

Summary of Business Results for the Fiscal Year Ended December 31, 2016

[Japan GAAP] (Consolidated)

February 15, 2017

Company **Shinoken Group Co., Ltd.**
 Stock Code 8909 URL: <http://www.shinoken.co.jp>
 Representative Hideaki Shinohara, Representative Director and CEO
 Contact Junichi Tsurukawa, Managing Director
 Scheduled date of ordinary shareholders' meeting: March 29, 2017
 Scheduled date for filing of annual securities report: March 29, 2017
 Scheduled date of commencement of dividend payment: March 30, 2017
 Preparation of supplementary financial document: None
 Financial results briefing: None

Listed on the TSE

T E L: +81-92-714-0040

(Rounded down to million yen)

1. Consolidated Business Results for the Fiscal Year Ended December 31, 2016

(January 1, 2016 to December 31, 2016)

(1) Consolidated Results of Operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2016	81,294	47.6	10,570	55.2	9,895	53.4	6,662	49.8
Fiscal year ended Dec. 31, 2015	55,070	38.6	6,806	43.5	6,448	49.8	4,447	54.0

(Note) Comprehensive income

Fiscal year ended December 31, 2016: 6,795 million yen (51.9%)

Fiscal year ended December 31, 2015: 4,471 million yen (52.2%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Dec. 31, 2016	400.92	379.08	43.2	15.9	13.0
Fiscal year ended Dec. 31, 2015	270.02	254.26	43.8	14.2	12.4

(Reference) Share of (profit) loss of entities accounted for using equity method:

Fiscal year ended December 31, 2016: 35 million yen

Fiscal year ended December 31, 2015: 118 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2016	72,273	18,548	25.6	1,113.14
As of Dec. 31, 2015	52,457	12,345	23.5	740.88

(Reference) Shareholders' equity:

As of December 31, 2016: 18,517 million yen

As of December 31, 2015: 12,321 million yen

(3) Consolidated Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million Yen
Fiscal year ended Dec. 31, 2016	△734	△1,268	7,775	13,166
Fiscal year ended Dec. 31, 2015	△2,441	△2,341	6,160	7,410

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Dec. 31, 2015	-	6.25	-	8.00	14.25	237	5.3	2.3
Fiscal year ended Dec. 31, 2016	-	15.00	-	21.00	36.00	600	9.0	4.5
Fiscal year ending Dec. 31, 2017 (forecast)	-	22.50	-	22.50	45.00		9.6	

(Note) As for dividends for the fiscal year ending December 31, 2017, in addition to the ordinary dividends, depending on the

results the Company achieves, special dividends are scheduled. For details, please refer to page 5 of the attached materials “1. Analysis of Business Performance and Financial Position (3) Basic Policy on the Payment of Dividends and Dividends for the Current and Next Fiscal Year”.

3. Forecast of Consolidated Business Results for the Fiscal Year Ending December 31, 2017

(January 1, 2017 to December 31, 2017)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H Fiscal year ending Jun. 30, 2017	50,000	37.3	5,500	6.3	5,100	10.2	3,500	15.5	210.40
Fiscal year ending Dec. 31, 2017	105,000	29.2	11,700	10.7	11,000	11.2	7,800	17.1	468.89

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes

in the scope of consolidation): None

New subsidiaries: - (Company name): -

Excluded subsidiaries: - (Company name): -

(2) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies associated with revision of accounting standards: : Applicable

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of December 31, 2016 17,976,600 shares

As of December 31, 2015 17,862,600 shares

② Treasury stock at the end of period

As of December 31, 2016 1,341,552 shares

As of December 31, 2015 1,232,352 shares

③ Average number of stock during period

Fiscal year ended December 31, 2016 16,618,580 shares

Fiscal year ended December 31, 2015 16,471,316 shares

(Reference) Summary of Non-consolidated Results

Non-consolidated Business Results for the Fiscal year Ended December 31, 2016

(January 1, 2016 to December 31, 2016)

(1) Non-Consolidated Operating Results

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2016	865	16.4	240	△2.0	118	△6.6	111	△85.3
Fiscal year ended Dec. 31, 2015	742	22.9	245	23.8	127	243.7	757	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Dec. 31, 2016	6.68	6.32
Fiscal year ended Dec. 31, 2015	45.97	43.29

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2016	11,359	4,756	41.8	285.35
As of Dec. 31, 2015	10,860	5,164	47.5	310.08

(Reference) Shareholders' equity:

As of December 31, 2016: 4,746 million yen

As of December 31, 2015: 5,156million yen

※ Statement Regarding Implementation Status of Audit Procedures

This summary of business results is not subject to the audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this report, the procedures for audit of consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

※ Explanation Regarding Appropriate Use of Business Forecasts and Other Special Items

Forecasts regarding future performance in this material are based on information currently available to the Company. Actual results may differ from the forecasts due to various factors.