Translation

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Summary of the Consolidated Financial Statements (IFRS) for the Fiscal Year Ended June 30, 2016

July 29, 2016

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 29, 2016
Scheduled commencement date for dividend payment September 30, 2016
Scheduled date of submission of securities report September 29, 2016
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, 2016 (July 1, 2015 – June 30, 2016)

(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, 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
FY ended June 30, 2015	81,241	9.5	7,283	28.0	6,832	62.6	6,875	70.7	6,874	70.7	6,902	74.0

	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, 2016	215.80	—	32.0	12.9	9.4
FY ended June 30, 2015	201.76	—	37.1	12.2	9.0

(Ref.) Share of loss of entities accounted for using equity method: FY ended June 30, 2016: - ; FY ended June 30, 2015: -

(Notes) The Company implemented a 10-for-1 stock split on September 1, 2014. In addition, a 2-for-1 stock split took place on November 1, 2014. The figures for basic annual earnings per share and diluted earnings per share are calculated on the assumption that these stock splits took place at the beginning of the consolidated fiscal year ended in June 30, 2015.

(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, 2016	63,634	24,148	23,963	37.7	700.41
FY ended June 30, 2015	58,778	21,973	21,973	37.4	644.86

(Notes) The Company implemented a 10-for-1 stock split on September 1, 2014. In addition, a 2-for-1 stock split took place on November 1, 2014. The figures for equity attributable to owners of the company per share and diluted earnings per share is calculated on the assumption that these stock splits took place at the beginning of the consolidated fiscal year ended June 30, 2015.

(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, 2016	7,950	(906)	(6,145)	11,708
FY ended June 30, 2015	6,827	(304)	(4,502)	10,851

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, 2015	—	0.00	—	100.88	100.88	3,437	50.0	18.6
FY ended June 30, 2016	—	50.00	—	61.52	111.52	3,808	51.7	16.6
FY ending June 30, 2017 (forecast)	—	50.00	—	62.53	112.53		50.0	

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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	98,000	8.5	9,100	7.1	9,000	13.6	7,700	4.6	225.05

* Notes

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

New: 2 companies (Pc Assist Co., Ltd., ON THE MARK Co., Ltd.); 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, 2016	34,214,000 shares	FY ended June 30, 2015	34,074,000 shares
ii. Number of treasury shares at the end of the period	FY ended June 30, 2016	131 shares	FY ended June 30, 2015	78 shares
iii. Average number of shares during the period	FY ended June 30, 2016	34,102,203 shares	FY ended June 30, 2015	34,073,989 shares

(Note) The Company implemented a 10-for-1 stock split as of September 1, 2014. In addition, a 2-for-1 stock split took place on November 1, 2014. The number of outstanding shares (ordinary shares) is calculated based on the assumption that these stock splits took place at the beginning of the consolidated fiscal year ended June 30, 2015.

* 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.

The Company plans to hold a briefing on business results for institutional investors and analysts on Friday, July 29, 2016. 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 2
(1) Analysis of business performance 2
(2) Analysis of financial position 3
(3) Basic policy regarding profit allocation and dividends in the fiscal year under review and the next fiscal year 5
2. Management policy 6
(1) Basic management policy 6
(2) Targeted performance indicators 6
(3) The Company’s medium- to long-term business strategy 6
(4) Issues to address 6
3. Basic stance towards the selection of accounting standards 8
4. Consolidated financial statements 9
(1) Consolidated Statement of Financial Position 9
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income 11
(3) Consolidated Statement of Changes in Equity 13
(4) Consolidated Statement of Cash Flows 15
(5) Notes on the going concern assumption 16
(6) Significant accounting policies in the preparation of the consolidated financial statements 16
(7) Notes to the consolidated financial statements 16

1. Analysis of Business Performance and Financial Position

(1) Analysis of business performance

i. Business performance

During the consolidated fiscal year under review (July 1, 2015 to June 30, 2016), there was continued uncertainty due to factors including the slump in oil prices, lower growth in China and resource-producing nations. In Japan, while corporate earnings and the employment situation continued to improve, and despite the implementation of economic measures such as government fiscal policy and the adoption of negative interest rates by the BOJ, share prices and foreign currency rates continued to seesaw, and economic uncertainty about the future continues. In addition, the impact of a decline in sentiment towards corporate earnings linked to the strong yen and overseas issues such as political unrest in Europe and the U.S. presidential election also require close attention.

However, the engineer dispatching and contract assignment business, an area in which the Group is focusing its efforts, grew steadily. In particular, demand was strong for engineers in the automobile, IT, and construction industries, but the supply shortage in the employment market for engineers continued from the previous fiscal year. On September 30, 2015, the Act for Partial Revision of the “Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers” (The Revised Worker Dispatching Act) was enacted, which unified the worker dispatch business license system, revised worker dispatch time limits, and obligated staffing agencies to take measures to the support career advancement of dispatch workers. Due to this revision, we forecast increased engineer recruitment and greater opportunities for growth through M&A, business collaboration, and other activities for the Group.

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

Implementation of “Shift up” and “Charge up” initiatives

The Group, continuing from the previous fiscal year, implemented 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 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, the Group strengthened its engineer development systems through activities including the acquisition of Pc Assist Co., Ltd., a consolidated subsidiary, which provides education and training services, and the integration of Pc Assist Co., Ltd. with the Group’s existing education and training facility (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, aiming to promote the expansion of the outsourced development business in the IT sector, in March 2016 the Group acquired ON THE MARK Co., Ltd. and made it a subsidiary, due to ON THE MARK’s numerous strengths in this sector.

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 13,127 (up 1,158 compared to the end of the previous fiscal year). An increase in sales per engineer (in Japan) to 622 thousand yen per month (up 8 thousand yen) as a result of sales price controls contributed to an increase in revenue despite a 0.3% fall in average utilization rate to 95.1% compared to the previous fiscal year.

In employment, the number of newly employed domestic engineers in the fiscal year was 2,480 (up 67 compared to the previous fiscal year), which contributed to an increase in the number of engineers of the Group.

In terms of expenses, the gross profit margin was 23.6% (up 0.1% compared to the previous fiscal year), despite factors causing increased costs, such as increased labor costs for engineers associated with improved business performance. Despite new costs related to the annual general meeting of shareholders, the SG&A ratio to revenue was held down at 14.2%, (down 0.3%). In addition, due to the booking of arrangement fees of 255 million yen related to the refinancing of existing loans as a lump sum in June 2016, financing costs were 579 million yen (up 120 million yen).

As a result, at the end of the consolidated fiscal year under review, the Group's revenues were 90,323 million yen (up 11.2% compared to the previous fiscal year), operating profit was 8,494 million yen (up 16.6%), profit before taxes was 7,920 million yen (up 15.9%), and net profit attributable to the owners of the parent company was 7,359 million yen (up 7.0%).

Earnings for the major areas of the business during the consolidated fiscal year under review were as follows:

(R&D outsourcing)

The Group, continuing from the previous fiscal year, moved forward with negotiations for "Shift up" and "Charge up" initiatives, driven by specialist teams, while enhancing the profitability of contract assignments through process improvements. As a result of these initiatives, revenues in this area were 76,162 million yen (up 11.2% 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 12,499 million yen (up 5.7% compared to the previous fiscal year).

ii. Business performance forecasts

Our forecast for the fiscal year ending 2017 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 2017 we forecast sales per engineer of 631,000 yen per month (up 1.4% compared to the consolidated fiscal year under review), the retention of 14,100 engineers (up 7.4%), and a utilization rate of 95.0% (down 0.1%), contributing to revenue of 98,000 million yen (up 8.5%), operating profit of 9,100 million yen (up 7.1%), profit before income taxes of 9,000 million yen (up 13.6%) and net profit attributable to the owners of the parent company of 7,700 million yen (up 4.6%).

(2) Analysis of financial position

i. Analysis of financial conditions

Assets totaled 63,634 million yen as of the end of the consolidated fiscal year under review (up 4,856 million yen from the end of the previous fiscal year). The primary components were goodwill of 29,391 million yen, accounts receivables and other receivables of 12,579 million yen, and cash and cash equivalents of 11,708 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 27,219 million yen as of the end of the consolidated fiscal year under review (up 2,299 million yen from the end of the previous fiscal year). The primary components were cash and cash equivalents of 11,708 million yen (up 857 million yen), and accounts receivables and other receivables of 12,579 million yen (up 1,000 million yen).

(Non-current assets)

Non-current assets totaled 36,415 million yen as of the end of the consolidated fiscal year under review (up 2,556 million yen from the end of the previous fiscal year). The primary components were goodwill of 29,391 million yen (up 189 million yen), and deferred tax assets of 3,674 million yen (up 1,170 million yen).

(Current liabilities)

Current liabilities totaled 20,455 million yen as of the end of the consolidated fiscal year under review (up 2,647 million yen from the end of the previous fiscal year). The primary components were accounts payable and other liabilities of 8,310 million yen (up 1,111 million yen), and employee benefit liabilities of 3,597 million yen (up 150 million yen).

(Non-current liabilities)

Non-current liabilities totaled 19,030 million yen as of the end of the consolidated fiscal year under review (up 33 million yen from the end of the previous fiscal year). The primary components were loans payable of 14,294 million yen (down 918 million yen), and retirement benefit liabilities of 4,165 million yen (up 649 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 23,963 million yen as of the end of the consolidated fiscal year under review (up 1,990 million yen from the end of the previous fiscal year). The primary components were capital surplus of 6,158 million yen (down 366 million yen) and retained earnings of 17,177 million yen (up 2,029 million yen).

ii. Cash flow conditions

Cash and cash equivalents (hereinafter “Cash”) totaled 11,708 million yen as of end of the consolidated fiscal year under review, representing an increase of 857 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 7,950 million yen (previous fiscal year: inflows of 6,827 million), this was mainly due to increases in profits before taxes (7,920 million yen) and accounts payable and other liabilities (1,031 million yen) and an income tax refund (1,187 million yen), partially offset by a decline in accrued consumption taxes payable (1,121 million yen) and payments of corporate income taxes (1,472 million yen).

(Cash flows from investing activities)

Cash flows from investing activities resulted in cash outflows of 906 million yen (previous fiscal year: outflows of 304 million). This was mainly due to outflows for the acquisition of subsidiary shares (296 million yen) and non-current assets (261 million yen) and intangible assets (340 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 6,145 million yen (previous fiscal year: outflows of 4,502 million). This was mainly due to dividend payments (5,138 million yen), proceeds from long-term borrowings (16,000 million yen) and cash outflows resulting from repayments of long-term borrowings (17,189 million yen).

(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
Ratio of equity attributable to owners of the parent company	20.5%	28.1%	37.4%	37.7%
Ratio of equity attributable to owners of the parent company on a market price basis	—	—	178.5%	170.7%
Cash flows to interest-bearing debt ratio	3.8 years	4.3 years	2.4 years	2.0 years
Interest coverage ratio	7.1 times	6.3 times	19.9 times	45.6 times

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.

(3) 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%. 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; as announced on July 31, 2015, a year-end dividend of 61.52 yen is scheduled, which, combined with the interim dividend of 50.00 will bring the annual dividend to 111.52 yen per share, and a dividend payout ratio of 51.7% of net profit (attributable to the owners of the parent company) of 7,359 million yen for the fiscal year under review.

An annual dividend of 112.53 yen per share (consisting of an interim dividend of 50.00 yen and a year-end dividend of 62.53 yen) is planned for the fiscal year ending June 30, 2017.

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 and strengthening investments in educational training, information systems, etc. in order to achieve growth in engineer dispatching and improvements in profitability.

ii. Growth as an engineering human resources services group

The Group defines its business domain as engineering human resources services, and it aims for medium- to long-term growth in this field. The Group will work to expand these services in which it can effectively utilize its core competencies of engineer dispatching and outsourcing businesses (marketing capabilities and a customer base of approximately 1,800 companies, contract 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), and it is also expected that pursuing this goal will have a positive effect on the engineer dispatching and outsourcing business. Specifically, the Group will leverage synergies in the engineer dispatching and outsourcing businesses and expand business in areas including outsourced development, overseas human resources services, engineer hiring support, and human resources development as it works to diversify sources of income.

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. Price revisions

While the sales per engineer have improved by 1.4% compared to the previous fiscal year for the fiscal year ended June 30, 2016, we believe that there continues to be much room for improvement. For this reason, we will pursue measures including the enhancement of education and training for engineers and the strengthening of team

assignments. In particular, by enhancing engineers and utilizing the price revision model in the strategic technology fields that will support technological development in Japan in the future (embedded software, 3D design technologies, CAE technologies, inverter technologies, high-frequency circuit technologies), we will implement strategic shifting up through assignments to projects with reasonable price levels based on the skills of engineers without allowing engineers to become fixed to the same project at the same price for a long period of time.

ii. 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 strengthening more practical training programs and training in strategic fields with a focus on the four learning centers in Japan, and "Win School", education and training facilities for engineers under consolidated subsidiary Pc Assist Co., Ltd., supporting engineer skill development, and enhancing personnel systems for engineers.

3. Basic stance towards the selection of accounting standards

The Group has applied the International Accounting Standards 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

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and cash equivalents	10,851	11,708
Accounts receivables and other receivables	11,579	12,579
Income taxes receivable	1,187	1,571
Other short-term financial assets	355	331
Other current assets	946	1,027
Total current assets	24,920	27,219
Non-current assets		
Property, plant and equipment	658	790
Goodwill	29,202	29,391
Intangible assets	571	1,345
Other long-term financial assets	922	1,202
Deferred tax assets	2,503	3,674
Other non-current assets	0	9
Total non-current assets	33,858	36,415
Total assets	58,778	63,634
Liabilities and equity		
Current liabilities		
Accounts payable and other liabilities	7,199	8,310
Bonds and loans payable	1,406	1,871
Income taxes payable	184	1,031
Dividends payable	―	2
Other financial liabilities	946	926
Employee benefits liabilities	3,446	3,597
Provisions	1	19
Other current liabilities	4,623	4,695
Total current liabilities	17,808	20,455

(Millions of yen)

	As of June 30, 2015	As of June 30, 2016
Non-current liabilities		
Loans payable	15,212	14,294
Other financial liabilities	32	117
Deferred tax liabilities	0	149
Retirement benefit liabilities	3,515	4,165
Provisions	235	276
Other non-current liabilities	—	27
Total non-current liabilities	18,997	19,030
Total liabilities	36,805	39,486
Equity		
Capital stock	100	510
Capital surplus	6,525	6,158
Retained earnings	15,148	17,177
Treasury shares	(0)	(0)
Other components of equity	200	118
Equity attributable to owners of the parent company	21,973	23,963
Non-controlling interests	0	184
Total equity	21,973	24,148
Total liabilities and equity	58,778	63,634

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

(Consolidated Statement of Income)

(Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014 to June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)
Revenue	81,241	90,323
Cost of sales	62,160	68,995
Gross profit	19,081	21,328
Selling, general and administrative expenses	11,797	12,831
Other income	113	124
Other expenses	113	127
Operating profit	7,283	8,494
Financial income	7	5
Financial expenses	458	579
Profit before income taxes	6,832	7,920
Income taxes	(43)	530
Net profit	6,875	7,390
Net profit attributable to:		
Owners of the parent company	6,874	7,359
Non-controlling interests	0	31
Net profit	6,875	7,390
	(Yen)	(Yen)
Earnings per share attributable to owners of the parent company		
Basic earnings per share/diluted earnings per share	201.76	215.80

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014 to June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)
Net profit	6,875	7,390
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Change in fair value of financial assets measured through other comprehensive income	—	(3)
Remeasurement of defined benefit plan	(54)	(185)
Total items that will not be reclassified to profit or loss	(54)	(188)
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments	78	(84)
Gains and losses on cash flow hedges	3	3
Total items that may be reclassified to profit or loss	81	(81)
Total other comprehensive income	27	(270)
Comprehensive income for the period	6,902	7,120
Comprehensive income for the period attributable to:		
Owners of the parent company	6,902	7,088
Non-controlling interests	0	31
Comprehensive income for the period	6,902	7,120

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2015 (July 1, 2014 to June 30, 2015)

(Millions of yen)

	Capital stock	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, 2014	100	8,936	5,916	—	118	15,071	(0)	15,070
Net profit			6,874			6,874	0	6,875
Other comprehensive income			(54)		81	27	(0)	27
Total comprehensive income	—	—	6,820	—	81	6,902	0	6,902
Number of new shares issued						—		—
Number of share acquisition rights issued						—		—
Number of share acquisition rights acquired						—		—
Dividends of surplus						—		—
Stock-based compensation						—		—
Purchase of own shares				(0)		(0)		(0)
Change of scope of consolidation						—		—
Changes in ownership of subsidiaries						—		—
Transfer to retained earnings from capital surplus		(2,411)	2,411			—		—
Other increases (decreases)						—		—
Total transactions with the owners	—	(2,411)	2,411	(0)	—	(0)	—	(0)
As of June 30, 2015	100	6,525	15,148	(0)	200	21,973	0	21,973

Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)

(Millions of yen)

	Capital stock	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			(188)		(81)	(270)	(0)	(270)
Total comprehensive income	―	―	7,170	―	(81)	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)
Stock-based compensation		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)	―
Transfer to retained earnings from capital surplus						―		―
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	17,177	(0)	118	23,963	184	24,148

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014 to June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)
Cash flows from operating activities		
Profit before income taxes	6,832	7,920
Depreciation and amortization	272	358
Interest and dividend income	(7)	(5)
Interest expense	431	300
Decrease (increase) in accounts receivables and other receivables	(1,109)	(630)
Increase (decrease) in accounts payable and other liabilities	(525)	1,031
Increase (decrease) in consumption tax payable	1,353	(1,121)
Increase (decrease) in retirement benefit liabilities	352	456
Other	94	93
Subtotal	7,693	8,403
Dividends received	0	0
Interest received	8	5
Interest paid	(342)	(174)
Income taxes paid	(532)	(1,472)
Income tax refund	―	1,187
Net cash flows from operating activities	6,827	7,950
Cash flows from investing activities		
Payments into time deposits	(14)	(25)
Proceeds from withdrawal of time deposits	75	―
Purchase of property, plant and equipment	(177)	(261)
Proceeds from sale of property, plant and equipment	―	17
Purchase of intangible assets	(186)	(340)
Purchase of subsidiary shares	―	(296)
Other	(0)	0
Net cash flows from investing activities	(304)	(906)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,000)	(258)
Proceeds from long-term borrowings	―	16,000
Repayments of long-term borrowings	(1,500)	(17,189)
Proceeds from issuance of new stock	―	417
Purchase of own shares	(0)	(0)
Cash dividends paid	―	(5,138)
Other	(1)	22
Net cash flows from financing activities	(4,502)	(6,145)
Effect of change in exchange rates on cash and cash equivalents	37	(40)
Net increase (decrease) in cash and cash equivalents	2,059	857
Cash and cash equivalents at the beginning of the period	8,791	10,851
Cash and cash equivalents at the end of the period	10,851	11,708

(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 stock 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, 2016 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, 2015 (July 1, 2014 to June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015 to June 30, 2016)
Net profit attributable to the owners of the parent company (millions of yen)	6,874	7,359
Average outstanding ordinary shares during the fiscal year (shares)	34,073,989	34,102,203
Basic earnings per share (yen)	201.76	215.80

(Notes) 1. Diluted net income per share is not presented as there are no potential shares with dilutive effects.

2. A 10-for-1 stock split of ordinary shares took place on September 1, 2014 as a result of a resolution of the board of directors held on June 30, 2014. In addition, a 2-for-1 stock split of ordinary shares took place on November 1, 2014 as a result of a resolution of the board of directors held on September 30, 2014. Accordingly, the figures for basic earnings per share are calculated on the assumption that these stock splits took place at the beginning of the previous consolidated fiscal year ended in June 30, 2014.

(Subsequent events)

Not applicable