



Summary of the Consolidated First Half Statements (IFRS) for the Six-Month Period Ended December 31, 2016

February 3, 2017

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL <http://www.technoproholdings.com/>
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In charge of inquiries (Title) Director & CFO (Name) Hiroshi Sato TEL 03-6385-7998
Quarterly report scheduled submission date February 10, 2017
Scheduled commencement date for dividend payment February 28, 2017
Supplementary materials for financial results: Yes
Briefing session for financial results: Yes (For institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Six Months Ended December 31, 2016 (July 1, 2016 – December 31, 2016)

(1) Consolidated Operating Results (Cumulative) (% represents the change from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent company		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the six months ended December 31, 2016	48,811	11.0	4,902	12.9	4,858	16.3	4,105	0.4	4,097	0.4	4,132	1.8
For the six months ended December 31, 2015	43,989	10.4	4,343	12.9	4,178	16.0	4,090	15.6	4,082	15.4	4,060	12.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended December 31, 2016	119.77	—
For the six months ended December 31, 2015	119.83	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent company	Percentage of equity attributable to the owners of the parent company
	Million yen	Million yen	Million yen	%
For the six months ended December 31, 2016	63,325	25,790	25,790	40.7
Fiscal year ending June 30, 2016	63,634	24,148	23,963	37.7

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2016	—	50.00	—	61.52	111.52
FY ending June 30, 2017	—	50.00			
FY ending June 30, 2017 (forecast)			—	62.53	112.53

(Notes) Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 (July 1, 2016 – June 30, 2017)

(% represents the change from the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the parent company		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	98,000	8.5	9,100	7.1	9,000	13.6	7,700	4.6	225.05

(Notes) Revisions to financial results forecasts published most recently: None

* Notes

(1) Changes to important subsidiaries during the period (changes to "Specified Subsidiaries" that involve changes made to scope of consolidation): Yes

New: 1 company (TechnoPro Embedded, Inc.); Excluded: None

(Note) Please refer to page 5, "2. Summary information (notes), (1) Changes to important subsidiaries during this period"

(2) Changes to accounting policies and accounting estimates

i. Changes to accounting policies as required by IFRS: None

ii. Changes to accounting policies other than i.: None

iii. Changes to accounting estimates: None

(3) Number of outstanding shares (ordinary shares)

i. Number of outstanding shares at the end of the period (including treasury shares)

As of December 31, 2016	34,214,000 shares	FY ended June 30, 2016	34,214,000 shares
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ii. Number of treasury shares at the end of the period

As of December 31, 2016	131 shares	FY ended June 30, 2016	131 shares
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iii. Average number of shares during the period (cumulative)

For the six months ended December 31, 2016	34,213,869 shares	For the six months ended December 31, 2015	34,073,916 shares
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* Presentation of the status of implementation of the audit procedures

This Summary of Financial Statements is not subject to audit procedures stipulated in the Financial Instruments and Exchange Act. At the time of disclosure the audit procedures for financial statements in line with the stipulations of Financial Instruments and Exchange Act had not yet been completed.

* Explanation regarding proper use of financial results forecasts, and other notes

Forward-looking statements in this document about future performance are based on information currently available and certain assumptions that are considered reasonable. Due to unforeseen circumstances, actual results may differ from such estimates.

(Obtaining financial results briefing materials)

On February 3, 2017, the Company plans to hold a briefing for institutional investors and analysts. The Company plans to post the briefing materials reporting the business results used at the briefing on the Company's website at the earliest possible time.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Summary of business performance

During the consolidated first half period under review (July 1, 2016 to December 31, 2016), despite a recovery in the global economy, there was continued uncertainty due to political changes associated with the U.S. presidential election, the United Kingdom's decision to leave the EU, and other factors. In Japan, despite improvements in corporate earnings and the employment situation, uncertainty about the economy continued. The negative effects of sudden currency fluctuations on corporate earnings and overseas issues such as the policies of the U.S. president and political uncertainty in Europe also require close attention.

The engineer dispatching and contract assignment business, a key focus area for the TechnoPro Group ("the Group"), grew steadily. While demand was strong, particularly for engineers in the automobile, IT, and construction industries, the supply shortage in the employment market for engineers continued from the previous consolidated period.

In this economic environment, the main initiatives implemented by the Group were as follows:

Implementation of "Shift up" and "Charge up" initiatives

The Group continued the implementation of the "Shift up" (increase unit prices through changes in place of assignment), and "Charge up" (increase unit prices at the time of contract renewal at the same place of assignment) initiatives from the previous year as a means of increasing the amount of sales per engineer.

Securing and developing engineers

In order to recruit high-quality engineers, the foundation of the Group's growth, the Group promoted the engineer introduction system while increasing employment by utilizing employment agencies including consolidated subsidiary TechnoPro Careers, Inc. In addition, through the acquisition of TechnoPro Embedded, Inc. (formerly "Yaskawa Information Embedded Corporation") as a consolidated subsidiary, the company acquired high-quality engineers in the field of embedded development. The Group also strengthened its engineer development systems through activities including further integration of Pc Assist Co., Ltd. (a consolidated subsidiary which provides education and training services, acquired the previous fiscal year) with the Group's pre-existing education and training business (TechnoPro Learning).

Strengthening contract assignment and consignment

The Group increased profitability in the contract assignment and consignment business through improvements to management of income and expenditure and project management processes. In addition, the Group strengthened its contract development systems in the IT sector through increased collaboration between ON THE MARK Co., Ltd. (a company acquired as a subsidiary by the Group the previous fiscal year) and TechnoPro's contract development center.

As a result of the initiatives described above, the number of domestic engineers at the end of the first-half period under review increased to 13,515 (up 1,136 compared to the end of the first half of the previous fiscal year), and the utilization rate rose 0.2% to 95.7% compared to the end of the first half of the previous fiscal year. An increase in sales per engineer (in Japan) to 630 thousand yen per month (up 10 thousand yen) contributed to an increase in revenue compared to the end of the first half of the previous fiscal year.

In employment, engineers grew steadily, with the number of newly employed domestic engineers in the first half at 1,020 (24 fewer than the first half of the previous fiscal year) influenced by the supply shortage in the employment market for engineers.

In terms of expenses, the gross profit margin was 23.6% (down 0.1% compared to the first half of the previous fiscal year), due to factors causing increased costs, such as increased labor costs for engineers associated with improved business performance, and increased outsourcing costs associated with the expansion of the field of contract assignment. However, the SG&A ratio to revenue was held down at 13.7% (down 0.3%), the same level as the first half of the previous fiscal year.

As a result, at the end of the consolidated first half period under review, the Group's revenues were 48,811 million yen (up 11.0% compared to the first half of the previous fiscal year), operating profit was 4,902 million yen (up 12.9%), profit before taxes was 4,858 million yen (up 16.3%), and net profit was 4,097 million yen (up 0.4%).

Earnings for the major areas of the business during the consolidated first half period under review were as follows:

(R&D outsourcing)

The Group has established an operation system driven by specialist teams and moved forward with negotiations for "Shift up" and "Charge up" initiatives, while enhancing the profitability of contract assignments through process improvements. As a result of these initiatives, revenues in this area were 41,363 million yen (an increase of 11.6% compared to the first half of the previous fiscal year).

(Construction management outsourcing)

The Group, continuing from the previous fiscal year, facilitated the assignment of engineers to priority customers and increased the amount of sales per engineer through the promotion of team assignments. As a result, revenues in this area were 6,567 million yen (an increase of 6.0% compared to the first half of the previous fiscal year).

(2) Summary of financial position

i. Analysis of financial conditions

Assets totaled 63,325 million yen as of the end of the consolidated first half period under review (down 309 million yen from the end of the previous fiscal year). The primary components were goodwill of 29,541 million yen, accounts receivables and other receivables of 12,999 million yen, and cash and cash equivalents of 12,111 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 26,499 million yen (down 719 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 12,111 million yen (up 402 million yen), and accounts receivables and other receivables of 12,999 million yen (up 419 million yen).

(Non-current assets)

Non-current assets totaled 36,825 million yen (up 410 million yen from the end of the previous fiscal year). The primary components were goodwill of 29,541 million yen (up 149 million yen), and deferred tax assets of 3,796 million yen (up 122 million yen).

(Current liabilities)

Current liabilities totaled 19,092 million yen (down 1,363 million yen from the end of the previous fiscal year). The primary components were accounts payables and other liabilities of 8,261 million yen (down 49 million yen), and employee benefit liabilities of 3,806 million yen (up 208 million yen).

(Non-current liabilities)

Non-current liabilities totaled 18,442 million yen (down 588 million yen from the end of the previous fiscal year). The primary components were loans payable of 13,429 million yen (down 864 million yen), and retirement benefit liabilities of 4,407 million yen (up 241 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 25,790 million yen (up 1,827 million yen from the end of the previous fiscal year). The primary components were a capital surplus of 5,965 million yen (down 192 million yen) and retained earnings of 19,174 million yen (up 1,993 million yen).

ii. Cash flow conditions

Cash and cash equivalents (hereinafter “Cash”) totaled 12,111 million yen as of end of the consolidated first half period under review, representing an increase of 402 million yen compared to the end of the previous fiscal year.

Cash flow conditions during the consolidated first half period under review as well as the main factors affecting their changes are as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in cash inflows of 4,360 million yen (same period of the previous fiscal year: inflows of 4,173 million), this was mainly due to increases in profits before taxes (4,858 million yen), an income tax refund (1,571 million yen), and an increase in accrued consumption taxes payable (334 million yen), offset by payments of corporate income taxes (3,075 million yen).

(Cash flows from investing activities)

Cash flows from investing activities resulted in cash outflows of 498 million yen (same period of the previous fiscal year: outflows of 638 million). This was mainly due to outflows for the acquisition of subsidiary shares (128 million yen), non-current assets (102 million yen) and intangible assets (145 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 3,467 million yen (same period of the previous fiscal year: outflows of 4,200 million). This was mainly due to dividend payments (2,104 million yen), cash outflows resulting from repayments of long-term borrowings (875 million yen), and cash outflows resulting from payments for purchase of interests in subsidiaries from non-controlling interests (395 million yen).

(3) Results forecasts and other forward-looking information

Assuming stable growth of the engineer dispatching and contract assignment markets, increased unit prices for engineers in response to our “Charge-up” and “Shift-up” initiatives, and increased use of engineers driven by an increase in our stock of engineers, consolidated results forecasts for the period ending June 2017 are for revenue of 98,000 million yen (up 8.5% compared to the previous fiscal year), operating profit of 9,100 million yen (up 7.1%), profit before taxes of 9,000 million yen (up 13.6%), and net profit attributable to owners of the parent company of 7,700 million yen (up 4.6%).

There have been no changes to the consolidated results forecast for the full year as announced in the “Summary of Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2016” on July 29, 2016.

2. Summary information (notes)

(1) Changes to important subsidiaries during this period

In the consolidated first half period under review, the Company acquired Yaskawa Information Embedded Corporation (renamed “TechnoPro Embedded, Inc.” on December 20, 2016) as a new subsidiary through share acquisition. In this acquisition the capital of the acquired company is equivalent to over 10/100 of the Company's capital.

(2) Changes to accounting policies and accounting estimates

Not applicable.

3. Interim Consolidated Financial Statements (Summary)

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

	As of June 30, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	11,708	12,111
Accounts receivables and other receivables	12,579	12,999
Income taxes receivable	1,571	—
Other short-term financial assets	331	329
Other current assets	1,027	1,059
Total current assets	27,219	26,499
Non-current assets		
Property, plant and equipment	790	823
Goodwill	29,391	29,541
Intangible assets	1,345	1,330
Investments accounted for using the equity method	—	99
Other long-term financial assets	1,202	1,220
Deferred tax assets	3,674	3,796
Other non-current assets	9	13
Total non-current assets	36,415	36,825
Total assets	63,634	63,325
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	8,310	8,261
Bond and loans payable	1,871	1,770
Income taxes payable	1,031	853
Dividends payable	2	3
Other financial liabilities	926	767
Employee benefits liabilities	3,597	3,806
Provisions	19	9
Other current liabilities	4,695	3,619
Total current liabilities	20,455	19,092

(Millions of yen)

	As of June 30, 2016	As of December 31, 2016
Non-current liabilities		
Loans payable	14,294	13,429
Other financial liabilities	117	115
Deferred tax liabilities	149	170
Retirement benefit liabilities	4,165	4,407
Provisions	276	284
Other non-current liabilities	27	34
Total non-current liabilities	19,030	18,442
Total liabilities	39,486	37,534
Equity		
Capital stock	510	510
Capital surplus	6,158	5,965
Retained earnings	17,180	19,174
Treasury shares	(0)	(0)
Other components of equity	115	141
Equity attributable to owners of the parent company	23,963	25,790
Non-controlling interests	184	—
Total equity	24,148	25,790
Total liabilities and equity	63,634	63,325

(2) Consolidated Statement of Income (Summary) and Consolidated Statement of Comprehensive Income (Summary)
Consolidated Statement of Income (Summary)
The consolidated six-month period

(Millions of yen)

	Six months ended December 31, 2015 (July 1, 2015 to December 31, 2015)	Six months ended December 31 2016 (July 1, 2016 to December 31, 2016)
Revenue	43,989	48,811
Cost of sales	33,549	37,295
Gross profit	10,440	11,515
Selling, general and administrative expenses	6,152	6,663
Other income	72	62
Other expenses	16	12
Operating profit	4,343	4,902
Financial income	3	1
Financial expenses	168	45
Investment profit (loss) under the equity method	—	(0)
Profit before income taxes	4,178	4,858
Income taxes	87	753
Net profit	4,090	4,105
Net profit attributable to:		
Owners of the parent company	4,082	4,097
Non-controlling interests	7	7
Net profit	4,090	4,105
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic and diluted earnings per share	119.83	119.77

Consolidated Statement of Comprehensive Income (Summary)
The consolidated three-month period

	Three months ended December 31 2015 (October 1, 2015 to December 31, 2015)	Three months ended December 31, 2016 (October 1, 2016 to December 31, 2016)
Revenue	22,555	24,850
Cost of sales	17,101	18,859
Gross profit	5,453	5,991
Selling, general and administrative expenses	3,156	3,371
Other income	43	29
Other expenses	3	10
Operating profit	2,337	2,639
Financial income	1	0
Financial expenses	79	22
Investment profit (loss) under the equity method	—	(0)
Profit before income taxes	2,259	2,617
Income taxes	49	405
Net profit	2,209	2,211
Net profit attributable to:		
Owners of the parent company	2,202	2,211
Non-controlling interests	7	—
Net profit	2,209	2,211
		(Yen)
Earnings per share attributable to owners of the parent company		
Basic and diluted earnings per share	64.65	64.65

Consolidated Statement of Comprehensive Income (Summary)
The consolidated six-month period

(Millions of yen)

	Six months ended December 31, 2015 (July 1, 2015 to December 31, 2015)	Six months ended December 31, 2016 (July 1, 2016 to December 31, 2016)
Net profit	4,090	4,105
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(32)	22
Changes in fair value of available-for-sale financial assets	—	4
Gains and losses on cash flow hedges	1	—
Total items that may be reclassified to profit or loss	(30)	26
Total other comprehensive income	(30)	26
Comprehensive income for the period	4,060	4,132
Comprehensive income for the period attributable to:		
Owners of the parent company	4,052	4,124
Non-controlling interests	7	7
Comprehensive income for the period	4,060	4,132

The consolidated three-month period

(Millions of yen)

	Three months ended December 31 2015 (October 1, 2015 to December 31, 2015)	Three months ended December 31, 2016 (October 1, 2016 to December 31, 2016)
Net profit	2,209	2,211
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(15)	27
Changes in fair value of available-for-sale financial assets	—	4
Gains and losses on cash flow hedges	0	—
Total items that may be reclassified to profit or loss	(14)	31
Total other comprehensive income	(14)	31
Comprehensive income for the period	2,195	2,243
Comprehensive income for the period attributable to:		
Owners of the parent company	2,188	2,243
Non-controlling interests	7	—
Comprehensive income for the period	2,195	2,243

(3) Consolidated Statement of Changes in Equity (Summary)

Six months ended December 31, 2015 (July 1, 2015 to December 31, 2015)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2015	100	6,525	15,148	(0)	200	21,973	0	21,973
Net profit			4,082			4,082	7	4,090
Other comprehensive income					(30)	(30)	(0)	(30)
Total comprehensive income	—	—	4,082	—	(30)	4,052	7	4,060
Dividends of surplus			(3,437)			(3,437)		(3,437)
Share-based payment transactions		5				5		5
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation						—	158	158
Changes in ownership of subsidiaries		0				0	(0)	—
Total transactions with the owners	—	6	(3,437)	(0)	—	(3,431)	157	(3,723)
As of December 31, 2015	100	6,531	15,793	(0)	170	22,594	165	22,760

Six months ended December 31, 2016 (July 1, 2016 to December 31, 2016)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of July 1, 2016	510	6,158	17,180	(0)	115	23,963	184	24,148
Net profit			4,097			4,097	7	4,105
Other comprehensive income					26	26		26
Total comprehensive income	—	—	4,097	—	26	4,124	7	4,132
Dividends of surplus			(2,104)			(2,104)		(2,104)
Share-based payment transactions		10				10		10
Purchase of own shares						—		—
Change of scope of consolidation						—		—
Changes in ownership of subsidiaries		(203)				(203)	(192)	(395)
Total transactions with the owners	—	(192)	(2,104)	—	—	(2,297)	(192)	(2,489)
As of December 31, 2015	510	5,965	19,174	(0)	141	25,790	—	25,790

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Six months ended December 31, 2015 (July 1, 2015 to December 31, 2015)	Six months ended December 31, 2016 (July 1, 2016 to December 31, 2016)
Cash flows from operating activities		
Profit before income taxes	4,178	4,858
Depreciation and amortization	147	198
Interest and dividend income	(3)	(1)
Interest expense	156	40
Investment profit (loss) under the equity method	—	0
Decrease (increase) in accounts receivables and other receivables	76	(346)
Increase (decrease) in accounts payable and other liabilities	147	(108)
Increase (decrease) in consumption taxes payable	(969)	334
Increase (decrease) in retirement benefit liabilities	243	241
Other	412	686
Subtotal	4,388	5,904
Dividends received	0	0
Interest received	3	1
Interest paid	(94)	(40)
Income taxes paid	(1,308)	(3,075)
Income tax refund	1,184	1,571
Net cash flows from operating activities	4,173	4,360
Cash flows from investing activities		
Payments into time deposits	(2)	(1)
Withdrawal of time deposits	—	16
Purchase of property, plant and equipment	(147)	(102)
Sale of property, plant and equipment	—	19
Purchase of intangible assets	(214)	(145)
Purchases of investments accounted for using the equity method	—	(99)
Purchase of subsidiary shares	(274)	(128)
Purchase of subsidiary shares at conditional acquisition price	—	(58)
Other	—	0
Net cash flows from investing activities	(638)	(498)
Cash flows from financing activities		
Outflows from repayments of long-term borrowings	(765)	(875)
Redemption of corporate bonds	—	(90)
Outflows from purchase of treasury stock	(0)	—
Cash dividends paid	(3,434)	(2,104)
Payments for purchase of interests in subsidiaries from non- controlling interests	—	(395)
Other	(0)	(2)
Net cash flows from financing activities	(4,200)	(3,467)
Effect of change in exchange rates on cash and cash equivalents	(17)	8
Net increase (decrease) in cash and cash equivalents	(683)	402
Cash and cash equivalents at the beginning of the period	10,851	11,708
Cash and cash equivalents at the end of the period	10,167	12,111

(5) Notes to the consolidated financial results (Summary)

(Note on assumption about going concern)

Not applicable.

(Note on significant changes in the amount of shareholders' equity)

Not applicable.