

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2018 (Three Months Ended June 30, 2017)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: August 8, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 4, 2017 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2017	2,832	(46.8)	(201)	-	(207)	-	(275)	-
Three months ended Jun. 30, 2016	5,322	20.4	831	7.2	811	2.4	554	2.3

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: (228) (-%)

Three months ended Jun. 30, 2016: 515 (down 9.3%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2017	(15.24)	-
Three months ended Jun. 30, 2016	30.89	30.76

Note: Diluted net income per share for the three months ended Jun. 30, 2017 is not presented as the Company has dilutive shares, though posted a net loss.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2017	17,880	8,987	50.3
As of Mar. 31, 2017	16,594	9,571	57.7

Reference: Equity (million yen)

As of Jun. 30, 2017: 8,987

As of Mar. 31, 2017: 9,568

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	20.00	20.00
Fiscal year ending Mar. 31, 2018	-	-	-	-	-
Fiscal year ending Mar. 31, 2018 (forecast)	-	0.00	-	25.00	25.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,000	20.4	800	(26.0)	800	(22.4)	500	(30.0)	27.72
Full year	21,900	27.9	1,800	29.8	1,700	23.6	1,200	4.8	66.53

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

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

As of Jun. 30, 2017:	22,806,900 shares	As of Mar. 31, 2017:	22,806,900 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2017:	4,708,710 shares	As of Mar. 31, 2017:	4,768,710 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	18,069,179 shares	Three months ended Jun. 30, 2016:	17,968,190 shares
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Note 1: The current quarterly financial report is not subject to quarterly review procedures.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Earnings forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Results of Operations

The market for production facilities of liquid crystal panels—a key market for the Helios Techno Group (“the Group”) has continued to enjoy robust demand for capital investments primarily in G8.5 and G10 type panels, and we also expect such buoyant demand to continue going forward. We can see a surge of demand for production facilities of organic EL displays.

In this business environment, the Group continued to achieve solid sales of products such as flexo printing equipment for alignment layers, light source units for exposure equipment, as well as high-precision inkjet printers used for a variety of applications including organic EL displays. Regarding the large orders of high-precision inkjet printers received from a number of customers in the previous fiscal year, we expect to report sales for the second quarter of the current fiscal year.

The Group’s operating results for the first three months of the current fiscal year (“the period under review”) progressed as planned. Net sales decreased 2,489 million yen, or 46.8%, from one year earlier to 2,832 million yen with operating loss of 201 million yen (compared with operating profit of 831 million yen for the same period of the previous fiscal year), recurring loss of 207 million yen (compared with recurring profit of 811 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent of 275 million yen (compared with profit attributable to owners of parent of 554 million yen for the same period of the previous fiscal year).

Operation results by business segment are described below. Each of the amounts shown includes inter-segment transactions.

i) Lamp Business

In the Lamp Business, sales of UV lamps increased as those of light source units for exposure equipment increased steadily, and sales of general lighting lamps including LED lamps remained largely the same as those for the previous period.

Consequently, the segment sales for the period under review increased by 10.6% year on year to 782 million yen, and the segment profit also increased by 273.9% year on year to 19 million yen.

ii) Manufacturing Equipment Business

In the Manufacturing Equipment Business, we successfully delivered alignment layer manufacturing equipment used for large flat-panel displays as planned. However, completion of a large project for maintenance and modification of the existing equipment was delayed to the second quarter. Furthermore, we expect to report sales of high-precision inkjet printers for the second quarter. We also achieved solid sales of light source units for exposure equipment in accordance with our plan.

Consequently, the segment sales for the period under review decreased by 71.4% year on year to 1,072 million yen with segment loss of 162 million yen (compared with segment profit of 886 million yen for the same period of the previous fiscal year).

Furthermore, the order backlog as of the end of the period under review reached 15,026 million yen.

iii) Human Resource Service Business

The Human Resource Service Business includes the temporary staffing for engineers, design subcontracting and temporary staffing to the manufacturing sector. Because temporary staffing for engineers and design subcontracting are closely linked to the geographical areas served, we have achieved stable performance by strengthening our sales capabilities with improved quality of workers and services that meet customers’ needs. Regarding the staffing to the manufacturing sector, the Group strove to increase the number of staff dispatched.

Consequently, the segment sales for the period under review increased by 14.2% year on year to 990 million yen, and segment profit also increased by 14.1% year on year to 53 million yen.

(2) Explanation of Financial Position

Assets

Current assets increased 1,248 million yen from the end of the previous fiscal year to 15,079 million yen. This was mainly due to a 1,897 million yen increase in work in process and a 710 million yen increase in advance payments, while there was a 688 million yen decrease in cash and deposits with banks and a 754 million yen decrease in notes and accounts receivable.

Fixed assets increased 38 million yen from the end of the previous fiscal year to 2,801 million yen. This was mainly due to a 41 million yen increase in land.

As a result, total assets increased 1,286 million yen, or 7.8%, from the end of the previous fiscal year to 17,880 million yen.

Liabilities

Current liabilities increased 1,502 million yen from the end of the previous fiscal year to 8,075 million yen. This was mainly due to a 651 million yen increase in short-term borrowings and an 871 million yen increase in advances received, while there was a 195 million yen decrease in accrued income taxes.

Long-term liabilities increased 367 million yen from the end of the previous fiscal year to 817 million yen. This was mainly due to a 346 million yen increase in long-term borrowings through indirect financing.

As a result, total liabilities increased 1,870 million yen, or 26.6%, from the end of the previous fiscal year to 8,893 million yen.

Net assets

Net assets decreased 584 million yen from the end of the previous fiscal year to 8,987 million yen. This was mainly due to the payment of dividends from surplus of 360 million yen, which was partly offset by reporting of loss attributable to owners of parent of 275 million yen.

Since total assets and liabilities increased as stated above, the equity ratio fell 7.4 percentage point from the end of the previous fiscal year to 50.3% at the end of the period under review.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There is no revision to the first-half and full-year consolidated earnings forecast that was released on May 9, 2017.

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets**

	<i>(Thousands of yen)</i>	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits with banks	4,181,297	3,493,263
Notes and accounts receivable	5,295,829	4,541,338
Merchandise and finished goods	327,077	362,955
Work in process	2,548,426	4,446,263
Raw materials and supplies	547,003	650,618
Advance payments	229,597	940,002
Others	704,332	647,019
Allowance for doubtful accounts	(2,613)	(2,207)
Total current assets	13,830,950	15,079,254
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	723,951	746,390
Land	800,623	841,913
Others, net	540,473	536,549
Total property, plant and equipment	2,065,049	2,124,853
Intangible assets		
Goodwill	32,016	26,680
Others	81,345	78,297
Total intangible assets	113,361	104,977
Investments and other assets		
Others	641,535	629,514
Allowance for doubtful accounts	(56,754)	(57,811)
Total investments and other assets	584,780	571,702
Total fixed assets	2,763,191	2,801,533
Total assets	16,594,142	17,880,788

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable	2,053,728	1,929,191
Short-term borrowings	300,000	951,100
Current portion of long-term borrowings	181,663	261,695
Accrued income taxes	241,480	46,386
Accrued bonuses	316,463	257,849
Provision for product warranties	25,914	39,795
Advances received	2,786,158	3,657,807
Others	667,623	932,070
Total current liabilities	6,573,032	8,075,895
Long-term liabilities		
Long-term borrowings	252,515	599,146
Others	197,211	218,539
Total long-term liabilities	449,726	817,685
Total liabilities	7,022,758	8,893,580
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	5,919,007	5,276,261
Treasury shares	(1,194,133)	(1,179,109)
Total shareholders' equity	9,421,918	8,794,196
Accumulated other comprehensive income		
Unrealized holding gain on other securities	146,645	193,011
Total accumulated other comprehensive income	146,645	193,011
Subscription rights to shares	2,820	-
Total net assets	9,571,383	8,987,207
Total liabilities and net assets	16,594,142	17,880,788

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income****(For the Three-month Period)***(Thousands of yen)*

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	5,322,031	2,832,271
Cost of goods sold	3,747,392	2,149,560
Gross profit	1,574,639	682,711
Selling, general and administrative expenses	743,350	884,120
Operating profit (loss)	831,288	(201,408)
Non-operating income		
Interest income	23	13
Dividend income	8,032	7,658
Operations consignment fee	600	-
Miscellaneous revenue	1,847	2,852
Total non-operating income	10,502	10,524
Non-operating expenses		
Interest expense	2,702	3,057
Foreign exchange loss	26,578	13,158
Miscellaneous loss	1,412	298
Total non-operating expenses	30,693	16,513
Recurring profit (loss)	811,097	(207,398)
Extraordinary loss		
Loss on disposal of fixed assets	128	-
Loss on sales of fixed assets	7,868	-
Total extraordinary losses	7,996	-
Profit (loss) before income taxes	803,100	(207,398)
Income taxes-current	205,484	63,271
Income taxes-deferred	42,667	4,662
Total income taxes	248,152	67,933
Profit (loss)	554,948	(275,331)
Profit (loss) attributable to owners of parent	554,948	(275,331)

Consolidated Statements of Comprehensive Income
(For the Three-month Period)

	<i>(Thousands of yen)</i>	
	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Profit (loss)	554,948	(275,331)
Other comprehensive income		
Unrealized holding gain on other securities	(39,814)	46,365
Total other comprehensive income	(39,814)	46,365
Comprehensive income	515,133	(228,965)
Comprehensive income attributable to		
Owners of parent	515,133	(228,965)
Non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to external customers	702,937	3,754,108	864,985	5,322,031	-	5,322,031
Inter-segment sales and transfers	4,111	796	2,335	7,243	(7,243)	-
Total	707,049	3,754,904	867,321	5,329,274	(7,243)	5,322,031
Segment profit	5,272	886,034	46,794	938,101	(106,813)	831,288

Notes: 1. The minus 106,813 thousand yen adjustment to segment profit includes 3 thousand yen in elimination of inter-segment transactions and minus 106,816 thousand yen in company-wide expenses that cannot be allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statements of income.

II. First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to external customers	773,203	1,072,584	986,482	2,832,271	-	2,832,271
Inter-segment sales and transfers	8,946	224	3,639	12,810	(12,810)	-
Total	782,150	1,072,808	990,122	2,845,081	(12,810)	2,832,271
Segment profit (loss)	19,715	(162,198)	53,374	(89,108)	(112,300)	(201,408)

Notes: 1. The minus 112,300 thousand yen adjustment to segment profit (loss) includes company-wide expenses that cannot be allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated statements of income.

2. Information related to revisions for reportable segments

Effective from the first quarter of the current fiscal year, the Company revised the measurement method of the Lamp Business and the Manufacturing Equipment Business to ensure a more accurate understanding of the segments.

The segment information for the period under review is prepared and disclosed based on the method after the revision.

Note: This is a translation of the Company's Kessan Tanshin (including attachments) in Japanese, a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.