Helios Techno

November 5, 2010

Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2011 (Six Months Ended September 30, 2010)

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd.   Listings: Tokyo and Osaka
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Scheduled date of filing of Quarterly Report: November 10, 2010
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (April 1, 2010 – September 30, 2010)

(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, 2010	7,311	53.1	262	-	260	-	162	-
Six months ended Sep. 30, 2009	4,776	32.4	(46)	-	(48)	-	(163)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2010	7.73	-
Six months ended Sep. 30, 2009	(7.47)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2010	12,816	6,804	53.1	434.33
As of Mar. 31, 2010	12,841	8,231	64.1	372.30

Reference) Shareholders' equity (million yen)   Sep. 30, 2010: 6,804   Mar. 31, 2010: 8,231

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2010	-	0.00	-	2.00	2.00
Fiscal year ending Mar. 31, 2011	-	0.00			
Fiscal year ending Mar. 31, 2011 (forecast)			-	4.00	4.00

Note) Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(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	14,281	35.5	313	-	666	-	331	-	14.97

Note) Revision of consolidated forecasts during the period: None

4. Others (Please refer to “Other Information” on page 4 of the attachments for further information)

(1) Changes in consolidated subsidiaries during the period: None

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements described in “Significant Accounting Policies in the Preparation of the Consolidated Financial Statements”

(4) Number of shares outstanding (common shares)

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

As of Sep. 30, 2010:	22,806,900 shares	As of Mar. 31, 2010:	22,806,900 shares

2) Number of treasury stock at the end of period

As of Sep. 30, 2010:	7,140,410 shares	As of Mar. 31, 2010:	697,311 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2010:	20,982,868 shares	Six months ended Sep. 30, 2009:	21,875,436 shares

* Information regarding the implementation of quarterly review procedures

- The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review process for these consolidated statements.

* Cautionary statement with respect to forward-looking statements

- 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 “Qualitative Information Regarding Consolidated Forecasts.”

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

The Japanese economy was healthy in the first half of the current fiscal year as exports and manufacturing recovered along with economic growth in Asia's emerging countries. The economic recovery was also backed by a rebound in consumer spending that was fueled primarily by government economic stimulus programs. But capital expenditures remain low and there has been no change in Japan's high unemployment. Furthermore, the rapid increase in the yen's value during the past few months has once again made the economic outlook negative.

To diversify business operations beyond the core lamp business, the Helios Techno Group made two companies consolidated subsidiaries during the previous fiscal year. Nippon Gijutsu Center Co., Ltd. manufactures inspection and measuring equipment and operates a staffing service for engineers. NAKAN Techno Co., Ltd. is engaged mainly in the manufacture of alignment layer printing machines.

With regard to markets where the Group is active, the downturn in demand in the projector market has been arrested but customers continued to prefer lower-priced products. However, there was a recovery in demand for projectors used by companies and schools. In the flat panel display market, investments remain high as demand for these panels grows in Asia, particularly China. An increasing number of panel manufacturers are planning on new capital expenditures in order to introduce touch-screen panels, 3D panels and other new products.

The Group took many actions aimed at deepening ties with current customers and attracting new customers in order to increase sales actively. There were also measures to cut costs and offer more competitive prices by using collaboration among sales, technology, manufacturing and procurement operations. First half net sales increased 53.1% to 7,311 million yen as the result of higher sales at PHOENIX Electric Co., Ltd. and the contribution of sales from NAKAN Techno.

Regarding earnings, earnings from higher sales allowed PHOENIX Electric to absorb foreign exchange losses caused by the yen's sudden appreciation. At NAKAN Techno, earnings surpassed the company's plan due to the benefits of cuts in selling, general and administrative expenses. Overall, total first half operating income and recurring profit were both higher than the forecast that was announced at the beginning of the fiscal year.

As a result, net sales in the first half were 7,311 million yen and there were an operating income of 262 million yen, a recurring profit of 260 million yen and a net income of 162 million yen.

Results of operations by business segment were as follows. Beginning with the current fiscal year, the Group is using business segments based on its internal management.

In the lamp business, there has been a rapid rebound on track in demand for projector lamps following the steep drop in the projector market two year earlier caused by the global economic recession. Segment performance also benefited from strong sales of the recently introduced LED lamps, following the first quarter. Overall, segment sales were up 42.8% to 3,262 million yen.

In the manufacturing equipment business, actions were taken to capture more orders along with rapid growth in demand for alignment layer printing machines in China and other Asian countries. The result was segment sales of 2,959 million yen, up 201.7% from a year earlier.

In the inspection equipment business, there were no orders during the first half of the current fiscal year for liquid crystal panel inspection equipment. This caused segment sales to fall 72.5% to 181 million yen.

In the staffing services business, the worsening job market has finally stabilized. The number of workers on assignment increased because this business handles primarily workers with technical skills. The result was a 6.7% increase in segment sales to 908 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets

Current assets decreased by 33 million yen from the end of the previous fiscal year. This was mainly due to a 154 million yen increase in notes and accounts receivable, a 117 million yen increase in inventories, and a 314 million yen decrease in cash and deposits with banks.

Fixed assets increased by 8 million yen from the end of the previous fiscal year, mainly due to a 50 million yen increase in property, plant and equipment, a 78 million yen decrease in others (long-term accounts receivable-other) under investments and other assets, and a 97 million yen decrease in allowance for doubtful accounts.

As a result of the above, total assets decreased 24 million yen from the end of the previous fiscal year to 12,816 million yen.

Liabilities

Current liabilities increased 1,076 million yen from the end of the previous fiscal year. This mainly reflects an increase in short-term borrowings of 1,200 million yen and a decrease in current portion of long-term borrowings of 172 million yen.

Long-term liabilities increased 326 million yen from the end of the previous fiscal year. This mainly reflects an increase of long-term borrowings of 437 million yen and a 72 million yen decrease in deferred tax liabilities.

As a result, total liabilities increased 1,402 million yen from the end of the previous fiscal year to 6,012 million yen.

Net assets

Total net assets decreased 1,426 million yen from the end of the previous fiscal year to 6,804 million yen. This decline was mainly due to a 118 million yen increase in retained earnings through returning to net income as well as a 1,539 million yen increase in treasury stock.

(3) Qualitative Information Regarding Consolidated Forecasts

Sales and earnings were far above the plan for the first half. However, the steep increase in the yen’s value that occurred late in the second quarter, the concerns about the outlook for the Japanese economy created by the yen’s appreciation and many other sources of concern make the operating environment uncertain. As a result, there are no revisions at this time to the consolidated forecasts for the fiscal year that were announced on May 14, 2010 with the prior-year earnings announcement. An announcement will be made promptly if there is any need to revise the fiscal year forecasts.

2. Other Information

(1) Overview of Changes in Significant Consolidated Subsidiaries

Not applicable.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

Application of Simplified Accounting Methods

Calculation of income taxes, deferred tax assets and deferred tax liabilities

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

(3) Overview of Changes in Accounting Principles, Procedures, Presentation Methods, etc.

Change in significant accounting standards

(Accounting standard for asset retirement obligations)

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied. The effect of this change has no impact on profit/loss.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Second quarter of FY3/11 (As of Sep. 30, 2010)	FY3/10 Summary (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits with banks	2,685,041	2,999,821
Notes and accounts receivable	2,454,612	2,300,053
Merchandise and finished goods	222,716	236,135
Work in process	1,164,140	1,325,718
Raw materials and supplies	755,006	462,691
Others	722,290	682,273
Allowance for doubtful accounts	(38,248)	(8,021)
Total current assets	7,965,560	7,998,673
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,596,554	1,655,767
Land	1,250,227	1,250,227
Others, net	1,012,742	903,206
Total property, plant and equipment	3,859,524	3,809,201
Intangible assets		
Goodwill	234,133	267,580
Others	57,756	39,195
Total intangible assets	291,889	306,776
Investments and other assets		
Others	1,158,297	1,282,179
Allowance for doubtful accounts	(458,457)	(555,751)
Total investments and other assets	699,839	726,427
Total fixed assets	4,851,253	4,842,405
Total assets	12,816,813	12,841,078

(Thousands of yen)

	Second quarter of FY3/11 (As of Sep. 30, 2010)	FY3/10 Summary (As of Mar. 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	1,372,495	933,453
Short-term borrowings	1,200,000	-
Current portion of long-term borrowings	97,020	269,420
Accrued income taxes	177,143	154,302
Advances received	497,895	524,646
Accrued bonuses	188,091	163,384
Provision for product warranties	16,968	13,832
Provision for loss on construction contracts	113,398	104,545
Others	482,731	905,652
Total current liabilities	4,145,744	3,069,237
Long-term liabilities		
Long-term borrowings	851,340	413,650
Deferred tax liabilities	462,361	534,641
Accrued employees' retirement benefits	168,820	165,380
Others	384,092	426,744
Total long-term liabilities	1,866,614	1,540,416
Total liabilities	6,012,358	4,609,653
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	3,888,751	3,770,739
Treasury stock	(1,788,031)	(248,126)
Total shareholders' equity	6,797,764	8,219,658
Valuation and translation adjustments		
Unrealized holding gain on other securities	6,690	11,766
Total valuation and translation adjustments	6,690	11,766
Total net assets	6,804,454	8,231,425
Total liabilities and net assets	12,816,813	12,841,078

(2) Consolidated Statements of Income
(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)
Net sales	4,776,605	7,311,495
Cost of goods sold	3,644,574	5,636,918
Gross profit	1,132,030	1,674,576
Selling, general, and administrative expenses	1,178,736	1,411,687
Operating income (loss)	(46,706)	262,889
Non-operating income		
Interest income	4,162	802
Dividend income	631	966
Fiduciary obligation fee	12,093	65,212
Amortization of negative goodwill	10,793	20,076
Miscellaneous revenue	12,152	21,503
Total non-operating income	39,833	108,561
Non-operating expenses		
Interest expense	6,804	8,209
Loss on valuation of investment securities	419	1,691
Foreign exchange losses	34,333	98,483
Miscellaneous loss	-	2,895
Total non-operating expenses	41,556	111,279
Recurring profit (loss)	(48,429)	260,172
Extraordinary income		
Reversal from allowance for doubtful accounts	2,222	-
Gain on sales of fixed assets	-	133
Total extraordinary income	2,222	133
Extraordinary loss		
Loss on disposal of fixed assets	164	229
Others	100	-
Total extraordinary losses	264	229
Income (loss) before income taxes	(46,470)	260,076
Income taxes-current	135,750	187,497
Income taxes-deferred	(18,901)	(89,652)
Total income taxes	116,848	97,845
Income before minority interests	-	162,230
Net income (loss)	(163,319)	162,230

(For the Three-month Period)

(Thousands of yen)

	Second quarter of FY3/10 (Jul 1, 2009 – Sep. 30, 2009)	Second quarter of FY3/11 (Jul. 1, 2010 – Sep. 30, 2010)
Net sales	3,014,465	3,810,546
Cost of goods sold	2,227,642	2,748,930
Gross profit	786,822	1,061,615
Selling, general, and administrative expenses	660,521	675,310
Operating income	126,301	386,305
Non-operating income		
Interest income	1,473	342
Dividend income	1	2
Fiduciary obligation fee	12,093	8,207
Amortization of negative goodwill	10,793	10,038
Miscellaneous revenue	5,148	16,449
Total non-operating income	29,510	35,039
Non-operating expenses		
Interest expense	3,365	3,767
Loss on valuation of investment securities	419	1,691
Foreign exchange losses	25,968	66,338
Miscellaneous loss	-	1,534
Total non-operating expenses	29,752	73,331
Recurring profit	126,058	348,014
Extraordinary income		
Reversal from allowance for doubtful accounts	173	-
Total extraordinary income	173	-
Extraordinary loss		
Loss on disposal of fixed assets	-	15
Total extraordinary losses	-	15
Income before income taxes	126,232	347,998
Income taxes-current	132,415	165,678
Income taxes-deferred	(33,552)	(51,828)
Total income taxes	98,863	113,849
Income before minority interests	-	234,148
Net income	27,369	234,148

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)
Cash flows from operating activities		
Income (loss) before income taxes	(46,470)	260,076
Depreciation and amortization	191,030	188,946
Amortization of goodwill	22,654	13,371
Increase (decrease) in accrued bonuses	16,853	24,706
Increase (decrease) in allowance for doubtful accounts	4,215	30,227
Increase (decrease) in provision for loss on construction contracts	13,317	8,852
Increase (decrease) in provision for product warranties	6,300	3,136
Interest and dividend income	(4,794)	(1,769)
Interest expense	6,804	8,209
Foreign exchange losses (gains)	-	27,727
Loss (gain) on sale of fixed assets	-	(133)
Loss on disposal of fixed assets	164	229
Decrease (increase) in notes and accounts receivable	551,779	(154,559)
Decrease (increase) in inventories	(39,102)	(117,317)
Decrease (increase) in other accounts receivable	361,285	82,944
Decrease (increase) in advance payments	-	(186,875)
Increase (decrease) in notes and accounts payable	(516,443)	439,042
Increase (decrease) in accrued consumption taxes	24,626	87,142
Increase (decrease) in other accounts payable	4,203	(82,991)
Increase (decrease) in advances received	-	(26,751)
Others	(112,279)	(339,298)
Subtotal	484,145	264,917
Interests and dividends received	6,372	1,956
Interests paid	(6,804)	(9,134)
Income taxes refund	127,339	2,041
Income taxes paid	(10,444)	(164,570)
Net cash provided by operating activities	600,607	95,210
Cash flows from investing activities		
Payment for time deposits	-	(20,000)
Proceeds from time deposits	1,000,000	300,000
Payment for purchase of securities	(500,000)	-
Proceeds from sale of securities	500,151	-
Proceeds from cancellation of insurance funds	57,159	36,848
Payment for purchase of property, plant and equipment	(88,616)	(232,086)
Proceeds from sale of property, plant, and equipment	-	138
Payment for purchase of intangible assets	(10,296)	(25,765)
Payment for purchase of investment securities	-	(62)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	211,421	-
Payment for transfer of business	(1,738,850)	-
Others	(33,723)	(50,248)
Net cash provided by (used in) investing activities	(602,755)	8,823

(Thousands of yen)

	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	1,200,000
Proceeds from long-term borrowings	-	500,000
Repayment of long-term borrowings	(37,110)	(234,710)
Increase (decrease) in equipment notes payable	(17,431)	6,469
Increase (decrease) in accounts payable-equipment	(647)	1,621
Repayment of lease obligations	-	(28,070)
Payment for acquisition of treasury stock	(239)	(1,539,905)
Cash dividends paid	(46,526)	(44,219)
Net cash used in financing activities	(101,954)	(138,813)
Increase (decrease) in cash and cash equivalents	(104,102)	(34,780)
Cash and cash equivalents at beginning of period	2,250,675	2,689,821
Cash and cash equivalents at end of period	2,146,573	2,655,041

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Operating segment information

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. Operations are categorized by the similarity of product type and nature, manufacturing methods and market characteristics.

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 FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

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

Overseas sales

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 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.

Supplementary information

Beginning with the first quarter of the current fiscal year, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group establishes comprehensive strategies for individual products and services and conducts associated business activities. This system is used to divide operations into four business segments: the lamp business, the manufacturing equipment business, the inspection equipment business and the staffing services business.

The lamp business includes the manufacture and sale of projector lamps, general halogen lamps and LED lamps. The manufacturing equipment business includes the manufacture and sale of alignment layer printing machines, specialty printing machines and other equipment. The inspection equipment business includes the manufacture and sale of industrial machinery and inspection and measurement equipment. The staffing services business includes the temporary placement of engineers, temporary placement of manufacturing workers and services provided on an outsourcing basis.

2. Information related to net sales and profit or loss for each reportable segment

First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010) *(Thousands of yen)*

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statements of income (Note 2)
	Lamp business	Manufacturing equipment business	Inspection equipment business	Staffing services business	Total		
Net sales							
Sales to third parties	3,262,066	2,959,446	181,948	908,033	7,311,495	-	7,311,495
Intergroup sales and transfers	1,991	-	99,053	43,693	144,738	(144,738)	-
Total	3,264,057	2,959,446	281,002	951,726	7,456,233	(144,738)	7,311,495
Segment profit (loss)	221,161	343,419	(46,263)	(3,889)	514,428	(251,539)	262,889

Notes: 1. The -251,539 thousand yen adjustment to segment profit (loss) includes -8,401 thousand yen in elimination for intergroup transactions and -243,137 thousand yen in company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include general and administrative expenses that cannot be attributed to reportable segments.

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

(6) Precaution Concerning Significant Changes in Shareholders' Equity

First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)

Helios Techno repurchased 6,443 thousand shares of its stock at a cost of 1,539,877 thousand yen on August 30, 2010 using the ToST NeT-3 off-auction own share repurchase trading system of the Tokyo Stock Exchange. Due to this repurchase as well as purchases from shareholders of holdings of less than one trading unit, the amount of treasury stock increased by 1,539,905 thousand yen during the first half of this fiscal year to 1,788,031 thousand yen as of September 30, 2010.

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.