Helios Techno

November 6, 2009

Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2010
(Six Months Ended September 30, 2009)

Company name: Helios Techno Holding Co., Ltd. Listing: Tokyo Stock Exchange, First Section; JASDAQ
Stock code: 6927 URL: http://www.heliostec-hd.co.jp/
Representative: Hiroya Tahara, President
Contact: Youichi Kawasaka, Director, General Manager, Administration Control Dept. Tel: +81-79-263-9500
Scheduled date of filing of Quarterly Report: November 13, 2009
Scheduled date of payment of dividend: -

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2009
(April 1, 2009 – September 30, 2009)

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

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2009	4,776	32.4	(46)	-	(48)	-	(163)	-
Six months ended Sep. 30, 2008	3,607	-	148	-	174	-	77	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2009	(7.47)	-
Six months ended Sep. 30, 2008	3.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2009	12,189	8,380	68.8	379.01
As of Mar. 31, 2009	9,038	8,330	92.2	402.85

Reference) Shareholders' equity (million yen) Sep. 30, 2009: 8,380 Mar. 31, 2009: 8,330

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2009	-	2.25	-	2.25	4.50
Fiscal year ending Mar. 31, 2010	-	0.00			
Fiscal year ending Mar. 31, 2010 (forecast)			-	2.00	2.00

Note) Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	11,393	86.4	(15)	-	24	-	(60)	-	(2.74)

Note) Revision of consolidated forecasts during the period: Yes

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 3 (PHOENIX Electric Co., Ltd., Nippon Gijutsu Center Co., Ltd., and NAKAN Techno Co., Ltd.)
Excluded: -

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5 for further information.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5 for further information.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5 for further information.

(4) Number of shares outstanding (common shares)

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

As of Sep. 30, 2009:	22,806,900 shares	As of Mar. 31, 2009:	22,806,900 shares

2) Number of treasury stock at the end of period

As of Sep. 30, 2009:	695,966 shares	As of Mar. 31, 2009:	2,128,476 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2009:	21,876,096 shares	Six months ended Sep. 30, 2008:	21,678,478 shares

<u>* Cautionary statement with respect to forward-looking statements</u>

The forecast of operating results is based on information available to management at the time this report was prepared. Readers should be aware that actual results may differ from these projections for a number of factors. Please refer to “Qualitative Information Regarding Consolidated Forecasts” on page 4 for further information concerning these forecasts.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

In the first half of the fiscal year, the Japanese economy's downturn showed signs of nearing the end as economic activity began to return to normal slowly in the wake of the 2008 financial crisis. Production volumes in some industries have started to recover. But the operating environment remains uncertain because of the absence of improvements in consumer spending and employment.

The Helios Techno Group is taking steps to diversify business operations beyond the core lamp business. One step was the management integration early in the fiscal year with Nippon Gijutsu Center Co., Ltd., which manufactures inspection equipment and operates a staffing service for engineers. In addition, the manufacturing equipment business of NAKAN Corporation, which was undergoing civil rehabilitation proceedings, was purchased in July 2009. This business is operated by subsidiary NAKAN Techno Co., Ltd., which began full-scale activities in the second quarter of this fiscal year.

In the first half, net sales were 4,776 million yen, 32.4% higher than one year earlier because of the inclusion of the sales of Nippon Gijutsu Center and NAKAN Techno.

Results of operations by business segment were as follows.

In the lamp business, performance has been severely impacted by a plunge in demand in the projector market. However, orders are recovering somewhat following the steep drop in orders that occurred in the previous fiscal year's fourth quarter and this fiscal year's first quarter due to the global recession. Sales were further held down as the yen strengthened to more than 90 yen to the U.S. dollar. The result was projector lamp sales of 1,432 million yen, 46.0% less than one year earlier. In the general lighting lamps sector, there were strong sales of LED lamps but sales of halogen lamps fell as demand weakened because of the recession. The result was an 11.9% drop in sales of these lamps to 825 million yen.

Overall, segment sales were down 36.7% to 2,283 million yen.

In the industrial equipment business, sales of alignment layer printing machine, liquid crystal panel inspection equipment and other products totaled 1,641 million yen. This includes about two months of sales of NAKAN Techno, starting from the end of July.

In the staffing services business, there were concerns about a sharp downturn in demand because of rising unemployment in Japan. However, operations have been stable and generally in line with the plan because this business handles primarily workers with technical skills. The result was sales of 850 million yen.

The Group is taking more actions to lower the cost of sales and operating expenses. During the current fiscal year, expenses were recorded for strengthening internal control systems and other operating systems at companies that recently joined the group.

For the deferred tax assets of Nippon Gijutsu Center, which has industrial equipment and staffing services businesses, income taxes-deferred (income taxes) of 28 million yen have been recorded. This action was the result of a review conducted in accordance with Handling of Audits Concerning Decisions for the Possibility of Recovering Deferred Tax Assets (Audit Committee Report No. 66). The review thoroughly examined the likelihood of recovering these deferred tax assets in consideration of the effect of the current operating environment on business operations. The above deferred income taxes were posted due to the reversal of all deferred tax assets except the portion that is expected to be recovered.

As a result, first half net sales were 4,776 million yen and there was an operating loss of 46 million yen, a recurring loss of 48 million yen and a net loss of 163 million yen.

2. Qualitative Information Regarding Consolidated Financial Position

Assets

Current assets increased by 1,232 million yen from the end of the previous fiscal year. This was mainly due to a 783 million yen increase in notes and accounts receivable, a 774 million yen increase in inventories, and a 1,094 million yen decrease in cash and deposits with banks.

Fixed assets increased by 1,918 million yen from the end of the previous fiscal year, mainly due to an 814 million yen increase in property, plant and equipment, a 1,102 million yen increase in long-term accounts receivable-other (investments and other assets, others), and a 301 million yen increase in goodwill.

As a result of the above, total assets increased 34.8% from the end of the previous fiscal year to 12,189 million yen.

Liabilities

Current liabilities increased 1,390 million yen from the end of the previous fiscal year. This mainly reflects increases in notes and accounts payable of 436 million yen, accrued expenses (current liabilities, others) of 213 million yen, and accrued income taxes of 130 million yen.

Long-term liabilities increased 1,710 million yen from the end of the previous fiscal year. This mainly reflects increases in long-term borrowings of 648 million yen, and deferred tax liabilities of 615 million yen.

As a result, total liabilities increased 437.5% from the end of the previous fiscal year to 3,808 million yen.

Net assets

Total net assets increased 0.5% from the end of the previous fiscal year to 8,380 million yen. This increase was the net result of declines due to net loss of 163 million yen, a deduction of 252 million yen from the exchange of stock and cash dividends paid of 46 million yen, and an increase of 507 million yen because of the decline in the number of shares of treasury stock in association with the exchange of stock.

3. Qualitative Information Regarding Consolidated Forecasts

Revisions to the consolidated forecast for the fiscal year ending on March 31, 2010 were announced on November 6, 2009.

The fiscal year forecast has been reviewed based on the first half performance of operating subsidiaries. As a result, the Group now forecasts consolidated net sales of 11,393 million yen, an operating loss of 15 million yen, recurring profit of 24 million yen, and a net loss of 60 million yen.

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

The following companies have been included in the scope of consolidation beginning with the first quarter of the current fiscal year: PHOENIX Electric Co., Ltd., which was established through a divestiture; Nippon Gijutsu Center Co., Ltd., which was acquired through a cash payment and exchange of stock, and NAKAN Techno Co., Ltd., which was newly established.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Valuation of inventories

For inventories at the end of the second quarter of the current fiscal year, a valuation was determined by using book values. No physical inventory count was performed for some subsidiaries.

In valuation (write-down) of inventory, inventories were not revalued at the end of the second quarter since there was no material change in the value of inventories.

2) Calculation of income taxes and deferred tax assets

The amount of income taxes paid is calculated using only significant taxable and deductible items and tax credit items.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

Provision for loss on construction contracts

The Group has adopted “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (ASBJ) Statement No. 15) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18) from the first quarter of the current fiscal year.

As a result, for transactions based on construction contracts, losses have been recognized for projects where the estimated cost of construction exceeds the value of the order as of the end of the second quarter.

The effect of this change was to increase operating loss, recurring loss and loss before income taxes by 14 million yen each, compare to the previous method.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Second quarter of FY3/10 (As of Sep. 30, 2009)	FY3/09 Summary (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits with banks	2,956,573	4,050,675
Notes and accounts receivable	1,835,184	1,051,493
Merchandise and finished goods	203,138	207,017
Work in process	856,363	190,606
Raw materials and supplies	452,873	340,690
Others	1,026,548	250,986
Allowance for doubtful accounts	(8,639)	(1,624)
Total current assets	7,322,041	6,089,846
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,659,259	1,103,708
Land	1,245,425	1,001,437
Others, net	749,177	733,839
Total property, plant and equipment	3,653,863	2,838,985
Intangible assets		
Goodwill	301,028	-
Others	41,916	29,404
Total intangible assets	342,945	29,404
Investments and other assets		
Others	1,426,982	90,229
Allowance for doubtful accounts	(556,640)	(9,531)
Total investments and other assets	870,341	80,698
Total fixed assets	4,867,150	2,949,088
Total assets	12,189,191	9,038,935

(Thousands of yen)

	Second quarter of FY3/10 (As of Sep. 30, 2009)	FY3/09 Summary (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	741,454	304,966
Current portion of long-term borrowings	70,620	-
Accrued income taxes	140,104	9,947
Accrued bonuses	179,774	75,142
Provision for product warranties	14,200	7,900
Provision for loss on construction contracts	99,045	-
Others	563,617	223,951
Total current liabilities	2,012,216	621,908
Long-term liabilities		
Long-term borrowings	648,360	-
Accrued employees' retirement benefits	158,661	-
Negative goodwill	205,074	-
Others	784,682	86,639
Total long-term liabilities	1,796,779	86,639
Total liabilities	3,808,995	708,547
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,311,745	2,563,867
Retained earnings	4,174,522	4,384,368
Treasury stock	(248,110)	(754,979)
Total shareholders' equity	8,371,335	8,326,433
Valuation and translation adjustments		
Unrealized holding gain on other securities	8,860	3,954
Total valuation and translation adjustments	8,860	3,954
Total net assets	8,380,196	8,330,388
Total liabilities and net assets	12,189,191	9,038,935

(2) Consolidated Statements of Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)
Net sales	3,607,983	4,776,605
Cost of goods sold	2,611,227	3,644,574
Gross profit	996,755	1,132,030
Selling, general, and administrative expenses	848,140	1,178,736
Operating income (loss)	148,615	(46,706)
Non-operating income		
Interest income	6,701	4,162
Dividend income	712	631
Foreign exchange gains	16,689	-
Fiduciary obligation fee	-	12,093
Amortization of negative goodwill	-	10,793
Miscellaneous revenue	5,559	12,152
Total non-operating income	29,661	39,833
Non-operating expenses		
Interest expense	1,114	6,804
Loss on valuation of investment securities	2,346	419
Foreign exchange losses	-	34,333
Total non-operating expenses	3,461	41,556
Recurring profit (loss)	174,815	(48,429)
Extraordinary income		
Reversal from allowance for doubtful accounts	200	2,222
Gain on sales of fixed assets	52	-
Total extraordinary income	252	2,222
Extraordinary loss		
Loss on disposal of fixed assets	29	164
Impairment losses	3,467	-
Others	-	100
Total extraordinary losses	3,496	264
Income (loss) before income taxes	171,571	(46,470)
Income taxes-current	72,883	135,750
Income taxes-deferred	21,565	(18,901)
Total income taxes	94,449	116,848
Net income (loss)	77,122	(163,319)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)
Cash flows from operating activities		
Income (loss) before income taxes	171,571	(46,470)
Depreciation and amortization	273,293	191,030
Impairment losses	3,467	-
Amortization of goodwill	-	22,654
Increase (decrease) in accrued bonuses	(52,972)	16,853
Increase (decrease) in allowance for doubtful accounts	(432)	4,215
Increase (decrease) in provision for loss on construction contracts	-	13,317
Increase (decrease) in provision for product warranties	8,800	6,300
Interest and dividend income	(7,413)	(4,794)
Interest expense	1,114	6,804
Loss (gain) on valuation of investment securities	-	(419)
Loss (gain) on sale of property, plant and equipment	(52)	-
Loss on disposal of fixed assets	29	164
Decrease (increase) in notes and accounts receivable	88,252	551,779
Decrease (increase) in inventories	95,102	(39,102)
Decrease (increase) in other accounts receivable	189,545	361,285
Increase (decrease) in notes and accounts payable	(27,116)	(516,443)
Increase (decrease) in accrued consumption taxes	(198)	24,626
Increase (decrease) in other accounts payable	(8,419)	4,203
Others	(27,113)	(111,860)
Subtotal	707,457	484,145
Interests and dividends received	4,692	6,372
Interests paid	(1,114)	(6,804)
Income taxes refund	-	127,339
Income taxes paid	(8,887)	(10,444)
Net cash provided by operating activities	702,148	600,607
Cash flows from investing activities		
Proceeds from time deposits	-	1,000,000
Payment for purchase of securities	-	(500,000)
Proceeds from sale of securities	-	500,151
Proceeds from cancellation of insurance funds	-	57,159
Payment for purchase of property, plant and equipment	(98,577)	(88,616)
Proceeds from sale of property, plant, and equipment	63	-
Payment for purchase of intangible assets	(7,018)	(10,296)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	211,421
Payment for purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(1,738,850)
Others	(204)	(33,723)
Net cash used in investing activities	(105,737)	(602,755)
Cash flows from financing activities		
Repayment of long-term borrowings	(124,520)	(37,110)
Payment for equipment notes payable	7,502	(17,431)
Decrease in accounts payable-equipment	27,906	(647)
Payment for acquisition of treasury stock	-	(239)
Cash dividends paid	(108,392)	(46,526)
Net cash used in financing activities	(197,503)	(101,954)
Increase (decrease) in cash and cash equivalents	398,906	(104,102)
Cash and cash equivalents at beginning of period	1,641,068	2,250,675
Cash and cash equivalents at end of period	2,039,974	2,146,573

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Operating segment information

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009) *(Thousands of yen)*

	Lamp business	Industrial equipment business	Staffing services business	Total	Elimination or corporate	Consolidated
Net sales						
(1) Sales to third parties	2,283,850	1,641,918	850,835	4,776,605	-	4,776,605
(2) Intergroup sales and transfers	-	-	8,872	8,872	(8,872)	-
Total	2,283,850	1,641,918	859,707	4,785,477	(8,872)	4,776,605
Operating income (loss)	15,236	197,454	(25,764)	186,926	(233,632)	(46,706)

Notes: 1. Business classification is based on categories adopted for purpose of internal management.

2. Major products in businesses

(1) Lamp business: Projector lamps, general halogen lamps, and LED lamps

(2) Industrial equipment business: Industrial machinery, inspection and measurement equipment, alignment layer printing machine, specialty printing machine

(3) Staffing services business: Temporary placement of engineers, temporary placement of manufacturing workers

Geographical segment information

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)

The geographical segment information is not presented since the combined segment sales in Japan represented more than 100% of total sales.

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

The geographical segment information is not presented since the combined segment sales in Japan represented more than 100% of total sales.

Overseas sales

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008) *(Thousands of yen)*

	N. America	Asia	Other regions	Total
I. Overseas sales	125,810	1,337,611	11,187	1,474,609
II. Consolidated sales	-	-	-	3,607,983
III. Overseas sales as a percentage of consolidated sales (%)	3.5	37.1	0.3	40.9

Notes: 1. The geographic segmentation is decided primarily by geographic proximity.

2. Major countries and regions, excluding Japan, included in geographic segmentation:
   * North America: The United States, Canada, and Mexico
   * Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, Saudi Arabia, etc.
   * Other regions: Europe, Oceania, South America, Africa, etc.

3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009) *(Thousands of yen)*

	N. America	Asia	Other regions	Total
I. Overseas sales	197,241	1,587,200	26,033	1,810,475
II. Consolidated sales	-	-	-	4,776,605
III. Overseas sales as a percentage of consolidated sales (%)	4.1	33.2	0.5	37.9

Notes: 1. The geographic segmentation is decided primarily by geographic proximity.

2. Major countries and regions, excluding Japan, included in geographic segmentation:
   * North America: The United States, Canada, and Mexico
   * Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, Saudi Arabia, etc.
   * Other regions: Europe, Oceania, South America, Africa, etc.

3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

(6) Significant Changes in Shareholders' Equity

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009) *(Thousands of yen)*

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	2,133,177	2,563,867	4,384,368	(754,979)	8,326,433
Changes of items during the period					
Dividends from surplus			(46,526)		(46,526)
Net income			(163,319)		(163,319)
Purchase of treasury stock				(239)	(239)
Disposal of treasury stock (exchange of stock)				507,108	507,108
Deduction by exchange of stock		(252,121)			(252,121)
Total changes items during the period		(252,121)	(209,845)	506,869	44,901
Balance at the end of current period	2,133,177	2,311,745	4,174,522	(248,110)	8,371,335

6. Other Information

Not applicable.

Note: This is a translation of Japanese kessan Tanshin (including attachments), 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.