Translation

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TECHNOPRO

Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2017

July 31, 2017

Listed Company Name TechnoPro Holdings, Inc. Listed Stock Exchange: Tokyo
TSE Code 6028 URL http://www.technoproholdings.com/en/
Representative (Title) Representative Director, President & CEO (Name) Yasuji Nishio
In charge of inquiries (Title) Director & CFO (Name) Hiroshi Sato TEL 03-6385-7998
Scheduled date of the general meeting of shareholders September 28, 2017
Scheduled commencement date for dividend payment September 29, 2017
Scheduled date of submission of securities report September 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 Fiscal Year Ended June 30, 2017 (July 1, 2016 – June 30, 2017)

(1) Consolidated Operating Results (% 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	%
FY ended June 30, 2017	100,095	10.8	9,647	13.6	9,559	20.7	7,725	4.5	7,717	4.9	7,739	8.7
FY ended June 30, 2016	90,323	11.2	8,494	16.6	7,920	15.9	7,390	7.5	7,359	7.0	7,120	3.2

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to the owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY ended June 30, 2017	225.58	–	29.9	14.3	9.6
FY ended June 30, 2016	215.80	–	32.0	12.9	9.4

(Ref.) Share of loss of entities accounted for using equity method: FY ended June 30, 2017: (¥1 million); FY ended June 30, 2016: ¥- million

(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	Equity attributable to the owners of the parent company per share
	Million yen	Million yen	Million yen	%	Yen
FY ended June 30, 2017	70,119	27,696	27,696	39.5	809.51
FY ended June 30, 2016	63,634	24,148	23,963	37.7	700.41

(3) Consolidated Cash Flows

	Net cash from operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended June 30, 2017	8,634	(2,864)	(4,087)	13,398
FY ended June 30, 2016	7,950	(906)	(6,145)	11,708

2. Dividends

	Annual dividends per share					Total Dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended June 30, 2016	–	50.00	–	61.52	111.52	3,808	51.7	16.6
FY ended June 30, 2017	–	50.00	–	62.79	112.79	3,858	50.0	14.9
FY ending June 30, 2018 (forecast)	–	50.00	–	63.00	113.00		50.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2018 (July 1, 2017 – June 30, 2018)

(% 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	109,000	9	10,600	10	10,500	10	7,600	(2)	222.05

* 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

(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)	FY ended June 30, 2017	34,214,000 shares	FY ended June 30, 2016	34,214,000 shares
ii. Number of treasury shares at the end of the period	FY ended June 30, 2017	215 shares	FY ended June 30, 2016	131 shares
iii. Average number of shares during the period	FY ended June 30, 2017	34,213,847 shares	FY ended June 30, 2016	34,102,203 shares

* This Summary of Financial Statements is not subject to audit.

* 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.

The Company plans to hold a briefing on business results for institutional investors and analysts on July 31, 2017. The material for the briefing was posted on the Company’s website at the same time as this financial results disclosure.

Contents

1. Analysis of Business Performance and Financial Position

(1) Analysis of business performance

During the consolidated fiscal year under review (July 1, 2016 to June 30, 2017) there was continued uncertainty due to political changes associated with the start of the new presidential administration in the United States, the United Kingdom's decision to leave the EU, and other factors. In Japan, business confidence and the employment situation improved. Overseas factors such as North Korea and the policies of the new presidential administration in the United States require close attention going forward.

The engineer dispatching and contract assignment business, a key focus area for the TechnoPro Group ("the Group"), grew steadily. Demand was strong, particularly for engineers in the automobile, and IT industries, but 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 and other efforts. 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 education and training business (TechnoPro Learning).

Shifting toward globalization

We have made an investment in HRnetGroup Limited, a staffing services business headquartered in Singapore with operations in eight Asian countries. Going forward, we will support both Japanese businesses expanding in Asia in acquiring local staff, and the acquisition of engineers in the course of expanding the Group's technological development outsourcing business in Japan and Asia (our core competencies). In addition, we will also strengthen our capital and business alliance with PlayNext Lab Inc., the company promoting TalentHub, the online recruitment platform for non-Japanese engineers.

As a result of the initiatives described above, the number of domestic engineers at the end of the consolidated fiscal year under review increased to 14,346 (up 1,219 compared to the end of the previous fiscal year). The average utilization rate rose 0.2% to 95.3% compared to the end of the previous fiscal year. An increase in sales per engineer (in Japan) to 633 thousand yen per month (up 9 thousand yen) as a result of the continued promotion of the "Shift up" and "Charge up" initiatives also contributed to an increase in revenue compared to the end of the previous fiscal year.

In employment, the number of engineers grew, with newly employed domestic engineers in the consolidated fiscal year under review at 2,684 (143 more than the previous fiscal year).

In terms of expenses, the gross profit margin was 23.4% (down 0.2% compared to the previous fiscal year), due to increased labor costs for engineers associated with improved business performance, and increased outsourcing costs associated with the expansion of the field of contract assignment. The ratio of SG&A expenses to sales was kept under control at 13.9% (down 0.3%) as a result of increased operational efficiency due to IT implementation.

As a result, at the end of the consolidated fiscal year under review, the Group's revenues were 100,095 million yen (up 10.8% compared to previous fiscal year), operating profit was 9,647 million yen (up 13.6%), profit before taxes was 9,559 million yen (up 20.7%), and net profit was 7,717 million yen (up 4.9%).

Earnings for the major areas of the business during the consolidated fiscal year 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 85,046 million yen (an increase of 11.7% compared to 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 13,203 million yen (an increase of 5.6% compared to the previous fiscal year).

(2) Analysis of financial position

Assets totaled 70,119 million yen as of the end of the consolidated fiscal year under review (up 6,484 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 13,997 million yen, and cash and cash equivalents of 13,398 million yen.

The status for each item was as follows.

(Current assets)
Current assets totaled 31,091 million yen as of the end of the consolidated fiscal year under review (up 3,872 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 13,398 million yen (up 1,689 million yen), and accounts receivables and other receivables of 13,997 million yen (up 1,417 million yen).

(Non-current assets)
Non-current assets totaled 39,027 million yen as of the end of the consolidated fiscal year under review (up 2,612 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 3,615 million yen (down 59 million yen).

(Current liabilities)
Current liabilities totaled 24,615 million yen as of the end of the consolidated fiscal year under review (up 4,160 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 9,459 million yen (up 1,148 million yen), and employee benefit liabilities of 4,000 million yen (up 403 million yen).

(Non-current liabilities)
Non-current liabilities totaled 17,807 million yen as of the end of the consolidated fiscal year under review (down 1,223 million yen from the end of the previous fiscal year). The primary components were loans payable of 12,549 million yen (down 1,744 million yen), and retirement benefit liabilities of 4,652 million yen (up 486 million yen).

(Equity attributable to the owners of the parent company)
Equity attributable to the owners of the parent company totaled 27,696 million yen as of the end of the consolidated fiscal year under review (up 3,732 million yen from the end of the previous fiscal year). The primary components were capital surplus of 5,975 million yen (down 183 million yen) and retained earnings of 21,075 million yen (up 3,894 million yen).

(3) Cash flow conditions

Cash and cash equivalents (hereinafter “Cash”) totaled 13,398 million yen as of end of the consolidated fiscal year under review, representing an increase of 1,689 million yen compared to the end of the previous fiscal year.

Cash flow during the consolidated fiscal year under review as well as the main factors affecting changes are as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in cash inflows of 8,634 million yen (previous fiscal year: inflows of 7,950 million), this was mainly due to increases in profits before taxes (9,559 million yen) and accounts payable and other liabilities (1,089 million yen) and an income tax refund (1,571 million yen), partially offset by an increase in accounts receivables and other receivables (1,344 million yen) and payments of corporate income taxes (3,669 million yen).

(Cash flows from investing activities)

Cash flows from investing activities resulted in cash outflows of 2,864 million yen (previous fiscal year: outflows of 906 million). This was mainly due to outflows for the acquisition of marketable securities (2,195 million yen), tangible fixed assets (218 million yen) and intangible assets (201 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 4,087 million yen (previous fiscal year: outflows of 6,145 million). This was mainly due to dividend payments (3,815 million yen) and outflows from repayments of long-term borrowings (1,781 million), offset by a net increase in short-term loans payable (2,000 million).

(Changes in indicators related to cash flows)

	FY ended June 30, 2013	FY ended June 30, 2014	FY ended June 30, 2015	FY ended June 30, 2016	FY ended June 30, 2017
Ratio of equity attributable to owners of the parent company (%)	20.5	28.1	37.4	37.7	39.5
Ratio of equity attributable to owners of the parent company on a market price basis (%)	–	–	178.5	170.7	220.5
Cash flows to interest-bearing debt ratio (years)	3.8	4.3	2.4	2.0	1.9
Interest coverage ratio (times)	7.1	6.3	19.9	45.6	108.4

Ratio of equity attributable to owners of the parent company: equity attributable to owners of the parent company/total assets

Ratio of equity attributable to owners of the parent company on a market price basis: market capitalization/total assets

Cash flows to interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/interest payments

(Notes)

1. The indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury shares.
3. The ratio of equity attributable to owners of the parent company on a market price basis for the fiscal year ended June 30, 2013 and June 30, 2014 is not stated because the Company’s shares were unlisted.
4. Cash flows from operating activities are used for cash flows.
5. Interest-bearing debt is all of the liabilities recorded on the Consolidated Statement of Financial Position for which the Company is paying interest.

(4) Business performance forecasts

Our forecast for the fiscal year ending 2018 has been made on the expectation of continuing demand for engineer dispatch, backed by the steady growth of the engineer dispatch and contract assignment market. The Group will focus on increasing prices through the continued implementation of our “Charge up” and “Shift up” initiatives, and training and securing highly-quality engineers.

Based on these initiatives, for the fiscal year ending 2018 we forecast the retention of 15,400 engineers (up 7%), and a utilization rate of 95%-96%, contributing to revenue of 109,000 million yen (up 9%), operating profit of 10,600 million yen (up 10%), profit before income taxes of 10,500 million yen (up 10%) and net profit attributable to the owners of the parent company of 7,600 million yen (down 2%).

(5) Basic policy regarding profit allocation and dividends in the fiscal year under review and the next fiscal year

The Company’s basic policy regarding profit allocation is to support demand for funds for growth and financial soundness through internal reserves in an aim to improve corporate value and shareholder value while directly returning a portion of profits to shareholders through dividends with the consolidated dividend payout ratio serving as specific benchmark. In terms of dividend levels, the Company’s basic policy is to pay a stable dividend twice a year (an interim dividend and year-end dividend), based on a medium- to long-term consolidated dividend payout ratio of 50%. In the event of a sudden downturn in the economic environment, the minimum dividend payout is 10% of the consolidated dividend on equity ratio. Uses of internal reserves include operating funds, investments for information systems and personnel development, and strategic business investments including acquisitions.

Dividends from surpluses are decided on by bodies including the general meeting of shareholders in accordance with laws and regulations and the articles of incorporation. The Company’s Articles of Incorporation stipulate that an interim dividend will be provided based on a resolution by the Board of Directors with December 31 as the record date.

Regarding the annual dividend for the fiscal year under review; a year-end dividend of 62.79 yen is scheduled, which, combined with the interim dividend of 50.00 will bring the annual dividend to 112.79 yen per share, and a dividend payout ratio of 50.0% of net profit (attributable to the owners of the parent company) of 7,717 million yen for the fiscal year under review.

An annual dividend of 113.00 yen per share (consisting of an interim dividend of 50.00 yen and a year-end dividend of 63.00 yen) is planned for the fiscal year ending June 30, 2018.

2. Management Policy

(1) Basic management policy

The Group’s management basic policy is to achieve sustainable growth and improve medium- to long-term corporate value through the achievement of the TechnoPro Group Vision that is described below.

TechnoPro Group Vision

1. TechnoPro Group will serve as a partner to its engineers, providing them with the support and opportunities they need to realize their dreams.
2. TechnoPro Group’s highly skilled professionals will support the international expansion of its clients’ business through research, development, and design solutions.
3. Through a business model that enables engineers to play active roles across a range of industries, TechnoPro Group will contribute to the creation of an industrial infrastructure capable of flexibly responding to changes in the market environment.

(2) Targeted performance indicators

The Group focuses on the medium- to long-term growth of revenues and operating profit. In addition, the Group manages sales per engineer, the number of engineers, and the utilization rate as important KPI, as they are components of revenues for the R&D outsourcing and construction management outsourcing businesses that account for the majority of the Company’s revenues and operating profit.

(3) The Company’s medium- to long-term business strategy

i. Growth in engineer dispatching and improvements in profitability

Engineer dispatching is one of the Group’s main business areas, and in consideration of factors including rising R&D expenses and IT investments in Japan, the employment environment in Japan as indicated by the jobs-to-applicants ratio and other factors, and the revised Worker Dispatching Act, it is expected that the market will continue to grow and that the operating environment will create favorable tailwinds for major players. On the other hand, the Company believes that there is still much room for improving profitability through improvements in sales per engineer and operations improvements such as making back-office work more efficient.

Accordingly, we will work to increase the number of engineers through the utilization of various employment channels and the strengthening of engineer retention measures while promoting “Shift up” and “Charge up” initiatives, foster high added-value engineers through educational training, and integrate IT into our core processes through investment into information systems in order to achieve growth in engineer dispatching and improvements in profitability.

ii. Growth as an global engineer-focused human resources services group

The Group defines its business domain as global human resources services with technology at its core, and it aims for medium- to long-term growth in this field. Having utilized its core competencies of engineer dispatching and outsourcing (marketing capabilities and a customer contact with approximately 1,800 companies, contact points with engineers including approximately 13,000 existing engineering staff members and the hiring of over 2,000 engineers per year, and human resources development know-how including educational training for engineers) to diversify its business domain, the Group will proceed with the following in order to increase its corporate value in line with its objectives ten years ahead: (a) foster the high added-value of engineers through our research and development outsourcing business and by commercializing target engineering fields; (b) pursue globalization centered on Asia by leveraging cooperation among our core partners; and (c) leverage the IT base of our engineering dispatch business to establish a human resources services platform that provides talent acquisition, training, assignment and other systems.

The Group considers M&As to be an important means of implementing the two strategies described above and its policy is to actively employ M&As as appropriate.

(4) Issues to address

i. Securing high-quality engineers

Securing human resources is the key to the Group’s growth, and one important issue is securing engineers of the highest quality possible and improving the skills of our existing engineers as much as possible. The hiring market for engineers has become tighter recently, and accordingly the Group will work to secure high-quality engineers by utilizing various hiring channels such as the introduction of acquaintances and staffing companies in addition to web-based channels that have traditionally been the core channel.

In addition, the Group will promote engineer retention through means such as continuing to leverage our education and training base and strategic alliances to conduct engineer training in target engineering areas in which medium- to long-term growth is expected (embedded software, three-dimensional design technology, CAE technology, inverter technology, high-frequency circuit design, FPGA, automotive embedded technology, AI, deep learning, IoT, regenerative medicine, biopharmaceuticals etc.) in order to foster the high added-value of our engineers, and by enhancing personnel systems for engineers.

ii. Leveraging IT in our engineering dispatch business and creating a platform

In our engineering dispatch business, there is a core process which includes the formation of recruitment mother groups, screening and employment, matching, retention, training, development and workforce planning, and through the advancement of IT, it has become possible to develop a platform which visualizes the engineer information in each of these processes. With this platform, by utilizing data science to further enhance the gathering, accumulation and analysis of engineer information, we are able to effectively strengthen our core processes. The Group is actively implementing IT investment in order to make this a reality. This platform can be developed for utilization not only in the engineer dispatch business, but as a versatile platform that enables the company to effectively acquire and educate engineers, and is considered to be vital to the long-term growth of the Group.

3. Basic Stance Towards the Selection of Accounting Standards

The Group has applied the International Financial Reporting Standards (IFRS) since the fiscal year ended June 30, 2014 in an aim to improve comparability with financial information in global capital markets and to improve convenience.

4. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	11,708	13,398
Accounts receivables and other receivables	12,579	13,997
Income taxes receivable	1,571	2,146
Other short-term financial assets	331	379
Other current assets	1,027	1,169
Total current assets	27,219	31,091
Non-current assets		
Property, plant and equipment	790	888
Goodwill	29,391	29,541
Intangible assets	1,345	1,303
Investments accounted for using the equity method	—	97
Other long-term financial assets	1,202	3,574
Deferred tax assets	3,674	3,615
Other non-current assets	9	8
Total non-current assets	36,415	39,027
Total assets	63,634	70,119
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	8,310	9,459
Bond and loans payable	1,871	3,744
Income taxes payable	1,031	895
Dividends payable	2	2
Other financial liabilities	926	1,196
Employee benefits liabilities	3,597	4,000
Provisions	19	6
Other current liabilities	4,695	5,310
Total current liabilities	20,455	24,615

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017
Non-current liabilities		
Loans payable	14,294	12,549
Other financial liabilities	117	114
Deferred tax liabilities	149	168
Retirement benefit liabilities	4,165	4,652
Provisions	276	294
Other non-current liabilities	27	28
Total non-current liabilities	19,030	17,807
Total liabilities	39,486	42,423
Equity		
Share capital	510	510
Capital surplus	6,158	5,975
Retained earnings	17,180	21,075
Treasury shares	(0)	(0)
Other components of equity	115	136
Equity attributable to owners of the parent company	23,963	27,696
Non-controlling interests	184	—
Total equity	24,148	27,696
Total liabilities and equity	63,634	70,119

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)	Fiscal year ended June 30, 2017 (July 1, 2016 to June 30, 2017)
Revenue	90,323	100,095
Cost of sales	68,995	76,660
Gross profit	21,328	23,435
Selling, general and administrative expenses	12,831	13,872
Other income	124	106
Other expenses	127	21
Operating profit	8,494	9,647
Financial income	5	3
Financial expenses	579	89
Investment profit (loss) under the equity method	—	(1)
Profit before income taxes	7,920	9,559
Income taxes	530	1,834
Net profit	7,390	7,725
Net profit attributable to:		
Owners of the parent company	7,359	7,717
Non-controlling interests	31	7
Net profit	7,390	7,725

(Yen)

Earnings per share attributable to owners of the parent company		
Basic and diluted earnings per share	215.80	225.58

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)	Fiscal year ended June 30, 2017 (July 1, 2016 to June 30, 2017)
Net profit	7,390	7,725
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	(185)	(7)
Total items that will not be reclassified to profit or loss	(185)	(7)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	(84)	17
Gains or losses on an available-for-sale financial assets	(3)	3
Gains and losses on cash flow hedges	3	－
Total items that may be reclassified to profit or loss	(85)	21
Total other comprehensive income	(270)	13
Comprehensive income for the period	7,120	7,739
Comprehensive income for the period attributable to:		
Owners of the parent company	7,088	7,731
Non-controlling interests	31	7
Comprehensive income for the period	7,120	7,739

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 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, 2015	100	6,525	15,148	(0)	200	21,973	0	21,973
Net profit			7,359			7,359	31	7,390
Other comprehensive income			(185)		(85)	(270)	(0)	(270)
Total comprehensive income	—	—	7,174	—	(85)	7,088	31	7,120
Number of new shares issued	410	20				430		430
Number of share acquisition rights issued		24				24		24
Number of share acquisition rights acquired		(24)				(24)		(24)
Dividends of surplus			(5,141)			(5,141)		(5,141)
Share-based payment transactions		16				16		16
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation		(395)				(395)	153	(242)
Changes in ownership of subsidiaries		0				0	(0)	—
Other increases (decreases)		(8)				(8)		(8)
Total transactions with the owners	410	(366)	(5,141)	(0)	—	(5,098)	152	(4,945)
As of June 30, 2016	510	6,158	17,180	(0)	115	23,963	184	24,148

Fiscal year ended June 30, 2017 (July 1, 2016 to June 30, 2017)

(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			7,717			7,717	7	7,725
Other comprehensive income			(7)		21	13		13
Total comprehensive income	—	—	7,709	—	21	7,731	7	7,739
Number of new shares issued						—		—
Number of share acquisition rights issued						—		—
Number of share acquisition rights acquired						—		—
Dividends of surplus			(3,815)			(3,815)		(3,815)
Share-based payment transactions		20				20		20
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation						—		—
Changes in ownership of subsidiaries		(203)				(203)	(192)	(395)
Other increases (decreases)						—		—
Total transactions with the owners	—	(183)	(3,815)	(0)	—	(3,998)	(192)	(4,191)
As of June 30, 2017	510	5,975	21,075	(0)	136	27,696	—	27,696

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)	Fiscal year ended June 30, 2017 (July 1, 2016 to June 30, 2017)
Cash flows from operating activities		
Profit before income taxes	7,920	9,559
Depreciation and amortization	358	412
Interest and dividend income	(5)	(3)
Interest expense	300	79
Investment loss (profit) under the equity method	—	1
Decrease (increase) in accounts receivables and other receivables	(630)	(1,344)
Increase (decrease) in accounts payable and other liabilities	1,031	1,089
Increase (decrease) in consumption tax payable	(1,121)	189
Increase (decrease) in retirement benefit liabilities	456	478
Other	93	345
Subtotal	8,403	10,807
Dividends received	0	0
Interest received	5	3
Interest paid	(174)	(79)
Income taxes paid	(1,472)	(3,669)
Income tax refund	1,187	1,571
Net cash flows from operating activities	7,950	8,634
Cash flows from investing activities		
Payments into time deposits	(25)	(18)
Proceeds from withdrawal of time deposits	—	32
Purchase of tangible fixed assets	(261)	(218)
Proceeds from sales of tangible fixed assets	17	19
Purchase of intangible assets	(340)	(201)
Purchase of marketable securities	—	(2,195)
Purchase of investments accounted for using the equity method	—	(99)
Purchase of subsidiary	(296)	(128)
Purchase of subsidiary shares at conditional acquisition price	—	(58)
Other	0	3
Net cash flows from investing activities	(906)	(2,864)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(258)	2,000
Proceeds from long-term borrowings	16,000	—
Repayments of long-term borrowings	(17,189)	(1,781)
Redemption of bonds	—	(90)
Proceeds from issuance of new stock	417	—
Purchase of own shares	(0)	(0)
Cash dividends paid	(5,138)	(3,815)
Payments for purchase of interests in subsidiaries from non-controlling interests	—	(395)
Other	22	(3)
Net cash flows from financing activities	(6,145)	(4,087)
Effect of change in exchange rates on cash and cash equivalents	(40)	6
Net increase (decrease) in cash and cash equivalents	857	1,689
Cash and cash equivalents at the beginning of the period	10,851	11,708
Cash and cash equivalents at the end of the period	11,708	13,398

(5) Notes on the going concern assumption

Not applicable.

(6) Significant accounting policies in the preparation of the consolidated financial statements

(Reporting entity)

TechnoPro Holdings, Inc. (hereinafter, “the Company”) is a company located in Japan, and the registered address of its head office is 6-10-1 Roppongi, Minato-ku, Tokyo.

The Company and its subsidiaries (hereinafter, “the Group”) are mainly engaged in the human resources dispatching business and the outsourcing business.

The Company’s consolidated financial statements for the fiscal year ended June 30, 2017 are composed of the Group.

(Preparation basis)

i. Applicable accounting standards

The Group’s consolidated financial statements have been prepared based on the IFRS published by the International Accounting Standards Board. As the Group fulfills all the requirements for a “Designated IFRS Specified Company” listed in Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976) the Group applies the provisions of Article 93 of that ordinance.

ii. Basis for measurement

The Group’s consolidated financial statements are prepared on the basis of acquisition costs excluding financial products, etc. that are measured at fair value.

iii. Functional currency and presentation currency

The Group’s consolidated financial statements use the Company’s functional currency of Japanese yen as the presentation currency, and all figures less than 1 million yen have been rounded down.

(7) Notes to the consolidated financial statements

(Segment information)

This information has been omitted because the Group has only one reporting segment.

(Per share information)

The per share information is as follows.

	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)	Fiscal year ended June 30, 2017 (July 1, 2016 to June 30, 2017)
Net profit attributable to the owners of the parent company (millions of yen)	7,359	7,717
Average outstanding ordinary shares during the fiscal year (shares)	34,102,203	34,213,847
Basic earnings per share (yen)	215.80	225.58

(Notes) Diluted net income per share is not presented as there are no potential shares with dilutive effects.

(Subsequent events)

Not applicable