchange rate change on cash and cash equivalents	427	371
Net increase (decrease) in cash and cash equivalents	(671,667)	(877,350)
Cash and cash equivalents at beginning of period	4,368,156	4,703,049
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	3,696,489	3,850,910