

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 12, 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 of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 29, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

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	%
Year ended March 31, 2017	17,742	(9.0)	656	28.0	679	23.9	429	19.9
Year ended March 31, 2016	19,490	(0.6)	512	(26.0)	548	(18.4)	358	2.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	28.71	–	5.6	3.1	3.7
Year ended March 31, 2016	23.95	–	4.6	2.6	2.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	21,633	7,781	35.9	519.49
As of March 31, 2016	21,579	7,666	35.5	512.41

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	217	(739)	620	5,430
Year ended March 31, 2016	1,729	(1,001)	112	5,332

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	0.00	–	20.00	20.00	299	83.5	3.9
Year ended March 31, 2017	–	0.00	–	16.00	16.00	239	55.7	3.1
Year ending March 31, 2018 (Forecast)	–	0.00	–	18.00	18.00		58.9	

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 year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	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 March 31, 2017	674,218 shares	As of March 31, 2016	674,218 shares
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Average number of shares during the period

Year ended March 31, 2017	14,954,082 shares	Year ended March 31, 2016	14,954,082 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,705,434	5,793,036
Notes and accounts receivable - trade	7,417,311	6,879,642
Merchandise and finished goods	282,539	261,961
Work in process	462,382	569,946
Raw materials and supplies	876,900	849,071
Deferred tax assets	116,046	127,485
Other	172,240	225,437
Allowance for doubtful accounts	(36,990)	(25,813)
Total current assets	14,995,865	14,680,768
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,060,437	3,185,346
Accumulated depreciation	(1,911,801)	(1,971,776)
Buildings and structures, net	1,148,635	1,213,570
Machinery, equipment and vehicles	2,921,628	3,073,348
Accumulated depreciation	(2,508,006)	(2,602,656)
Machinery, equipment and vehicles, net	413,622	470,691
Tools, furniture and fixtures	517,873	528,393
Accumulated depreciation	(456,910)	(469,188)
Tools, furniture and fixtures, net	60,962	59,204
Land	2,237,583	2,505,098
Leased assets	74,287	176,713
Accumulated depreciation	(45,410)	(59,184)
Leased assets, net	28,876	117,528
Construction in progress	–	110,279
Total property, plant and equipment	3,889,681	4,476,372
Intangible assets		
Goodwill	196,621	187,333
Other	161,526	101,079
Total intangible assets	358,148	288,412
Investments and other assets		
Investment securities	1,656,996	1,624,611
Deferred tax assets	289,613	314,273
Other	426,637	285,145
Allowance for doubtful accounts	(37,807)	(36,544)
Total investments and other assets	2,335,439	2,187,485
Total non-current assets	6,583,270	6,952,270
Total assets	21,579,136	21,633,038

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,852,635	3,562,154
Electronically recorded obligations - operating	1,397,643	966,429
Short-term loans payable	490,522	450,522
Current portion of long-term loans payable	1,415,978	1,423,244
Current portion of bonds	247,000	337,000
Income taxes payable	124,273	173,188
Provision for bonuses	105,269	98,163
Provision for loss on construction contracts	–	7,681
Other	1,538,429	1,119,435
Total current liabilities	9,171,750	8,137,818
Non-current liabilities		
Bonds payable	636,000	799,000
Long-term loans payable	2,928,448	3,684,946
Provision for directors' retirement benefits	534,200	544,730
Net defined benefit liability	452,813	438,365
Asset retirement obligations	68,866	80,906
Lease obligations	31,062	127,407
Deferred tax liabilities	–	1,007
Other	89,282	37,574
Total non-current liabilities	4,740,673	5,713,937
Total liabilities	13,912,423	13,851,755
Net assets		
Shareholders' equity		
Capital stock	1,228,057	1,228,057
Capital surplus	995,600	1,003,898
Retained earnings	5,631,705	5,762,002
Treasury shares	(247,744)	(247,744)
Total shareholders' equity	7,607,618	7,746,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,017	28,267
Foreign currency translation adjustment	38,204	(14,105)
Remeasurements of defined benefit plans	(11,281)	8,108
Total accumulated other comprehensive income	54,940	22,270
Non-controlling interests	4,153	12,798
Total net assets	7,666,712	7,781,283
Total liabilities and net assets	21,579,136	21,633,038

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	19,490,478	17,742,097
Cost of sales	14,615,177	12,756,051
Gross profit	4,875,301	4,986,046
Selling, general and administrative expenses	4,362,457	4,329,822
Operating profit	512,843	656,223
Non-operating income		
Interest income	682	256
Dividend income	5,774	7,417
Commission fee	15,652	14,300
House rent income	17,865	17,103
Share of profit of entities accounted for using equity method	27,126	23,939
Reversal of allowance for doubtful accounts	10,578	12,618
Insurance premiums refunded cancellation	2,360	15,246
Other	34,617	41,726
Total non-operating income	114,657	132,608
Non-operating expenses		
Interest expenses	58,834	59,870
Sales discounts	12,298	14,528
Bond issuance cost	–	11,289
Foreign exchange losses	1,329	11,727
Contribution	4,418	4,754
Other	2,275	7,464
Total non-operating expenses	79,155	109,635
Ordinary profit	548,345	679,196
Extraordinary income		
Gain on sales of non-current assets	15,034	927
Gain on sales of investment securities	–	9,643
Total extraordinary income	15,034	10,570
Extraordinary losses		
Loss on sales of non-current assets	–	2,359
Loss on retirement of non-current assets	1,281	337
Loss on valuation of golf club membership	–	1,070
Loss on sales of investment securities	–	518
Directors' retirement benefits	1,700	–
Total extraordinary losses	2,981	4,285
Profit before income taxes	560,399	685,482
Income taxes - current	226,962	269,709
Income taxes - deferred	(11,256)	(22,251)
Total income taxes	215,706	247,457
Profit	344,692	438,024
Profit (loss) attributable to non-controlling interests	(13,410)	8,645
Profit attributable to owners of parent	358,102	429,378

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	344,692	438,024
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,754)	135
Remeasurements of defined benefit plans, net of tax	(30,104)	19,389
Share of other comprehensive income of entities accounted for using equity method	(48,309)	(52,203)
Total other comprehensive income	(115,169)	(32,678)
Comprehensive income	229,523	405,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	242,933	396,708
Comprehensive income attributable to non-controlling interests	(13,410)	8,637

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,228,057	995,600	5,602,592	(247,744)	7,578,505
Changes of items during period					
Dividends of surplus			(328,989)		(328,989)
Profit attributable to owners of parent			358,102		358,102
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	29,112	–	29,112
Balance at end of current period	1,228,057	995,600	5,631,705	(247,744)	7,607,618

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	64,135	87,150	18,823	170,109	17,563	7,766,178
Changes of items during period						
Dividends of surplus						(328,989)
Profit attributable to owners of parent						358,102
Net changes of items other than shareholders' equity	(36,117)	(48,946)	(30,104)	(115,169)	(13,410)	(128,579)
Total changes of items during period	(36,117)	(48,946)	(30,104)	(115,169)	(13,410)	(99,466)
Balance at end of current period	28,017	38,204	(11,281)	54,940	4,153	7,666,712

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,228,057	995,600	5,631,705	(247,744)	7,607,618
Changes of items during period					
Dividends of surplus			(299,081)		(299,081)
Profit attributable to owners of parent			429,378		429,378
Sales of shares of consolidated subsidiaries		8,298			8,298
Net changes of items other than shareholders' equity					
Total changes of items during period	–	8,298	130,296	–	138,595
Balance at end of current period	1,228,057	1,003,898	5,762,002	(247,744)	7,746,213

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	28,017	38,204	(11,281)	54,940	4,153	7,666,712
Changes of items during period						
Dividends of surplus						(299,081)
Profit attributable to owners of parent						429,378
Sales of shares of consolidated subsidiaries						8,298
Net changes of items other than shareholders' equity	249	(52,310)	19,389	(32,670)	8,645	(24,024)
Total changes of items during period	249	(52,310)	19,389	(32,670)	8,645	114,570
Balance at end of current period	28,267	(14,105)	8,108	22,270	12,798	7,781,283

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	560,399	685,482
Depreciation	297,901	358,926
Amortization of goodwill	43,607	54,730
Loss on retirement of non-current assets	1,281	337
Share of (profit) loss of entities accounted for using equity method	(27,126)	(23,939)
Increase (decrease) in allowance for doubtful accounts	(3,738)	(12,439)
Increase (decrease) in provision for bonuses	10,639	(10,030)
Increase (decrease) in net defined benefit liability	3,643	6,893
Increase (decrease) in provision for directors' retirement benefits	(27,590)	10,530
Increase (decrease) in provision for loss on construction contracts	(8,653)	7,681
Interest and dividend income	(6,457)	(7,673)
Interest expenses	58,834	59,870
Decrease (increase) in notes and accounts receivable - trade	503,721	537,669
Decrease (increase) in inventories	398,135	130,503
Increase (decrease) in notes and accounts payable - trade	(528,694)	(848,317)
Increase (decrease) in advances received	253,070	(89,366)
Loss (gain) on cancellation of insurance contract	–	(15,246)
Other, net	545,058	(396,140)
Subtotal	2,074,031	449,470
Interest and dividend income received	12,405	28,397
Interest expenses paid	(56,617)	(59,706)
Income taxes paid	(352,117)	(239,349)
Other, net	52,286	38,963
Net cash provided by (used in) operating activities	1,729,987	217,775
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	84,811	10,641
Purchase of property, plant and equipment	(198,657)	(273,803)
Purchase of intangible assets	(59,926)	(8,478)
Proceeds from sales of property, plant and equipment	17,640	4,632
Purchase of investment securities	(682,536)	(48,631)
Proceeds from sales of investment securities	–	31,455
Decrease (increase) in other investments	(4,108)	31,369
Payments of loans receivable	–	(4,000)
Collection of loans receivable	3,536	4,165
Proceeds from cancellation of insurance funds	2,576	118,395
Payments for asset retirement obligations	–	(25,675)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(164,734)	–
Payments for transfer of business	–	(580,000)
Net cash provided by (used in) investing activities	(1,001,397)	(739,928)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	115,974	(40,000)
Proceeds from long-term loans payable	2,000,000	2,240,000
Repayments of long-term loans payable	(1,292,209)	(1,476,236)
Proceeds from issuance of bonds	–	500,000
Redemption of bonds	(321,000)	(247,000)
Repayments of finance lease obligations	(13,988)	(28,906)
Repayments of installment payables	(47,589)	(40,186)
Cash dividends paid	(328,769)	(299,076)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	12,000
Net cash provided by (used in) financing activities	112,417	620,593
Effect of exchange rate change on cash and cash equivalents	(205)	(197)
Net increase (decrease) in cash and cash equivalents	840,801	98,243
Cash and cash equivalents at beginning of period	4,491,318	5,332,120
Cash and cash equivalents at end of period	5,332,120	5,430,363