

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 14, 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 of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	20,197	13.8	954	45.4	1,051	54.8	680	58.4
Year ended March 31, 2017	17,742	(9.0)	656	28.0	679	23.9	429	19.9

	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, 2018	45.49	–	8.5	4.8	4.7
Year ended March 31, 2017	28.71	–	5.6	3.1	3.7

(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, 2018	22,526	8,345	37.0	556.86
As of March 31, 2017	21,633	7,781	35.9	519.49

(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, 2018	1,849	(1,221)	(954)	5,100
Year ended March 31, 2017	217	(739)	620	5,430

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, 2017	–	0.00	–	16.00	16.00	239	55.7	3.1
Year ended March 31, 2018	–	0.00	–	18.00	18.00	269	39.6	3.3
Year ending March 31, 2019 (Forecast)	–	0.00	–	18.00	18.00		39.6	

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 year ended March 31, 2018

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

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, 2018	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 March 31, 2018	674,264 shares	As of March 31, 2017	674,218 shares
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Average number of shares during the period

Year ended March 31, 2018	14,954,079 shares	Year ended March 31, 2017	14,954,082 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	5,793,036	5,492,809
Notes and accounts receivable - trade	6,879,642	7,065,473
Merchandise and finished goods	261,961	454,610
Work in process	569,946	644,666
Raw materials and supplies	849,071	811,122
Deferred tax assets	127,485	132,262
Other	225,437	146,868
Allowance for doubtful accounts	(25,813)	(26,000)
Total current assets	14,680,768	14,721,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,185,346	4,124,394
Accumulated depreciation	(1,971,776)	(2,565,465)
Buildings and structures, net	1,213,570	1,558,928
Machinery, equipment and vehicles	3,073,348	3,783,266
Accumulated depreciation	(2,602,656)	(3,309,690)
Machinery, equipment and vehicles, net	470,691	473,575
Tools, furniture and fixtures	528,393	1,083,618
Accumulated depreciation	(469,188)	(1,021,053)
Tools, furniture and fixtures, net	59,204	62,564
Land	2,505,098	2,788,918
Leased assets	176,713	172,285
Accumulated depreciation	(59,184)	(68,325)
Leased assets, net	117,528	103,960
Construction in progress	110,279	380
Total property, plant and equipment	4,476,372	4,988,329
Intangible assets		
Goodwill	187,333	354,991
Other	101,079	64,972
Total intangible assets	288,412	419,964
Investments and other assets		
Investment securities	1,624,611	1,786,366
Deferred tax assets	314,273	318,836
Other	285,145	354,559
Allowance for doubtful accounts	(36,544)	(63,071)
Total investments and other assets	2,187,485	2,396,690
Total non-current assets	6,952,270	7,804,984
Total assets	21,633,038	22,526,798

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,562,154	3,903,979
Electronically recorded obligations - operating	966,429	1,176,909
Short-term loans payable	450,522	300,522
Current portion of long-term loans payable	1,423,244	1,273,704
Current portion of bonds	337,000	257,000
Income taxes payable	173,188	217,994
Provision for bonuses	98,163	110,038
Provision for loss on construction contracts	7,681	4,700
Other	1,119,435	1,411,880
Total current liabilities	8,137,818	8,656,728
Non-current liabilities		
Bonds payable	799,000	542,000
Long-term loans payable	3,684,946	3,686,983
Provision for directors' retirement benefits	544,730	631,040
Net defined benefit liability	438,365	450,413
Asset retirement obligations	80,906	87,504
Lease obligations	127,407	112,839
Deferred tax liabilities	1,007	989
Other	37,574	12,837
Total non-current liabilities	5,713,937	5,524,608
Total liabilities	13,851,755	14,181,336
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	6,203,044
Treasury shares	(247,744)	(247,777)
Total shareholders' equity	7,746,213	8,187,222
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,267	58,518
Foreign currency translation adjustment	(14,105)	55,819
Remeasurements of defined benefit plans	8,108	25,811
Total accumulated other comprehensive income	22,270	140,149
Non-controlling interests	12,798	18,089
Total net assets	7,781,283	8,345,461
Total liabilities and net assets	21,633,038	22,526,798

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	17,742,097	20,197,153
Cost of sales	12,756,051	14,935,061
Gross profit	4,986,046	5,262,092
Selling, general and administrative expenses	4,329,822	4,307,982
Operating profit	656,223	954,109
Non-operating income		
Interest income	256	342
Dividend income	7,417	4,417
Commission fee	14,300	16,256
House rent income	17,103	11,159
Share of profit of entities accounted for using equity method	23,939	116,353
Reversal of allowance for doubtful accounts	12,618	582
Insurance premiums refunded cancellation	15,246	696
Other	41,726	35,045
Total non-operating income	132,608	184,854
Non-operating expenses		
Interest expenses	59,870	53,180
Sales discounts	14,528	16,841
Bond issuance cost	11,289	–
Foreign exchange losses	11,727	4,586
Contribution	4,754	9,784
Other	7,464	3,007
Total non-operating expenses	109,635	87,400
Ordinary profit	679,196	1,051,563
Extraordinary income		
Gain on sales of non-current assets	927	648
Gain on sales of investment securities	9,643	–
Total extraordinary income	10,570	648
Extraordinary losses		
Loss on sales of non-current assets	2,359	288
Loss on retirement of non-current assets	337	1,198
Loss on valuation of golf club membership	1,070	–
Loss on sales of investment securities	518	–
Loss on valuation of investment securities	–	11,740
Total extraordinary losses	4,285	13,226
Profit before income taxes	685,482	1,038,984
Income taxes - current	269,709	320,779
Income taxes - deferred	(22,251)	32,607
Total income taxes	247,457	353,387
Profit	438,024	685,597
Profit attributable to non-controlling interests	8,645	5,290
Profit attributable to owners of parent	429,378	680,307

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	438,024	685,597
Other comprehensive income		
Valuation difference on available-for-sale securities	135	29,390
Remeasurements of defined benefit plans, net of tax	19,389	17,703
Share of other comprehensive income of entities accounted for using equity method	(52,203)	70,785
Total other comprehensive income	(32,678)	117,878
Comprehensive income	405,346	803,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	396,708	798,186
Comprehensive income attributable to non-controlling interests	8,637	5,290

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2018

(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	1,003,898	5,762,002	(247,744)	7,746,213
Changes of items during period					
Dividends of surplus			(239,265)		(239,265)
Profit attributable to owners of parent			680,307		680,307
Purchase of treasury shares				(33)	(33)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	441,041	(33)	441,008
Balance at end of current period	1,228,057	1,003,898	6,203,044	(247,777)	8,187,222

	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	28,267	(14,105)	8,108	22,270	12,798	7,781,283
Changes of items during period						
Dividends of surplus						(239,265)
Profit attributable to owners of parent						680,307
Purchase of treasury shares						(33)
Net changes of items other than shareholders' equity	30,250	69,924	17,703	117,878	5,290	123,169
Total changes of items during period	30,250	69,924	17,703	117,878	5,290	564,177
Balance at end of current period	58,518	55,819	25,811	140,149	18,089	8,345,461

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	685,482	1,038,984
Depreciation	358,926	329,868
Amortization of goodwill	54,730	63,750
Loss on retirement of non-current assets	337	1,198
Share of loss (profit) of entities accounted for using equity method	(23,939)	(116,353)
Increase (decrease) in allowance for doubtful accounts	(12,439)	7,070
Increase (decrease) in provision for bonuses	(10,030)	9,571
Increase (decrease) in net defined benefit liability	6,893	(3,705)
Increase (decrease) in provision for directors' retirement benefits	10,530	(153,690)
Increase (decrease) in provision for loss on construction contracts	7,681	(2,981)
Interest and dividend income	(7,673)	(4,760)
Interest expenses	59,870	53,180
Decrease (increase) in notes and accounts receivable - trade	537,669	101,419
Decrease (increase) in inventories	130,503	6,647
Increase (decrease) in notes and accounts payable - trade	(848,317)	538,398
Increase (decrease) in advances received	(89,366)	36,987
Loss (gain) on cancellation of insurance contract	(15,246)	(696)
Other, net	(396,140)	198,767
Subtotal	449,470	2,103,658
Interest and dividend income received	28,397	21,303
Interest expenses paid	(59,706)	(53,398)
Income taxes paid	(239,349)	(253,918)
Other, net	38,963	31,415
Net cash provided by (used in) operating activities	217,775	1,849,059
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	10,641	8,457
Purchase of property, plant and equipment	(273,803)	(506,219)
Purchase of intangible assets	(8,478)	(8,004)
Proceeds from sales of property, plant and equipment	4,632	1,279
Purchase of investment securities	(48,631)	(5,395)
Proceeds from sales of investment securities	31,455	30,000
Decrease (increase) in other investments	31,369	(18,179)
Payments of loans receivable	(4,000)	-
Collection of loans receivable	4,165	4,342
Proceeds from cancellation of insurance funds	118,395	54,899
Payments for asset retirement obligations	(25,675)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(782,569)
Payments for transfer of business	(580,000)	-
Net cash provided by (used in) investing activities	(739,928)	(1,221,389)

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(40,000)	(170,000)
Proceeds from long-term loans payable	2,240,000	1,250,000
Repayments of long-term loans payable	(1,476,236)	(1,421,073)
Proceeds from issuance of bonds	500,000	–
Redemption of bonds	(247,000)	(337,000)
Repayments of finance lease obligations	(28,906)	(24,041)
Repayments of installment payables	(40,186)	(12,975)
Cash dividends paid	(299,076)	(239,545)
Purchase of treasury shares	–	(33)
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	620,593	(954,670)
Effect of exchange rate change on cash and cash equivalents	(197)	(3,331)
Net increase (decrease) in cash and cash equivalents	98,243	(330,330)
Cash and cash equivalents at beginning of period	5,332,120	5,430,363
Cash and cash equivalents at end of period	5,430,363	5,100,033