

Summary of the Consolidated Financial Statements (IFRS) for the Nine-Month Period Ended March 31, 2017

April 28, 2017

| | | |
|--|--|---|
| Listed Company Name | TechnoPro Holdings, Inc. | Listed Stock Exchange: Tokyo |
| TSE Code | 6028 | URL http://www.technoproholdings.com/ |
| Representative | (Title) Representative Director, President & CEO | (Name) Yasuji Nishio |
| In charge of inquiries | (Title) Director & CFO | (Name) Hiroshi Sato TEL 03-6385-7998 |
| Quarterly report scheduled submission date | May 12, 2017 | |
| Scheduled commencement date for dividend payment | - | |
| Supplementary materials for financial results: | Yes | |
| Briefing session for financial results: | No | |

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Nine Months Ended March 31, 2017 (July 1, 2016 – March 31, 2017)

(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 nine months ended March 31, 2017 | 74,141 | 10.6 | 7,407 | 10.9 | 7,341 | 14.0 | 5,880 | (5.5) | 5,873 | (5.4) | 5,898 | (4.5) |
| For the nine months ended March 31, 2016 | 67,013 | 10.8 | 6,679 | 13.7 | 6,437 | 16.5 | 6,225 | 16.9 | 6,205 | 16.5 | 6,178 | 14.4 |

| | Basic earnings per share | Diluted earnings per share |
|--|--------------------------|----------------------------|
| | Yen | Yen |
| For the nine months ended March 31, 2017 | 171.66 | — |
| For the nine months ended March 31, 2016 | 182.11 | — |

(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 nine months ended March 31, 2017 | 64,658 | 25,850 | 25,850 | 40.0 |
| Fiscal year ended 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)

| Full 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 |
| | 98,000 | 8.5 | 9,100 | 7.1 | 9,000 | 13.6 | 7,700 | 4.6 | 225.05 |

(Notes) Revisions to dividend 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 13, "2. Interim Consolidated Financial Statements (Summary) and notes, (5) Notes to the consolidated financial results (Summary), (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 March 31, 2017 | 34,214,000 shares | FY ended June 30, 2016 | 34,214,000 shares |
| As of March 31, 2017 | 174 shares | FY ended June 30, 2016 | 131 shares |
| For the nine months ended March 31, 2017 | 34,213,866 shares | For the nine months ended March 31, 2016 | 34,073,906 shares |

ii. Number of treasury shares at the end of the period

iii. Average number of shares during the period (cumulative)

* This Summary of Financial Statements is not subject to quarterly review procedures.

* 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 supplementary materials)

The Company posts the supplementary materials reporting the business results on its website.

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

(1) Summary of business performance

During the consolidated third quarter period under review (July 1, 2016 to March 31, 2017), despite a recovery in the global economy, 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, 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 factors such as North Korea and European elections 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 thirdquarter period under review increased to 13,697 (up 1,111 compared to the end of the third quarter of the previous fiscal year), and the utilization rate rose 0.2% to 95.8% compared to the end of the third quarter of the previous fiscal year. An increase in sales per engineer (in Japan) to 633 thousand yen per month (up 8 thousand yen) contributed to an increase in revenue compared to the end of the third quarter of the previous fiscal year.

In employment, engineers grew steadily, with the number of newly employed domestic engineers (including those acquired as a result of M&As) in the third quarter at 1,585 (5 fewer than the third quarter of the previous fiscal year) despite the supply shortage in the employment market for engineers.

In terms of expenses, the gross profit margin was 23.5% (down 0.3% compared to the third quarter 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 ratio of SG&A expenses to sales was held down at 13.6% (down 0.3%) as a result of efforts to cut SG&A expenses.

As a result, at the end of the consolidated third quarter period under review, the Group's revenues were 74,141 million yen (up 10.6% compared to the third quarter of the previous fiscal year), operating profit was 7,407 million yen (up 10.9%), profit before taxes was 7,341 million yen (up 14.0%), and net profit was 5,873 million yen (down 5.4%).

Earnings for the major areas of the business during the consolidated third quarter 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 62,956 million yen (an increase of 11.6% compared to the third quarter 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 9,876 million yen (an increase of 5.2% compared to the third quarter of the previous fiscal year).

(2) Summary of financial position

i. Analysis of financial conditions

Assets totaled 64,658 million yen as of the end of the consolidated third quarter period under review (up 1,023 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 14,012 million yen, and cash and cash equivalents of 11,030 million yen.

The status for each item was as follows.

(Current assets)

Current assets totaled 26,568 million yen (down 650 million yen from the end of the previous fiscal year).

The primary components were cash and cash equivalents of 11,030 million yen (down 678 million yen), and accounts receivables and other receivables of 14,012 million yen (up 1,433 million yen).

(Non-current assets)

Non-current assets totaled 38,089 million yen (up 1,673 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 5,036 million yen (up 1,362 million yen).

(Current liabilities)

Current liabilities totaled 20,688 million yen (up 233 million yen from the end of the previous fiscal year).

The primary components were accounts payables and other liabilities of 9,828 million yen (up 1,517 million yen), and employee benefit liabilities of 3,882 million yen (up 285 million yen).

(Non-current liabilities)

Non-current liabilities totaled 18,118 million yen (down 912 million yen from the end of the previous fiscal year). The primary components were loans payable of 12,989 million yen (down 1,304 million yen), and retirement benefit liabilities of 4,522 million yen (up 356 million yen).

(Equity attributable to the owners of the parent company)

Equity attributable to the owners of the parent company totaled 25,850 million yen (up 1,886 million yen from the end of the previous fiscal year). The primary components were a capital surplus of 5,969 million yen (down 188 million yen) and retained earnings of 19,238 million yen (up 2,057 million yen).

ii. Cash flow conditions

Cash and cash equivalents (hereinafter “Cash”) totaled 11,030 million yen as of end of the consolidated third quarter period under review, representing a decrease of 678 million yen compared to the end of the previous fiscal year.

Cash flow conditions during the consolidated third quarter 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 5,542 million yen (same period of the previous fiscal year: inflows of 5,569 million), this was mainly due to increases in profits before taxes (7,341 million yen) and accounts payable and other liabilities (1,457 million yen) and an income tax refund (1,571 million yen), offset by accounts receivables and other receivables (1,360 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 585 million yen (same period of the previous fiscal year: outflows of 791 million). This was mainly due to outflows for the acquisition of subsidiary shares (128 million yen), non-current assets (154 million yen) and intangible assets (166 million yen).

(Cash flows from financing activities)

Cash flows from financing activities resulted in cash outflows of 5,640 million yen (same period of the previous fiscal year: outflows of 6,298 million). This was mainly due to dividend payments (3,814 million yen), cash outflows resulting from repayments of long-term borrowings (1,337 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. Interim Consolidated Financial Statements (Summary) and notes

(1) Consolidated Statement of Financial Position (Summary)

(Millions of yen)

| | As of June 30, 2016 | As of March 31, 2017 |
|---|---------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 11,708 | 11,030 |
| Accounts receivables and other receivables | 12,579 | 14,012 |
| Income taxes receivable | 1,571 | 0 |
| Other short-term financial assets | 331 | 350 |
| Other current assets | 1,027 | 1,174 |
| Total current assets | 27,219 | 26,568 |
| Non-current assets | | |
| Property, plant and equipment | 790 | 858 |
| Goodwill | 29,391 | 29,541 |
| Intangible assets | 1,345 | 1,296 |
| Investments accounted for using the equity method | — | 97 |
| Other long-term financial assets | 1,202 | 1,248 |
| Deferred tax assets | 3,674 | 5,036 |
| Other non-current assets | 9 | 9 |
| Total non-current assets | 36,415 | 38,089 |
| Total assets | 63,634 | 64,658 |
| Liabilities and equity | | |
| Current liabilities | | |
| Accounts payable and other liabilities | 8,310 | 9,828 |
| Bond and loans payable | 1,871 | 1,748 |
| Income taxes payable | 1,031 | 2,206 |
| Dividends payable | 2 | 4 |
| Other financial liabilities | 926 | 1,078 |
| Employee benefits liabilities | 3,597 | 3,882 |
| Provisions | 19 | 6 |
| Other current liabilities | 4,695 | 1,933 |
| Total current liabilities | 20,455 | 20,688 |

(Millions of yen)

| | As of June 30, 2016 | As of March 31, 2017 |
|--|---------------------|----------------------|
| Non-current liabilities | | |
| Loans payable | 14,294 | 12,989 |
| Other financial liabilities | 117 | 115 |
| Deferred tax liabilities | 149 | 172 |
| Retirement benefit liabilities | 4,165 | 4,522 |
| Provisions | 276 | 289 |
| Other non-current liabilities | 27 | 28 |
| Total non-current liabilities | 19,030 | 18,118 |
| Total liabilities | 39,486 | 38,807 |
| Equity | | |
| Share capital | 510 | 510 |
| Capital surplus | 6,158 | 5,969 |
| Retained earnings | 17,180 | 19,238 |
| Treasury shares | (0) | (0) |
| Other components of equity | 115 | 133 |
| Equity attributable to owners of the parent company | 23,963 | 25,850 |
| Non-controlling interests | 184 | — |
| Total equity | 24,148 | 25,850 |
| Total liabilities and equity | 63,634 | 64,658 |

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

(Millions of yen)

| | Nine months ended March 31, 2016 (July 1, 2015 to March 31, 2016) | Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017) |
|---|--|--|
| Revenue | 67,013 | 74,141 |
| Cost of sales | 51,022 | 56,693 |
| Gross profit | 15,991 | 17,447 |
| Selling, general and administrative expenses | 9,349 | 10,110 |
| Other income | 94 | 85 |
| Other expenses | 57 | 15 |
| Operating profit | 6,679 | 7,407 |
| Financial income | 4 | 2 |
| Financial expenses | 246 | 67 |
| Investment profit (loss) under the equity method | — | (1) |
| Profit before income taxes | 6,437 | 7,341 |
| Income taxes | 212 | 1,461 |
| Net profit | 6,225 | 5,880 |
| Net profit attributable to: | | |
| Owners of the parent company | 6,205 | 5,873 |
| Non-controlling interests | 20 | 7 |
| Net profit | 6,225 | 5,880 |
| | | (Yen) |
| Earnings per share attributable to owners of the parent company | | |
| Basic and diluted earnings per share | 182.11 | 171.66 |

The consolidated three-month period

(Millions of yen)

| | Three months ended March 31, 2016 (January 1, 2016 to March 31, 2016) | Three months ended March 31, 2017 (January 1, 2017 to March 31, 2017) |
|---|--|--|
| Revenue | 23,023 | 25,330 |
| Cost of sales | 17,472 | 19,397 |
| Gross profit | 5,550 | 5,932 |
| Selling, general and administrative expenses | 3,196 | 3,447 |
| Other income | 22 | 23 |
| Other expenses | 40 | 3 |
| Operating profit | 2,335 | 2,505 |
| Financial income | 1 | 0 |
| Financial expenses | 77 | 21 |
| Investment profit (loss) under the equity method | — | (1) |
| Profit before income taxes | 2,259 | 2,483 |
| Income taxes | 124 | 707 |
| Net profit | 2,135 | 1,775 |
| Net profit attributable to: | | |
| Owners of the parent company | 2,122 | 1,775 |
| Non-controlling interests | 12 | — |
| Net profit | 2,135 | 1,775 |
| | | (Yen) |
| Earnings per share attributable to owners of the parent company | | |
| Basic and diluted earnings per share | 62.29 | 51.88 |

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

(Millions of yen)

| | Nine months ended March 31, 2016 (July 1, 2015 to March 31, 2016) | Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017) |
|--|--|--|
| Net profit | 6,225 | 5,880 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Foreign currency translation adjustments | (50) | 14 |
| Changes in fair value of available-for-sale financial assets | — | 3 |
| Gains and losses on cash flow hedges | 2 | — |
| Total items that may be reclassified to profit or loss | (47) | 17 |
| Total other comprehensive income | (47) | 17 |
| Comprehensive income for the period | 6,178 | 5,898 |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent company | 6,157 | 5,890 |
| Non-controlling interests | 20 | 7 |
| Comprehensive income for the period | 6,178 | 5,898 |

The consolidated three-month period

(Millions of yen)

| | Three months ended March 31, 2016 (January 1, 2016 to March 31, 2016) | Three months ended March 31, 2017 (January 1, 2017 to March 31, 2017) |
|--|--|--|
| Net profit | 2,135 | 1,775 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Foreign currency translation adjustments | (18) | (8) |
| Changes in fair value of available-for-sale financial assets | — | (0) |
| Gains and losses on cash flow hedges | 0 | — |
| Total items that may be reclassified to profit or loss | (17) | (8) |
| Total other comprehensive income | (17) | (8) |
| Comprehensive income for the period | 2,117 | 1,766 |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent company | 2,104 | 1,766 |
| Non-controlling interests | 12 | — |
| Comprehensive income for the period | 2,117 | 1,766 |

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

Nine months ended March 31, 2016 (July 1, 2015 to March 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, 2015 | 100 | 6,525 | 15,148 | (0) | 200 | 21,973 | 0 | 21,973 |
| Net profit | | | 6,205 | | | 6,205 | 20 | 6,225 |
| Other comprehensive income | | | | | (47) | (47) | (0) | (47) |
| Total comprehensive income | — | — | 6,205 | — | (47) | 6,157 | 20 | 6,178 |
| Dividends of surplus | | | (5,141) | | | (5,141) | | (5,141) |
| Share-based payment transactions | | 10 | | | | 10 | | 10 |
| Purchase of own shares | | | | (0) | | (0) | | (0) |
| Change of scope of consolidation | | (395) | | | | (395) | 153 | (242) |
| Changes in ownership of subsidiaries | | 0 | | | | 0 | (0) | — |
| Total transactions with the owners | — | (383) | (5,141) | (0) | — | (5,525) | 152 | (5,372) |
| As of March 31, 2016 | 100 | 6,141 | 16,212 | (0) | 152 | 22,605 | 173 | 22,778 |

Nine months ended March 31, 2017 (July 1, 2016 to March 31, 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 | | | 5,873 | | | 5,873 | 7 | 5,880 |
| Other comprehensive income | | | | | 17 | 17 | | 17 |
| Total comprehensive income | — | — | 5,873 | — | 17 | 5,890 | 7 | 5,898 |
| Dividends of surplus | | | (3,815) | | | (3,815) | | (3,815) |
| Share-based payment transactions | | 14 | | | | 14 | | 14 |
| Purchase of own shares | | | | (0) | | (0) | | (0) |
| Change of scope of consolidation | | | | | | — | | — |
| Changes in ownership of subsidiaries | | (203) | | | | (203) | (192) | (395) |
| Total transactions with the owners | — | (188) | (3,815) | (0) | — | (4,003) | (192) | (4,196) |
| As of March 31, 2017 | 510 | 5,969 | 19,238 | (0) | 133 | 25,850 | — | 25,850 |

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

| | Nine months ended March 31, 2016 (July 1, 2015 to March 31, 2016) | Nine months ended March 31, 2017 (July 1, 2016 to March 31, 2017) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,437 | 7,341 |
| Depreciation and amortization | 242 | 306 |
| Interest and dividend income | (4) | (2) |
| Interest expense | 228 | 59 |
| Investment profit (loss) under the equity method | — | 1 |
| Decrease (increase) in accounts receivables and other receivables | (803) | (1,360) |
| Increase (decrease) in accounts payable and other liabilities | 1,539 | 1,457 |
| Increase (decrease) in consumption taxes payable | (1,267) | (19) |
| Increase (decrease) in retirement benefit liabilities | 343 | 356 |
| Other | (732) | (444) |
| Subtotal | 5,984 | 7,697 |
| Dividends received | 0 | 0 |
| Interest received | 5 | 2 |
| Interest paid | (135) | (60) |
| Income taxes paid | (1,472) | (3,669) |
| Income tax refund | 1,187 | 1,571 |
| Net cash flows from operating activities | 5,569 | 5,542 |
| Cash flows from investing activities | | |
| Payments into time deposits | (3) | (17) |
| Withdrawal of time deposits | — | 16 |
| Purchase of property, plant and equipment | (224) | (154) |
| Sale of property, plant and equipment | 0 | 19 |
| Purchase of intangible assets | (267) | (166) |
| Purchases of investments accounted for using the equity method | — | (99) |
| Purchase of subsidiary shares | (296) | (128) |
| Purchase of subsidiary shares at conditional acquisition price | — | (58) |
| Other | — | 3 |
| Net cash flows from investing activities | (791) | (585) |
| Cash flows from financing activities | | |
| Outflows from repayments of long-term borrowings | (1,159) | (1,337) |
| Redemption of corporate bonds | — | (90) |
| Outflows from purchase of treasury stock | (0) | (0) |
| Cash dividends paid | (5,136) | (3,814) |
| Payments for purchase of interests in subsidiaries from non-controlling interests | — | (395) |
| Other | (1) | (3) |
| Net cash flows from financing activities | (6,298) | (5,640) |
| Effect of change in exchange rates on cash and cash equivalents | (24) | 5 |
| Net increase (decrease) in cash and cash equivalents | (1,544) | (678) |
| Cash and cash equivalents at the beginning of the period | 10,851 | 11,708 |
| Cash and cash equivalents at the end of the period | 9,306 | 11,030 |

(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.

(Changes to important subsidiaries during this period)

In the consolidated first half period, 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.