

Translation

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

August 8, 2014

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <http://www.se-corp.com/>
 Representative: President Mineo Morimoto
 Corporate Director
 Inquiries: Senior Managing Executive Officer Masaharu Tsukada TEL 03-3340-5500
 Scheduled date to file Quarterly Securities Report: August 13, 2014
 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, 2014 (from April 1, 2014 to June 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	%
Three months ended June 30, 2014	3,838	8.1	(50)	–	(74)	–	(122)	–
Three months ended June 30, 2013	3,552	12.3	130	–	155	–	61	–

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2014	(8.22)		–	
Three months ended June 30, 2013	4.09		–	

(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, 2014	19,469		7,167		36.8		479.05	
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	–				
Year ending March 31, 2015 (Forecast)		0.00	–	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 three months ended June 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 June 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 June 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)

Three months ended June 30, 2014	14,954,082 shares	Three months ended June 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 June 30, 2014
Assets		
Current assets		
Cash and deposits	5,221,192	5,056,913
Notes and accounts receivable - trade	7,677,981	6,180,541
Merchandise and finished goods	278,457	323,949
Work in process	370,250	531,573
Raw materials and supplies	1,101,739	1,147,678
Other	370,231	485,285
Allowance for doubtful accounts	(51,162)	(46,895)
Total current assets	14,968,689	13,679,045
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,121,460	1,132,244
Machinery, equipment and vehicles, net	259,449	377,627
Tools, furniture and fixtures, net	55,689	58,608
Land	2,221,759	2,237,573
Leased assets, net	31,117	28,198
Construction in progress	-	7,020
Total property, plant and equipment	3,689,476	3,841,272
Intangible assets		
Goodwill	111,530	149,269
Other	203,608	206,825
Total intangible assets	315,138	356,094
Investments and other assets		
Investment securities	1,028,807	970,198
Other	572,343	653,506
Allowance for doubtful accounts	(24,163)	(30,385)
Total investments and other assets	1,576,987	1,593,320
Total non-current assets	5,581,602	5,790,687
Total assets	20,550,292	19,469,733

(Thousands of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,592,399	5,096,115
Short-term loans payable	280,522	320,522
Current portion of long-term loans payable	1,357,993	1,290,221
Current portion of bonds	369,000	344,000
Income taxes payable	346,598	49,746
Provision for bonuses	85,349	49,428
Other	664,024	1,003,238
Total current liabilities	8,695,887	8,153,272
Non-current liabilities		
Bonds payable	654,000	654,000
Long-term loans payable	2,447,215	2,270,154
Provision for directors' retirement benefits	468,780	536,115
Net defined benefit liability	256,560	404,382
Asset retirement obligations	44,793	60,344
Other	238,992	224,121
Total non-current liabilities	4,110,341	4,149,118
Total liabilities	12,806,229	12,302,390
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	995,600
Retained earnings	5,684,654	5,129,292
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,660,567	7,105,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,418	59,527
Foreign currency translation adjustment	15,712	(9,787)
Remeasurements of defined benefit plans	9,301	8,772
Total accumulated other comprehensive income	76,431	58,513
Minority interests	7,063	3,624
Total net assets	7,744,062	7,167,342
Total liabilities and net assets	20,550,292	19,469,733

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, 2013	Three months ended June 30, 2014
Net sales	3,552,022	3,838,386
Cost of sales	2,500,858	2,847,294
Gross profit	1,051,163	991,092
Selling, general and administrative expenses	921,078	1,041,472
Operating income (loss)	130,085	(50,379)
Non-operating income		
Interest income	70	92
Dividend income	31,157	3,987
Commission fee	1,982	3,435
House rent income	4,436	4,939
Share of profit of entities accounted for using equity method	7,834	-
Reversal of allowance for doubtful accounts	4,156	5,272
Foreign exchange gains	719	-
Other	4,785	8,104
Total non-operating income	55,142	25,831
Non-operating expenses		
Interest expenses	20,620	17,360
Sales discounts	5,928	5,513
Foreign exchange losses	-	151
Contribution	1,120	4,570
Share of loss of entities accounted for using equity method	-	21,776
Other	2,334	300
Total non-operating expenses	30,003	49,671
Ordinary income (loss)	155,224	(74,220)
Extraordinary income		
Gain on sales of non-current assets	2,246	981
Insurance income	2,000	618
Total extraordinary income	4,246	1,599
Extraordinary losses		
Loss on sales of non-current assets	-	295
Loss on retirement of non-current assets	13,876	24
Loss on valuation of investment securities	7,018	-
Total extraordinary losses	20,895	319
Income (loss) before income taxes and minority interests	138,575	(72,940)
Income taxes	76,888	53,387
Income (loss) before minority interests	61,686	(126,328)
Minority interests in income (loss)	598	(3,439)
Net income (loss)	61,087	(122,888)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income (loss) before minority interests	61,686	(126,328)
Other comprehensive income		
Valuation difference on available-for-sale securities	(216)	9,123
Share of other comprehensive income of entities accounted for using equity method	25,547	(26,513)
Remeasurements of defined benefit plans, net of tax	-	(528)
Total other comprehensive income	25,331	(17,918)
Comprehensive income	87,018	(144,246)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	86,419	(140,807)
Comprehensive income attributable to minority interests	598	(3,439)