Helios Techno

February 5, 2016

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2016 (Nine Months Ended December 31, 2015)

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd. Listing: Tokyo
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Scheduled date of filing of Quarterly Report: February 12, 2016
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 5, 2016 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (April 1, 2015 – December 31, 2015)

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2015	10,966	13.0	1,019	348.8	1,020	510.3	698	165.2
Nine months ended Dec. 31, 2014	9,707	31.5	227	-	167	82.6	263	(9.1)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2015: 749 (up 161.8%)
Nine months ended Dec. 31, 2014: 286 (down 11.6%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2015	39.16	38.81
Nine months ended Dec. 31, 2014	15.39	15.12

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2015	24,807	8,579	34.5
As of Mar. 31, 2015	21,528	8,041	37.3

Reference: Equity (million yen) As of Dec. 31, 2015: 8,567 As of Mar. 31, 2015: 8,029

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, 2015	-	0.00	-	12.00	12.00
Fiscal year ending Mar. 31, 2016	-	0.00	-		
Fiscal year ending Mar. 31, 2016 (forecast)				15.00	15.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	25,950	75.1	1,180	38.6	1,180	51.3	780	2.9	43.71

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

*** 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: Yes

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 Dec. 31, 2015:	22,806,900 shares	As of Mar. 31, 2015:	22,806,900 shares

2) Number of treasury shares at the end of period

As of Dec. 31, 2015:	4,963,710 shares	As of Mar. 31, 2015:	4,973,710 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2015:	17,837,808 shares	Nine months ended Dec. 31, 2014:	17,114,539 shares

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the review procedures for the quarterly financial statements have 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 "1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements."

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, Japan’s economy generally continued on a mild recovery trend. Meanwhile, concerns of an economic slowdown in China, sluggish growth in the ASEAN countries, and other factors have increased the possibility of a downturn in the world economy. Under these conditions, the need for capital investment in the key markets of the Helios Techno Group (the “Group”) including large flat-panel displays, smartphones, and tablets has become strong.

Against this economic backdrop, the Group expanded sales of LCD manufacturing equipment, including alignment layer manufacturing equipment, and of UV exposure light source units. Moreover, the Group has endeavored to expand LED product line-ups and sales promotions, and business in the area of temporary staffing service.

In the first nine months of the current fiscal year, net sales increased 1,258 million yen, or 13.0%, over the same period of the previous fiscal year to 10,966 million yen; operating income increased 792 million yen, or 348.8%, to 1,019 million yen; recurring profit increased 853 million yen, or 510.3%, to 1,020 million yen; and profit attributable to owners of parent increased 435 million yen, or 165.2%, to 698 million yen.

Operation results by business segment are described below. Each of the amounts shown includes internal transactions between segments. Following the changes in the business administration segments within the Group, some of the business, which was included in the “Lamp Business” in prior periods, has been transferred to the “Inspection Equipment Business.” Moreover, changes have been made to the reported segment divisions from the first quarter of the current fiscal year onward. Following the changes, the revised values for the first-nine months of comparisons and analyses have been incorporated into each segment.

i) Lamp Business

Sales of built-in projector lamps were unable to grow, but a focus on sales promotion for replacement lamps and the practical application of UV exposure lamps brought about a rise in sales of light-source units backed by an increasing demand. Nevertheless, sales of projector lamps declined 10.4% to 1,009 million yen.

Sales of general lightning lamps fell 3.2% to 1,073 million yen. LED lamp sales increased steadily as an awareness of energy conservation took hold but were hit by a delay in the schedule for LED lamp installation in the first nine months and the need to cover for a brief declining trend in the sales of halogen and other conventional lamps.

Segment sales in the first nine months decreased by 2.3% to 2,547 million yen, compared with the same period of the previous fiscal year.

ii) Manufacturing Equipment Business

In the manufacturing equipment business, in addition to higher demand for alignment layer manufacturing equipment conventionally used in large flat-panel displays, orders for manufacturing equipment in the new fields of smartphone and tablet touch-screen panels grew steadily. The Group also took the initiative in pursuing orders to relocate used equipment overseas. Furthermore, we instigated a focus on sales of alignment layer manufacturing equipment for large flat-panel displays in the first half of the current fiscal year.

Segment sales in the first nine months increased by 36.8% to 4,804 million yen, compared with the same period of the previous fiscal year. Moreover, we received a steady stream of orders, and the balance of orders as of the end of the third quarter reached 16,092 million yen. Among them, the sum of 11,700 million yen for relocating equipment to China undertaken from the previous fiscal year is set to be accounted in sales at the end of the current fiscal year.

iii) Inspection Equipment Business

In the inspection equipment business, the Group sells light sources for inspection equipment and proactively handled orders for UV exposure equipment. Moreover, it is acquiring new orders for external appearance inspection equipment used in the production of liquid-crystal and touch-screen panels in smartphones and tablets. However, sales of lithography units declined 16.6% to 879 million yen.

Segment sales in the first nine months decreased by 20.5% to 1,023 million yen, compared with the same period of the previous fiscal year.

iv) Human Resource Service Business

The human resource service business includes the temporary staffing for engineers and temporary staffing to the manufacturing sector*. Temporary staffing for engineers is showing signs of stable growth. In this business, which is closely linked to area served, sales activities were strengthened by improving the quality of workers and providing services that meet customers' needs. As for temporary staffing to the manufacturing sector, the numbers of staff dispatched grew steadily, reflecting the improving trends in corporate profits and employment.

* In April 2015, Nippon Gijutsu Center Co., Ltd. merged Techno Provider Co., Ltd., which was Helios Techno consolidated subsidiary that provides temporary staffing service for the manufacturing sector.

Segment sales in the first nine months increased by 11.4% to 2,600 million yen, compared with the same period of the previous fiscal year.

(2) Explanation of Financial Position

i) Balance sheet position

Assets

Current assets increased 3,081 million yen from the end of the previous fiscal year to 21,884 million yen. This was mainly due to a 1,312 million yen increase in cash and deposits with banks and a 1,780 million yen increase in work in process, while there was a 141 million yen decrease in notes and accounts receivable.

Fixed assets increased 197 million yen from the end of the previous fiscal year to 2,923 million yen. This was mainly due to a 119 million yen increase in machinery, which is included in other under property, plant and equipment, and a 77 million yen increase in investment securities, which is included in other under investments and other assets.

As a result, total assets increased 3,278 million yen from the end of the previous fiscal year to 24,807 million yen.

Liabilities

Current liabilities increased 2,883 million yen from the end of the previous fiscal year to 15,512 million yen. This was mainly due to a 5,381 million yen increase in advances received while there was a 2,450 million yen decrease in short-term borrowings.

Long-term liabilities decreased 142 million yen from the end of the previous fiscal year to 715 million yen, mainly due to a 156 million yen decrease in long-term borrowings.

As a result, total liabilities increased 2,741 million yen from the end of the previous fiscal year to 16,228 million yen.

Net assets

Net assets increased 537 million yen, or 6.7 %, from the end of the previous fiscal year to 8,579 million yen. This was mainly due to the payment of dividends from surplus of 213 million yen and profit attributable to owners of parent of 698 million yen.

Since assets and liabilities increased as stated above, the equity ratio decreased 2.8 percentage points from the end of the previous fiscal year to 34.5% at the end of the third quarter of the current fiscal year.

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

Based on the results in the first nine months of the current fiscal year, the consolidated forecast that was announced on November 6, 2015 has been revised. Please see the press release titled “Notice of Revisions to the Consolidated Forecast for FY3/16” that was announced today (on February 5, 2016).

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant 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

Changes in Accounting Policies

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income has been revised. For consistency with these changes, the consolidated financial statements for the first nine months of the previous fiscal year and the previous fiscal year have been revised.

The Company has adopted the Accounting Standard for Business Combinations, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

There was no impact on the quarterly consolidated financial statements for the first nine months of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)	Third quarter of FY3/16 (As of Dec. 31, 2015)
Assets		
Current assets		
Cash and deposits with banks	1,836,331	3,148,753
Notes and accounts receivable	4,213,188	4,071,515
Merchandise and finished goods	337,474	372,873
Work in process	11,332,851	13,113,145
Raw materials and supplies	474,286	516,491
Advance payments	248,428	387,965
Others	373,038	279,679
Allowance for doubtful accounts	(13,104)	(6,219)
Total current assets	18,802,495	21,884,205
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	816,984	770,992
Land	864,166	864,166
Others, net	411,920	599,041
Total property, plant and equipment	2,093,071	2,234,200
Intangible assets		
Goodwill	74,705	58,697
Others	74,501	61,665
Total intangible assets	149,207	120,362
Investments and other assets		
Others	519,544	641,105
Allowance for doubtful accounts	(35,600)	(72,268)
Total investments and other assets	483,944	568,836
Total fixed assets	2,726,223	2,923,399
Total assets	21,528,718	24,807,605

(Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)	Third quarter of FY3/16 (As of Dec. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable	1,271,732	1,378,770
Short-term borrowings	2,750,000	300,000
Current portion of long-term borrowings	219,996	219,996
Accrued income taxes	137,133	198,967
Advances received	7,221,986	12,603,631
Accrued bonuses	248,688	126,590
Provision for product warranties	18,314	24,446
Others	761,475	660,476
Total current liabilities	12,629,326	15,512,879
Long-term liabilities		
Long-term borrowings	654,174	497,510
Others	203,674	218,199
Total long-term liabilities	857,848	715,709
Total liabilities	13,487,174	16,228,589
Net assets		
Shareholders’ equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	4,459,692	4,943,804
Treasury shares	(1,245,467)	(1,242,963)
Total shareholders’ equity	7,911,269	8,397,885
Accumulated other comprehensive income		
Unrealized holding gain on other securities	117,820	169,146
Total accumulated other comprehensive income	117,820	169,146
Subscription rights to shares	12,455	11,985
Total net assets	8,041,544	8,579,016
Total liabilities and net assets	21,528,718	24,807,605

(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 FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)
Net sales	9,707,881	10,966,312
Cost of goods sold	7,316,650	7,652,877
Gross profit	2,391,230	3,313,435
Selling, general and administrative expenses	2,164,072	2,293,999
Operating income	227,157	1,019,436
Non-operating income		
Interest income	81	111
Dividend income	8,588	10,975
Amortization of negative goodwill	10,038	-
Fiduciary obligation fee	4,104	11,800
Miscellaneous revenue	18,673	10,251
Total non-operating income	41,486	33,138
Non-operating expenses		
Interest expense	49,686	10,388
Foreign exchange loss	32,671	2,602
Commission for syndicate loan	18,258	18,171
Miscellaneous loss	792	804
Total non-operating expenses	101,408	31,967
Recurring profit	167,236	1,020,606
Extraordinary income		
Gain on sales of fixed assets	-	1,903
Gain on redemption of investment securities	92,939	-
Total extraordinary income	92,939	1,903
Extraordinary loss		
Loss on disposal of fixed assets	-	6,031
Office transfer expenses	-	6,578
Total extraordinary losses	-	12,610
Income before income taxes and non-controlling interests	260,176	1,009,899
Income taxes-current	35,006	304,864
Income taxes-deferred	(38,227)	6,460
Total income taxes	(3,220)	311,325
Profit	263,396	698,574
Profit attributable to owners of parent	263,396	698,574

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

(Thousands of yen)

	First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)
Profit	263,396	698,574
Other comprehensive income		
Unrealized holding gain on other securities	23,016	51,325
Total other comprehensive income	23,016	51,325
Comprehensive income	286,413	749,900
Comprehensive income attributable to		
Owners of parent	286,413	749,900
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 nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)

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	Human Resource Service Business	Total		
Net sales							
Sales to external customers	2,596,734	3,511,840	1,283,490	2,315,816	9,707,881	-	9,707,881
Inter-segment sales and transfers	10,888	-	3,771	18,791	33,451	(33,451)	-
Total	2,607,622	3,511,840	1,287,261	2,334,608	9,741,332	(33,451)	9,707,881
Segment profit	66,294	157,937	163,227	100,906	488,365	(261,207)	227,157

Notes: 1. The minus 261,207 thousand yen adjustment to segment profit includes minus 12,014 thousand yen in elimination of inter-segment transactions and minus 249,192 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 consolidated statements of income.

II. First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

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	Human Resource Service Business	Total		
Net sales							
Sales to external customers	2,546,573	4,804,715	1,022,314	2,592,708	10,966,312	-	10,966,312
Inter-segment sales and transfers	1,117	-	1,230	7,467	9,815	(9,815)	-
Total	2,547,691	4,804,715	1,023,545	2,600,175	10,976,128	(9,815)	10,966,312
Segment profit	50,796	1,011,304	114,347	89,321	1,265,769	(246,333)	1,019,436

Notes: 1. The minus 246,333 thousand yen adjustment to segment profit includes 16,862 thousand yen in elimination of inter-segment transactions and minus 263,195 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 consolidated statements of income.

2. Information related to revisions for reportable segments

Some of the business, which was included in the "Lamp Business" in prior periods, has been transferred to the "Inspection Equipment Business" from the first quarter of FY3/16. The segment information for the first nine months of FY3/15 is prepared and disclosed based on the reportable segment categories after the revision.