Helios Techno

February 8, 2012

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2012 (Nine Months Ended December 31, 2011)

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd. Listings: Tokyo and Osaka
Stock code: 6927 URL: http://www.heliostec-hd.co.jp/
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Scheduled date of filing of Quarterly Report: February 10, 2012
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 February 8, 2012 at 16:00 (GMT +9)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2011 (April 1, 2011 – December 31, 2011)

(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	%
Nine months ended Dec. 31, 2011	7,618	(30.3)	(433)	-	(254)	-	(1,150)	-
Nine months ended Dec. 31, 2010	10,930	57.5	458	-	550	-	261	-

Note: Comprehensive income (loss) (million yen) Nine months ended Dec. 31, 2011: (1,155) (n.a.)
Nine months ended Dec. 31, 2010: 264 (n.a.)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2011	(69.51)	-
Nine months ended Dec. 31, 2010	13.57	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2011	9,713	5,953	61.3
As of Mar. 31, 2011	11,516	7,200	62.5

Reference: Shareholders' equity (million yen) Dec. 31, 2011: 5,953 Mar. 31, 2011: 7,200

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2011	-	0.00	-	5.50	5.50
Fiscal year ending Mar. 31, 2012	-	0.00	-		
Fiscal year ending Mar. 31, 2012 (forecast)				0.00	0.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(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	10,250	(26.4)	(500)	-	(320)	-	(1,200)	-	(72.52)

Note: Revisions to the most recently announced consolidated forecast: Yes

4. Others

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock shares)

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

As of Dec. 31, 2011:	22,806,900 shares	As of Mar. 31, 2011:	22,806,900 shares

2) Number of treasury stock shares at the end of period

As of Dec. 31, 2011:	6,259,410 shares	As of Mar. 31, 2011:	6,259,410 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2011:	16,547,490 shares	Nine months ended Dec. 31, 2010:	19,310,018 shares

Note 1: 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, the review process for these consolidated statements has not been completed.

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

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 4 of the attachments “Qualitative Information Regarding Consolidated Forecast.”

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first nine months of the fiscal year, the effects of the yen’s strength and slowing global economic growth, chiefly in industrialized countries, caused by the European debt crisis on the Japanese economy created an even more difficult operating environment for the Company.

Under these difficult circumstances, the Helios Techno Group is developing and introducing new products ahead of schedule, making every effort to reduce production material costs and fixed expenses, as well as taking many other actions. In response to these challenges, the Group has been implementing structural reforms that include a voluntary retirement program, the consolidation of assets used for business activities and other measures. These initiatives reflect the large drop in sales and management’s belief that sales will continue to decline over the next several years because of the yen’s strength.

As a result, net sales in the first nine months of the current fiscal year decreased 3,311 million yen or 30.3% over the same period of the last fiscal year to 7,618 million yen and there were an operating loss of 433 million yen, a recurring loss of 254 million yen. After the posting of extraordinary losses for impairment losses and business structure improvement expenses, both in association with ongoing structural reforms, there was a net loss of 1,150 million yen.

Operation results by business segment were as follows.

i) Lamp business

In the lamp business, market demand for projectors used in companies, schools and other applications decreased because of slowing global economic growth, chiefly in industrialized countries, and inventory reductions. Furthermore, the yen’s strength had a severe impact on the performance of this business. As a result, sales of the Company’s projector lamps fell 31.8% to 1,801 million yen. As for the general lighting lamps, sales of LED lamps have been increasingly rapidly since June 2011. However, demand for halogen lamps is decreasing, even after excluding the temporary negative effect on demand from the need to conserve electricity following the March 2011 earthquake. The result was a 17.4% decrease in sales to 1,061 million yen. Sales of light sources for exposure equipment rose to 409 million yen, 29.9% higher than one year earlier. Overall, segment sales in the first nine months of the current fiscal year decreased by 22.9% to 3,693 million yen, compared with the same period of the last fiscal year.

ii) Manufacturing equipment business

In the manufacturing equipment business, there have been capital expenditures in the flat-panel display sector to meet growing demand for these displays in Asia, primarily China. But now that these expenditures have been largely completed, we are developing new types of equipment and working hard on capturing orders for this equipment. These activities are in anticipation of demand associated with substantial investments in emerging markets. The Company also expects growth in investments associated with alignment layer printing machines and touch-screen panel manufacturing equipment used for smartphones and tablet devices. The Company regards performance in this business in the current fiscal year as a reflection of the fluctuations that are a characteristic of the manufacturing equipment industry as well as the result of the current period of transition to new products. The segment sales in the first nine months of the current fiscal year decreased by 52.6% to 2,164 million yen, compared with the same period of the last fiscal year.

iii) Inspection equipment business

In the inspection equipment business, demand is emerging in Japan for macro inspection equipment (penetrant testing devices) for smartphones and tablet devices. There were extensive activities involving the newly developed S-Light and orders were received for macro inspection equipment. As a result, segment sales in the first nine months of the current fiscal year increased by 1.9% to 510 million yen, compared with the same period of the last fiscal year.

iv) Staffing services business

In the staffing services business, performance is generally stable because this business handles primarily engineers. We are making efforts to improve the quality of the staffing services workforce, provide services that meet customers' needs and further strengthen sales activities. As a result, segment sales in the first nine months of the current fiscal year increased by 3.2% to 1,435 million yen, compared with the same period of the last fiscal year.

Net sales and operating income by business segment *(Millions of yen, %)*

Business segment	First nine months of FY3/11			First nine months of FY3/12		
	Net sales	Composition	Operating income	Net sales	Composition	Operating income
Lamp business	4,789	43.8	221	3,693	48.5	10
Manufacturing equipment business	4,565	41.8	644	2,164	28.4	(200)
Inspection equipment business	501	4.6	(63)	510	6.7	(11)
Staffing services business	1,391	12.7	1	1,435	18.8	74
Adjustments	(316)	(2.9)	(345)	(184)	(2.4)	(306)
Total	10,930	100.0	458	7,618	100.0	(433)

(2) Qualitative Information Regarding Consolidated Financial Position

Assets

Current assets decreased by 416 million yen from the end of the last fiscal year. The main factors of increase were a 339 million yen rise in notes and accounts receivable, and a 104 million yen rise in merchandise and finished goods. The main factors of decrease were a 447 million yen fall in cash and deposits with banks, and a 148 million yen fall in advance payments that is included in others under current assets.

Fixed assets decreased by 1,386 million yen from the end of the last fiscal year. The main factors of decrease were an 893 million yen fall in property, plant and equipment, and a 677 million yen fall in long-term accounts receivable-other that is included in others under investments and other assets.

As a result of the above, total assets decreased 15.7% from the end of the last fiscal year to 9,713 million yen.

Liabilities

Current liabilities increased by 246 million yen from the end of the last fiscal year. The main factors of increase were a 500 million yen rise in short-term borrowings, and a 361 million yen rise in current portion of long-term borrowings. The main factors of decrease were a 221 million yen fall in accrued income taxes, a 165 million yen fall in notes and accounts payable, and a 120 million yen fall in accrued bonuses.

Long-term liabilities decreased by 803 million yen from the end of the last fiscal year. The main factors of decrease were a 524 million yen fall in long-term borrowings, 158 million yen fall in accrued employees' retirement benefits, and a 113 million yen fall in deferred tax liabilities.

As a result, total liabilities decreased 12.9% from the end of the last fiscal year to 3,759 million yen.

Net assets

Total net assets decreased 1,246 million yen from the end of the last fiscal year. The main factor of decrease was a fall in retained earnings. Retained earnings decreased mainly due to a 1,150 million yen net loss and 91 million yen for cash dividends paid.

As a result, total net asset declined 17.3% from the end of the last fiscal year to 5,953 million yen.

Consequently, shareholders' equity ratio declined from 62.5% at the end of the last fiscal year to 61.3% at the end of the period under review.

(3) Qualitative Information Regarding Consolidated Forecast

The consolidated full-year forecasts that were announced on August 5, 2011 with the past earnings announcement have been revised. For more information, please see the press release dated today (February 8, 2012) regarding revision of business forecasts, booking of extraordinary loss, reversal of deferred tax assets, revision of year-end dividend forecast, and suspension of shareholder benefit system.

2. Matters Related to Summary Information (Others)

(1) Changes in Consolidated Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods in the Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY3/11 (As of Mar. 31, 2011)	Third quarter of FY3/12 (As of Dec. 31, 2011)
Assets		
Current assets		
Cash and deposits with banks	1,617,737	1,169,920
Notes and accounts receivable	2,841,474	3,181,089
Merchandise and finished goods	256,548	361,325
Work in process	893,180	799,406
Raw materials and supplies	640,714	544,538
Others	560,916	338,696
Allowance for doubtful accounts	(25,085)	(26,142)
Total current assets	6,785,485	6,368,835
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,532,976	938,254
Land	1,250,227	1,190,227
Others, net	903,196	664,369
Total property, plant and equipment	3,686,400	2,792,851
Intangible assets		
Goodwill	200,685	150,514
Others	76,551	129,079
Total intangible assets	277,237	279,593
Investments and other assets		
Others	1,103,874	342,781
Allowance for doubtful accounts	(336,295)	(70,682)
Total investments and other assets	767,579	272,098
Total fixed assets	4,731,216	3,344,543
Total assets	11,516,701	9,713,378

(Thousands of yen)

	FY3/11 (As of Mar. 31, 2011)	Third quarter of FY3/12 (As of Dec. 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable	1,162,908	997,352
Short-term borrowings	-	500,000
Current portion of long-term borrowings	254,820	615,985
Accrued income taxes	231,987	10,862
Accrued bonuses	176,150	55,956
Provision for product warranties	17,736	14,379
Provision for loss on construction contracts	88,374	32,836
Others	673,434	624,137
Total current liabilities	2,605,410	2,851,511
Long-term liabilities		
Long-term borrowings	796,330	271,650
Deferred tax liabilities	442,039	328,347
Accrued employees’ retirement benefits	158,713	-
Others	313,963	307,871
Total long-term liabilities	1,711,046	907,869
Total liabilities	4,316,457	3,759,380
Net assets		
Shareholders’ equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	4,065,923	2,824,624
Treasury stock	(1,567,420)	(1,567,420)
Total shareholders’ equity	7,195,548	5,954,249
Accumulated other comprehensive income		
Unrealized holding gain on other securities	4,696	(251)
Total accumulated other comprehensive income	4,696	(251)
Total net assets	7,200,244	5,953,998
Total liabilities and net assets	11,516,701	9,713,378

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

Consolidated Statements of Income

(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/11 (Apr. 1, 2010 – Dec. 31, 2010)	First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)
Net sales	10,930,569	7,618,877
Cost of goods sold	8,391,269	6,118,512
Gross profit	2,539,299	1,500,365
Selling, general, and administrative expenses	2,080,366	1,933,673
Operating income (loss)	458,933	(433,308)
Non-operating income		
Interest income	860	103
Dividend income	1,504	7,132
Fiduciary obligation fee	177,877	161,966
Amortization of negative goodwill	30,114	30,114
Reversal from allowance for doubtful accounts	-	67,370
Miscellaneous revenue	26,647	17,765
Total non-operating income	237,004	284,452
Non-operating expenses		
Interest expense	12,906	12,571
Foreign exchange losses	127,677	53,566
Loss on valuation of investment securities	2,154	39,223
Miscellaneous loss	2,895	4
Total non-operating expenses	145,633	105,366
Recurring profit (loss)	550,304	(254,222)
Extraordinary income		
Gain on sales of fixed assets	185	17,633
Gain on revision of retirement benefit plan	-	67,033
Total extraordinary income	185	84,666
Extraordinary loss		
Loss on disposal of fixed assets	241	7,892
Impairment losses	-	646,171
Business structure improvement expenses	-	336,144
Total extraordinary losses	241	990,207
Income (loss) before income taxes and minority interests	550,248	(1,159,763)
Income taxes-current	354,267	15,842
Income taxes-deferred	(65,979)	(25,318)
Total income taxes	288,288	(9,476)
Income (loss) before minority interests	261,959	(1,150,287)
Net income (loss)	261,959	(1,150,287)

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

(Thousands of yen)

	First nine months of FY3/11 (Apr. 1, 2010 – Dec. 31, 2010)	First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)
Income (loss) before minority interests	261,959	(1,150,287)
Other comprehensive loss		
Unrealized holding loss on other securities	2,270	(4,947)
Total other comprehensive loss	2,270	(4,947)
Comprehensive income	264,230	(1,155,235)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	264,230	(1,155,235)
Comprehensive income attributable to minority interests	-	-

(3) Going Concern Assumption

First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)
Not applicable.

(4) Additional Information

Application of Accounting Standard for Accounting Changes and Error Corrections

For accounting revisions and corrections of errors in prior fiscal years, from the beginning of the first quarter of the current fiscal year, the Company applies “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009).

Accrued employees’ retirement benefits

A consolidated subsidiary Nippon Gijutsu Center Co., Ltd. has switched entirely from a lump-sum pension plan to a defined-contribution retirement benefit plan in December 2011, and adopts “Guidance on Accounting Standard for Transfers between Retirement Benefit Plans” (ASBJ Guidance No. 1). As a result of this change, the Company posted 67 million yen as an extraordinary income in the first nine months of the current fiscal year.

Application of a consolidated taxation system

The Company and its consolidated subsidiaries have submitted an application to tax authorities for approval to use the consolidated taxation system starting in the fiscal year ending on March 31, 2013. Accounting methods from the first nine months of the current fiscal year are based on the application of a consolidated taxation system in accordance with “Practical Solution for Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Practical Issue Task Force (PITF) No.5) and “Practical Solution for Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (PITF No.7).

(5) Segment Information

Segment information

I. First nine months of FY3/11 (Apr. 1, 2010 – Dec. 31, 2010)

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	Inspection equipment business	Staffing services business	Total		
Net sales							
Sales to third parties	4,786,629	4,565,781	260,647	1,317,510	10,930,569	-	10,930,569
Intergroup sales and transfers	2,472	-	240,792	73,663	316,928	(316,928)	-
Total	4,789,102	4,565,781	501,440	1,391,173	11,247,498	(316,928)	10,930,569
Segment profit (loss)	221,569	644,382	(63,106)	1,319	804,164	(345,231)	458,933

Notes: 1. The negative adjustment of 345,231 thousand yen to segment profit (loss) includes -7,655 thousand yen in eliminations for inter-segment transactions and -337,575 thousand yen in corporate costs that are not allocated to reportable segments. Corporate 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 consolidated statements of income.

II. First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)

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	Inspection equipment business	Staffing services business	Total		
Net sales							
Sales to third parties	3,693,117	2,084,475	466,540	1,374,743	7,618,877	-	7,618,877
Intergroup sales and transfers	123	79,952	44,204	60,589	184,869	(184,869)	-
Total	3,693,241	2,164,428	510,744	1,435,332	7,803,747	(184,869)	7,618,877
Segment profit (loss)	10,795	(200,749)	(11,284)	74,461	(126,777)	(306,531)	(433,308)

Notes: 1. The negative adjustment of 306,531 thousand yen to segment profit (loss) includes 3,138 thousand yen in eliminations for inter-segment transactions and -309,669 thousand yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to reportable segments.
2. Segment loss is adjusted to be consistent with operating loss shown on the consolidated statements of income.

2. Information related to impairment of fixed assets or goodwill, etc. for each reportable segment

Significant impairment losses related to fixed assets

Impairment losses were recognized in the lamp, manufacturing equipment, and inspection equipment businesses.

In the first nine months of the current fiscal year, impairment losses were 545,369 thousand yen, 9,168 thousand yen, and 91,632 thousand yen, respectively, for each business.

(6) Precaution Concerning Significant Changes in Shareholders' Equity

First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)

Not applicable.

Note: This is a translation of Kessan Tanshin in Japanese (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.