Helios Techno

May 14, 2010

Financial Results for the Fiscal Year Ended March 31, 2010

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
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Scheduled date of General Meeting of Shareholders: June 25, 2010
Scheduled date of filing of Annual Securities Report: June 28, 2010
Scheduled date of payment of dividend: June 28, 2010

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

1. Consolidated Financial Results (April 1, 2009 – March 31, 2010)

(1) Consolidated results of operations

(Percentages for net sales, operating income, recurring profit and net income represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2010	10,536	72.3	(157)	-	(20)	-	(314)	-
Fiscal year ended Mar. 31, 2009	6,113	(32.1)	(240)	-	(237)	-	(947)	-

	Net income per share (basic)	Net income per share (diluted)	ROE	Recurring profit to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2010	(14.32)	-	(3.8)	(0.2)	(1.5)
Fiscal year ended Mar. 31, 2009	(43.97)	-	(10.5)	(2.4)	(3.9)

Reference) Equity in earnings of affiliates (million yen) Mar. 31, 2010: - Mar. 31, 2009: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2010	12,841	8,231	64.1	372.30
As of Mar. 31, 2009	9,038	8,330	92.2	402.85

Reference) Shareholders' equity (million yen) Mar. 31, 2010: 8,231 Mar. 31, 2009: 8,330

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2010	817	(184)	(193)	2,689
Fiscal year ended Mar. 31, 2009	1,183	19	(592)	2,250

2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2009	-	2.25	-	2.25	4.50	95	-	1.1
Fiscal year ended Mar. 31, 2010	-	0.00	-	2.00	2.00	44	-	0.5
Fiscal year ending Mar. 31, 2011 (forecast)	-	0.00	-	4.00	4.00		26.7	

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
First half	7,008	14.6	(57)	-	118	-	10	-	0.45
Full year	14,281	35.5	313	-	666	-	331	-	14.97

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

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

Note: Please refer to “Corporate Group” on page 9 for further information.

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to “Significant Accounting Policies in the Preparation of the Consolidated Financial Statements” on page 19 for further information.

(3) Number of shares outstanding (common shares)

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

As of Mar. 31, 2010: 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 Mar. 31, 2010: 697,311 shares As of Mar. 31, 2009: 2,128,476 shares

Note: Please refer to “Per Share Data” on page 30 for the number of shares used in calculating consolidated net income per share.

Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results (April 1, 2009 – March 31, 2010)

(1) Non-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	%
Fiscal year ended Mar. 31, 2010	435	(91.8)	18	-	67	-	66	-
Fiscal year ended Mar. 31, 2009	5,307	(33.7)	(293)	-	(282)	-	(974)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended Mar. 31, 2010	3.04	-
Fiscal year ended Mar. 31, 2009	(45.18)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2010	9,242	8,409	91.0	380.34
As of Mar. 31, 2009	8,756	8,131	92.9	393.21

Reference) Shareholders’ equity (million yen) Mar. 31, 2010: 8,409 Mar. 31, 2009: 8,131

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

No non-consolidated forecast is shown because Helios Techno Holding Co., Ltd. has no sales to external customers following the Company’s conversion to a holding company in April 2009.

1. Results of Operations

(1) Analysis of Results of Operations

1) Overview

In the current fiscal year, there was a recovery in the global economy that was supported by financial stabilization and economic stimulus programs enacted by governments and central banks in response to the financial crisis last year. Japan’s economy slowly began to settle down as this recovery progressed, and is currently recovering at a moderate pace as inventories fall, the Chinese economy grows and production volume in some industries rebounds.

The Helios Techno Group is taking steps to diversify business operations beyond the core lamp business. One step was the management integration in April 2009 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, a company that was undergoing civil rehabilitation proceedings, was purchased in July 2009 by NAKAN Techno Co., Ltd., which was established and is owned by the Company. 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 current fiscal year, net sales were 10,536 million yen, 72.3% 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, the global economic recession sparked a steep drop in the projector market in the fourth quarter of the previous fiscal year and the first quarter of the current fiscal year. Orders started recovering in the third quarter climbed back to the same level as one year earlier. Although there was a rapid recovery in demand in the fourth quarter, performance for the fiscal year was severely impacted by the steep drop in sales in the first half. The result was a 22.7% decrease in projector lamp sales, including sales of lamps for rear projection televisions (RPTVs), to 3,226 million yen. In the general lighting lamps (other halogen lamps and other products) sector, there were strong sales of newly developed LED lamps but sales of halogen lamps fell as demand weakened because of the recession. The result was a 6.1% drop in sales of these lamps to 1,754 million yen. Overall, segment sales were down 17.3% to 5,058 million yen. An extraordinary loss of 108 million yen was recorded for the recall of a particular type of projector lamp caused by a problem involving these lamps. The organizational structure has been revised in order to prevent this type of problem from occurring again.

In the industrial equipment business, sales of alignment layer printing machine, liquid crystal panel inspection equipment and other products totaled 3,699 million yen.

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 1,778 million yen.

During the current fiscal year, expenses were recorded for strengthening internal control systems and other operating systems at companies that recently joined the Group.

All deferred tax assets of Nippon Gijutsu Center Co., Ltd. have been reversed. This action was taken following a reexamination of these deferred tax assets in consideration of the challenging operating environment for this company and in accordance with Handling of Audits Concerning Decisions for the Possibility of Recovering Deferred Tax Assets (Audit Committee Report No. 66).

As a result, net sales in the current fiscal year were 10,536 million yen and there was an operating loss of 157 million yen, a recurring loss of 20 million yen and a net loss of 314 million yen.

2) Results by business segment

Business segment	Net sales (Millions of yen)	Composition (%)
Lamp business	5,058	48.0
Industrial equipment business	3,699	35.1
Staffing services business	1,778	16.9
Total	10,536	100.0

3) Results by geographical segment

Results by geographical segment are not presented because Japan accounts for 100% of the total sales of all geographical segments.

4) Outlook for new fiscal year

Although there are some uncertainties about the outlook, the global economy is expected to continue recovering at a moderate pace as benefits of financial stabilization and economic stimulus measures enacted by governments and central banks since last year slowly emerge. In particular, supported by growth of the Chinese economy, many companies are expected to put the worst of the downturn in earnings behind them and stage a slow recovery. In this environment, the Helios Techno Group is taking the following actions in all of its businesses to improve sales and earnings.

In the lamp business, the downturn in the projector market, the primary source of sales at PHOENIX Electric, came to an end as a recovery took place in demand for projectors used in companies, schools and other locations. However, lower-priced products are still accounting for a rising share of sales. One goal is increasing sales by deepening ties with current customers and establishing relationships with new customers. Another goal is to become more cost competitive by reducing costs through greater collaboration among sales, technology, production and procurement activities. In the LED lamp sector, the Company expects sales to post steady growth. One reason is that sales activities are raising awareness of these lamps. Another reason is the development of high-intensity lamps, which makes it possible to offer a broad lineup of LED lamps. There is substantial demand for these lamps at operators of restaurants, hotels and retail stores and another source of demand is emerging as tie-ups are formed with manufacturers of industrial equipment.

In the industrial equipment business, there has been a rapid increase in demand in the liquid crystal panel market, which is a major source of sales for NAKAN Techno. In particular, there is strong demand in China associated with the high volume of capital expenditures. NAKAN Techno has been conducting aggressive activities to capture new orders. In the alignment layer printing machine category, NAKAN Techno expects a recovery in performance to the same level as at NAKAN Corporation in prior years.

In the staffing services business, the downturn in performance was not severe because this business handles primarily engineers. Nevertheless, a significant recovery is not expected in the fiscal year ending on March 31, 2011. Operations in this business will be further upgraded by improving the quality of the staff and offering services that precisely meet the needs of customers.

Based on this outlook, the Company is forecasting consolidated net sales of 14,281 million yen, operating income of 313 million yen, recurring profit of 666 million yen and net income of 331 million yen in the fiscal year ending on March 31, 2011.

(2) Analysis of Financial Position

1) Balance sheet position

i) Assets

Current assets increased by 1,908 million yen from the end of the previous fiscal year. This was mainly due to a 1,248 million yen increase in notes and accounts receivable, a 1,286 million yen increase in inventories, and a 1,050 million yen decrease in cash and deposits with banks.

Fixed assets increased by 1,893 million yen from the end of the previous fiscal year, mainly due to a 1,094 million yen increase in long-term accounts receivable-other, a 970 million yen increase in property, plant and equipment, and a 267 million yen increase in goodwill.

As a result of the above, total assets increased 42.0% from the end of the previous fiscal year to 12,841 million yen.

ii) Liabilities

Current liabilities increased 2,447 million yen from the end of the previous fiscal year. This mainly reflects increases in notes and accounts payable of 628 million yen, and current portion of long-term borrowings of 269 million yen.

Long-term liabilities increased 1,453 million yen from the end of the previous fiscal year. This mainly reflects increases in long-term borrowings of 413 million yen, deferred tax liabilities of 531 million yen, and negative goodwill of 170 million yen.

As a result, total liabilities increased 550.6% from the end of the previous fiscal year to 4,609 million yen.

iii) Net assets

Total net assets decreased 1.2% from the end of the previous fiscal year to 8,231 million yen. This was the net result of declines due to net loss of 314 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 506 million yen because of the decline in the number of shares of treasury stock in association with the exchange of stock.

(Reference) Cash Flow Indicators

	FY3/06	FY3/07	FY3/08	FY3/09	FY3/10
Shareholders’ equity ratio	75.3	83.8	88.5	92.2	64.1
Shareholders’ equity ratio at market cap	204.2	109.6	53.7	41.9	52.3
Interest-bearing debt to cash flow ratio	0.3	0.3	0.2	0.0	1.0
Interest coverage ratio	187	176.5	164.8	663.8	54.5

Shareholders’ equity ratio: shareholders’ equity/ total assets

Shareholders’ equity ratio at market cap: market capitalization/ total assets

Interest coverage ratio: operating cash flow/ interests paid

* All of the above indicators are calculated using figures from the consolidated financial statements.

* Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares outstanding (net of treasury stock) at the end of the period.

* Operating cash flows refers to “net cash provided by operating activities” as shown on the consolidated statements of cash flows. Interest-bearing debt refers to the total of liabilities shown on the consolidated balance sheets on which interest is paid. Interests paid refer to “interests paid” as shown in the consolidated statements of cash flows.

(3) Fundamental Policy Regarding Distribution of Earnings and Dividends for FY3/10 and FY3/11

Returning earnings to shareholders is one of the Company's highest priorities. The fundamental policy is to pay a dividend that is linked to earnings by, in principle, maintaining a dividend payout ratio of 25%. Since there was a net loss in the fiscal year that ended on March 31, 2010, the year-end dividend applicable to this fiscal year is 2 yen per share.

For the fiscal year ending on March 31, 2011, the Company plans to pay a dividend of 4 yen per share, which is a dividend payout ratio of 25% based on the earnings forecast for this fiscal year.

(4) Business Risks

The following section presents significant information regarding business and financial matters that may affect the decisions of investors. The discussion of these risks includes forward-looking statements. Such statements are based on the judgments of management as of March 31, 2010. The Company makes no guarantee that this list covers all risks. Furthermore, investors are cautioned that results of operations may be affected by other risk factors.

1) Exchange rate volatility

Group company PHOENIX Electric Co., Ltd. exports its products to North America, Asia and other areas of the world. Overseas sales were 38.2% of consolidated sales in the previous fiscal year and 44.4% in the current fiscal year.

Most export sales are denominated in U.S. dollars, with some transactions using the euro instead. In addition, PHOENIX Electric purchases some components and finished products from overseas suppliers. Large part of raw materials used to make lamps is procured directly or indirectly from outside Japan.

On a non-consolidated basis, sales of PHOENIX Electric denominated in U.S. dollars totaled 20,784 thousand dollars in the previous fiscal year and 21,946 thousand dollars in the current fiscal year. Purchases denominated in U.S. dollars totaled 1,601 thousand dollars in the previous fiscal year and 3,067 thousand dollars in the current fiscal year. As a result, changes in foreign exchange rates could have an effect on the Group's operating results.

Almost all of the sales of group company NAKAN Techno Co., Ltd., which is engaged primarily in the production of LCD manufacturing equipment, are from products exported to Taiwan, South Korea and China. Since all of these sales are denominated in Japanese yen, exchange rate volatility has no effect on the performance of this company.

2) Potential risks involving overseas sales of manufacturing equipment

Almost all of the sales (manufacturing equipment) of group company NAKAN Techno Co., Ltd. are from products exported to Taiwan, South Korea and China. Sudden political changes, unexpected revisions to laws, economic volatility, natural disasters, acts or war or terrorism, and other events may have an effect on the Group's operating results.

3) Effect of supply-demand dynamics that are unique to manufacturing equipment

One category of LCD manufacturing equipment accounts for almost all of the sales of group company NAKAN Techno Co., Ltd. Demand for this company's product depends on the supply and demand for liquid crystals manufactured by this manufacturing equipment. In addition, demand for this equipment is highly volatile because of the nature of this equipment. The volume of orders is consistently high when demand for liquid crystals, etc. starts to climb. But once orders start to decline, the volume of orders may continue to fall irrespective of the amount of demand for liquid crystals, etc. This volatility may have an effect on the Group's operating results. The Helios Techno Group will continue to concentrate on developing new products with added value by incorporating advanced technologies in order to create new sources of orders.

4) New product development competition and decline in prices due to intensifying competition

a) Development competition involving performance

There is intense competition to develop projectors that are smaller and lighter yet produce images that are brighter and sharper. Because of this, the product life cycle is only about one to two years. The projector market is now expanding beyond the core application of business presentations. Applications include home theaters and education. These applications are generating demands for lamps that are even more efficient, have a higher output and longer life, and carry a lower price. Because of this, there is heated competition among lamp manufacturers to develop new products and sell products at lower prices. PHOENIX Electric Co., Ltd. generates a large percentage of its sales from projector lamps. Therefore, the outcome of competition to develop lamps or delays (if any) in the development of projector lamps may have a significant impact on the Group’s operating results.

b) Risk of price declines due to intensifying competition

In the projector industry, which is the primary source of sales at PHOENIX Electric, there is intense price-based competition among set manufacturers. This competition is causing a decline in the average sales price of lamps, too. If the Group is unable to offset the effect of these price declines by raising sales volume and cutting costs, there may be an impact on its operating results.

Furthermore, intense price-based competition among companies in the electronics industry in markets for all types of products is causing manufacturers to hold down the cost of investments in manufacturing equipment. NAKAN Techno Co., Ltd. is a supplier of alignment layer manufacturing equipment with outstanding precision and quality. These machines are one part of the manufacturing equipment needed to fabricate LCD panels. If there is intense competition with manufacturers of alternative manufacturing equipment, the resulting decline in unit selling prices could have a significant impact on the Group’s ability to achieve its plans.

5) Risk of potential patent disputes

All lamp manufacturers are exposed to the risk of becoming involved in a potential patent dispute. The Group pays very close attention to patents and places importance on patents as a means of protecting its own intellectual property as a defensive measure. Accordingly, the Group acts quickly to apply for and receive patents as required.

When developing new products, the Group exercises extreme care to avoid infringing on patents. Nevertheless, this does not completely eliminate the possibility that the Group could be the target of a patent infringement lawsuit. Depending on the nature and outcome of these disputes, there may be an impact on the Company’s operating results.

6) Staffing business engineers

To meet the various requirements of its customers, the staffing business of group company Nippon Gijutsu Center Co., Ltd. must recruit outstanding engineers and conduct training activities. This business constantly maintains a large number of engineers for assignment to client companies. Consequently, declines in the number or percentage of engineers on assignment, working time, number of days worked, unit price for temporary staffing, and other items may cause an increase in the cost of sales ratio, there may be an impact on the Group’s operating results.

7) Management of customer and personal information

The staffing business of group company Nippon Gijutsu Center Co., Ltd. has a large number of highly skilled engineers who, when on assignments, have direct access to the confidential information of client companies. Building customer relationships based on strong mutual trust is essential for direct involvement in product design and development activities and other highly confidential activities of client companies. The Group is aware that a leak or other inappropriate handling of customers’ confidential information poses the serious risk of losing a customer’s trust. Consequently, there are extensive activities to make employees aware of information security rules and other rules. However, if there is an information leak or other incident despite these activities, there may be an impact on the Group’s operating results.

In addition, the staffing business handles an enormous volume of personal information. The Group is aware of its social obligation to properly manage, store and use personal and other information acquired through its business activities. If a leak or other incident involving personal information occurs, there may be an impact on the Group’s operating results.

8) Legal restrictions

a) Laws and regulations concerning radiation hazards

Projector lamps, the core product of the Group’s lamp business, are a type of electrical discharge lamp. To achieve this discharge with maximum ease, lamps incorporate mercury as well as tiny amounts of a radioactive isotope in the fluorescent tube.

Group company PHOENIX Electric has received permission to handle radioactive isotopes by the Ministry of Education, Culture, Sports, Science and Technology, based on Article 3 Paragraph 1 of the Law of Prevention Radiation Hazards Associated With Radioactive Isotopes, etc. Laws and regulations prescribe no period of validity or deadline for this permission. However, Article 26 Paragraph 1 and Paragraph 2 of this law defines reasons for the termination or suspension of this permission.

At present, there are no factors that present a risk involving the continuation of the Company’s ability to handle radioactive materials. In the event that an event occurs that results in the termination or suspension of this permission, the Group would have difficulty conducting its core business activities and there may be a substantial impact on operating results.

b) Labor laws and regulations concerning the staffing business

The staffing business of Group company Nippon Gijutsu Center must be licensed as an ordinary staffing services business by the Minister of Health, Labour and Welfare as stipulated in the Worker Dispatch Law. This company is aware of the importance of conducting operations in a manner that complies with labor laws and regulations and exercises care to ensure compliance. However, if there is a violation of a law or regulation, Nippon Gijutsu Center may lose its staffing services business license and/or be ordered to suspend operations, the Group would have difficulty conducting its core business activities and there may be a substantial impact on operating results.

9) Major natural disasters

The Group has concentrated its production activities in the cities of Himeji and Tatsuno in Hyogo prefecture and the city of Sakura in Chiba prefecture for the purpose of raising the efficiency of development and manufacturing activities. If there is an earthquake, typhoon or other major natural disaster that seriously damages any of the Group’s production or development facilities, there may be a substantial impact on the Group’s operating results.

10) Collection of payments for exported products

Group company NAKAN Techno Co., Ltd. receives part of the payments for its machinery after the machinery has been installed and the customer has verified the unit’s performance. As a result, there may be a delay in receiving these payments if the verification process takes longer than expected. If this happens, there may be a substantial impact on the Group’s financial position and operating results.

2. Corporate Group

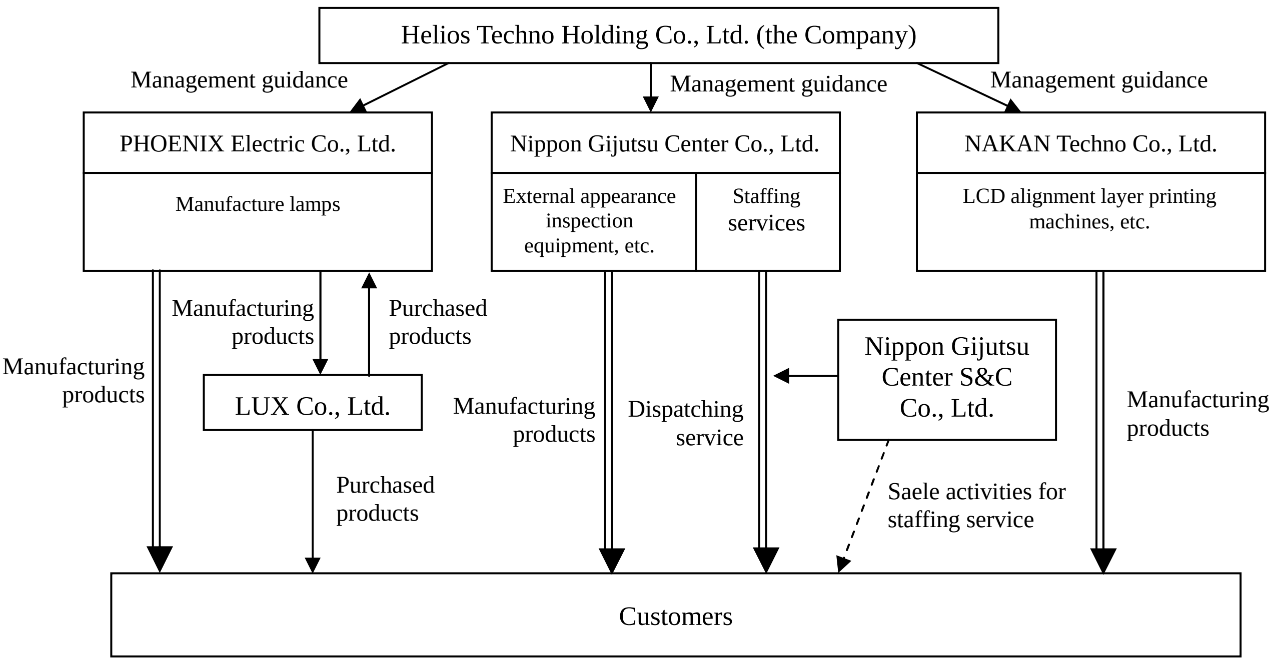
The Helios Techno Group (the Group) is made up of Helios Techno Holding Co., Ltd. (the Company) and five subsidiaries. The Group is engaged primarily in the lamp business, which involves the manufacture and sale of lamps for projectors, LED lamps, halogen lamps (general halogen lamps, automotive halogen lamps, general metal halide lamps), and other lamps; the industrial equipment business, which involves the manufacture and sale of LCD alignment layer printing machines, external appearance inspection equipment and other equipment; and the staffing services business.

(1) Business activities of group companies are as follows.

Company	Location	Major activities
Helios Techno Holding Co., Ltd.	Hyogo Prefecture	Purchase of stock and other interests; assistance, management guidance and other consulting services for companies in which stock and other interests are held
PHOENIX Electric Co., Ltd.	Hyogo Prefecture	Manufacture and sale of lamps for projectors, LED lamps , halogen lamps, and other lamps
LUX Co., Ltd.	Hyogo Prefecture	Sale of illumination lamps and illumination products
Nippon Gijutsu Center Co., Ltd.	Hyogo Prefecture	Manufacture and sale of external appearance inspection equipment and other industrial equipment; staffing services business
Nippon Gijutsu Center S&C Co., Ltd.	Hyogo Prefecture	Sales activities for staffing services business
NAKAN Techno Co., Ltd.	Chiba Prefecture	Manufacture and sale of LCD alignment layer printing machines and other industrial equipment

Notes:
1. On April 1, 2009, the Company was renamed Helios Techno Holding Co., Ltd. and PHOENIX Electric Co., Ltd. was established as an operating subsidiary through a divestiture. Also on April 1, 2009, the Company purchased some of the shares of Nippon Gijutsu Center Co., Ltd. and, on May 1, 2009 used an exchange of stock to acquire all remaining shares, making this company a wholly owned subsidiary under the holding company system.
2. The Company established NAKAN Techno Co., Ltd. on June 30, 2009 as a wholly owned subsidiary. On July 28, 2009, this company began business operations after purchasing the business of NAKAN Corporation, which was undergoing civil rehabilitation proceedings.
3. LUX Co., Ltd. is a wholly owned consolidated subsidiary of the Company.
4. On April 1, 2010, Nippon Gijutsu Center Co., Ltd. merged with its subsidiary Nippon Gijutsu Center S&C Co., Ltd.

(2) A schematic of workflows is shown below.



3. Management Policies

(1) Fundamental Management Policies

The Helios Techno Group is dedicated to meeting the expectations of shareholders, customers, suppliers, employees, communities and all other stakeholders. For this purpose, the Group is committed to using its collective strengths to increase sales and earnings, maximize corporate value and fulfill its obligations as a responsible corporate citizen.

As part of this commitment, the Group has diversified its business operations beyond the core lamp business. One step was the April 1, 2009 management integration with Nippon Gijutsu Center Co., Ltd., which manufactures inspection equipment and operates a staffing service for engineers. On July 28, 2009, the Group purchased the manufacturing equipment business of NAKAN Corporation, which was undergoing civil rehabilitation proceedings in order to rebuild its operations. This business was transferred to NAKAN Techno Co., Ltd., a subsidiary established by the Company. Currently, the Group consists of parent company Helios Techno Holding Co., Ltd. (a pure holding company) and subsidiaries PHOENIX Electric Co., Ltd., LUX Co., Ltd., Nippon Gijutsu Center Co., Ltd., Nippon Gijutsu Center S&C Co., Ltd., and NAKAN Techno Co., Ltd.

The Group is using this management integration and acquisition to utilize the resources of these companies for the purpose of complementing each other’s strengths. The goals are to expand business operations and create value by building an even stronger base of operations that can generate synergies and accelerate growth. Consequently, following the management integration and acquisition, the Group has achieved a qualitative shift to become an organization with three businesses: the lamp development and manufacturing business, equipment development and manufacturing business, and staffing services business.

(2) Medium- and Long-term Management Strategies

The Group’s objective is to use the holding company structure with Helios Techno Holding Co., Ltd. as the parent company to expand the scale of operations and establish a stable base of operations with three profit centers: the lamp business, industrial equipment business and staffing services business.

In the lamp business, PHOENIX Electric Co., Ltd. bases its operations on a code of conduct that places priority on taking advantage of the company’s small scale to be of greater assistance to customers. This company aims to establish a distinctive presence in niche markets where it can create distinctive competitive strategies and leverage its unique competitive strengths. In the newly created LED lamp sector as well, the goal is to grow by using distinctive competitive strategies.

In the industrial equipment business, the core precision printing technology expertise of NAKAN Techno Co., Ltd. will be further upgraded to enter new market sectors and develop new products. In addition, the Group plans to combine the expertise of Nippon Gijutsu Center Co., Ltd. involving many types of inspection equipment and the optical design technologies of PHOENIX Electric Co., Ltd. to develop new inspection equipment that can contribute to the growth of the industrial equipment business.

The staffing services business, which has a staff of engineers with highly advanced specialized technical skills, will be expanded to become a consistent source of earnings for the Group.

- A unique strategy for competing successfully
- Consistent growth
- A solid base of operations
- A prominent industry stature
- A sophisticated management system
- Unique attributes that competitors cannot match
- Happy shareholders, suppliers and employees
- A solid number-one position among customers

The Company strives to achieve further refinements in its operations in the above respects to become a “true middle-market company.”

(3) Important Issues

The Group allocates resources only to carefully selected business fields. Other goals are building a powerful management structure and sustaining growth in business operations. To accomplish these goals, the Group is concentrating on the following issues.

1) Make each business more competitive and more profitable by optimizing the Group's business portfolio that includes the lamp development and manufacturing business, equipment development and manufacturing business, and staffing services business.

2) Combine technologies in the fields of lamps, optics, precision printing, equipment design and image processing, using new product development and other activities to contribute to the rapid growth of the industrial equipment business.

3) Develop lamps, with particular emphasis on LED lamps, that meet customer demands for better performance (longer life and greater brightness), improved reliability and help protect the environment.

4) Become more cost competitive by using collaboration among group companies.

5) Launch new businesses by targeting opportunities in new business fields.

(4) Other Important Matters

No reportable information.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY3/09 (As of Mar. 31, 2009)	FY3/10 (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits with banks	*4 4,050,675	*4 2,999,821
Notes and accounts receivable	*2,*3 1,051,493	*2 2,300,053
Merchandise and finished goods	207,017	236,135
Work in process	190,606	1,325,718
Raw materials and supplies	340,690	462,691
Deferred tax assets	1,084	90,174
Others	249,901	592,098
Allowance for doubtful accounts	(1,624)	(8,021)
Total current assets	6,089,846	7,998,673
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	*1 1,103,708	*1 1,655,767
Machinery and vehicles, net	*1 668,753	*1 543,887
Lease assets	-	151,296
Land	1,001,437	1,250,227
Construction in progress	-	137,043
Others, net	*1 65,085	*1 70,979
Total property, plant and equipment	2,838,985	3,809,201
Intangible assets		
Goodwill	-	267,580
Others	29,404	39,195
Total intangible assets	29,404	306,776
Investments and other assets		
Investment securities	46,176	74,853
Deferred tax assets	2,728	3,118
Long-term accounts receivable-other	-	1,094,130
Others	41,324	110,077
Allowance for doubtful accounts	(9,531)	(555,751)
Total investments and other assets	80,698	726,427
Total fixed assets	2,949,088	4,842,405
Total assets	9,038,935	12,841,078

(Thousands of yen)

	FY3/09 (As of Mar. 31, 2009)	FY3/10 (As of Mar. 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	304,966	933,453
Current portion of long-term borrowings	-	269,420
Accrued income taxes	9,947	154,302
Lease obligations	-	53,192
Accrued bonuses	75,142	163,384
Provision for product warranties	7,900	13,832
Provision for loss on construction contracts	-	104,545
Others	223,951	1,377,106
Total current liabilities	621,908	3,069,237
Long-term liabilities		
Long-term borrowings	-	413,650
Long-term accounts payable	82,736	139,942
Deferred tax liabilities	2,702	534,641
Accrued employees’ retirement benefits	-	165,380
Lease obligations	-	114,950
Negative goodwill	-	170,651
Others	1,200	1,200
Total long-term liabilities	86,639	1,540,416
Total liabilities	708,547	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	4,384,368	3,770,739
Treasury stock	(754,979)	(248,126)
Total shareholders’ equity	8,326,433	8,219,658
Valuation and translation adjustments		
Unrealized holding gain on other securities	3,954	11,766
Total valuation and translation adjustments	3,954	11,766
Total net assets	8,330,388	8,231,425
Total liabilities and net assets	9,038,935	12,841,078

(2) Consolidated Statements of Income

(Thousands of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Net sales	6,113,751	10,536,437
Cost of goods sold	*6 4,691,743	*6 8,217,734
Gross profit	1,422,008	2,318,702
Selling, general, and administrative expenses	*1, *2 1,662,608	*1,*2 2,476,093
Operating income	(240,600)	(157,391)
Non-operating income		
Interest income	15,298	5,875
Dividend income	712	755
Subsidy income	20,147	16,039
Fiduciary obligation fee	-	96,555
Amortization of negative goodwill	-	30,033
Miscellaneous revenue	7,549	29,309
Total non-operating income	43,706	178,569
Non-operating expenses		
Interest expense	1,782	14,984
Foreign exchange losses	33,186	22,265
Loss on valuation of investment securities	5,028	-
Loss on sales of notes payable	267	0
Miscellaneous loss	-	4,318
Total non-operating expenses	40,265	41,568
Recurring profit	(237,158)	(20,391)
Extraordinary income		
Reversal from allowance for doubtful accounts	500	-
Gain on sales of fixed assets	52	-
Total extraordinary income	552	-
Extraordinary loss		
Loss on disposal of fixed assets	*3 513	*3 559
Impairment losses	*4 470,099	-
Product warranty	-	*5 108,623
Total extraordinary losses	470,613	109,183
Income before income taxes	(707,219)	(129,574)
Income taxes-current	25,054	163,802
Income taxes-deferred	215,712	21,603
Total income taxes	240,766	185,406
Net income	(947,985)	(314,980)

(3) Consolidated Statements of Changes in Shareholders' Equity

(Thousands of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Shareholders' equity		
Common stock		
Balance at the end of previous period	2,133,177	2,133,177
Balance at the end of current period	2,133,177	2,133,177
Capital surplus		
Balance at the end of previous period	2,563,867	2,563,867
Balance at the end of current period	2,563,867	2,563,867
Retained earnings		
Balance at the end of previous period	5,489,523	4,384,368
Changes of items during the period		
Dividends from surplus	(157,169)	(46,526)
Decrease by share exchanges	-	(252,121)
Net loss	(947,985)	(314,980)
Total changes of items during the period	(1,105,154)	(613,629)
Balance at the end of current period	4,384,368	3,770,739
Treasury stock		
Balance at the end of previous period	(563,267)	(754,979)
Changes of items during the period		
Disposal of treasury stock	-	507,108
Purchase of treasury stock	(191,711)	(255)
Total changes of items during the period	(191,711)	506,853
Balance at the end of current period	(754,979)	(248,126)
Total shareholders' equity		
Balance at the end of previous period	9,623,300	8,326,433
Changes of items during the period		
Dividends from surplus	(157,169)	(46,526)
Decrease by share exchanges	-	(252,121)
Net loss	(947,985)	(314,980)
Disposal of treasury stock	-	507,108
Purchase of treasury stock	(191,711)	(255)
Total changes of items during the period	(1,296,866)	(106,775)
Balance at the end of current period	8,326,433	8,219,658

(Thousands of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Valuation and translation adjustments		
Unrealized holding gain on other securities		
Balance at the end of previous period	21,952	3,954
Changes of items during the period		
Net changes of items other than shareholders' equity	(17,998)	7,812
Total changes of items during the period	(17,998)	7,812
Balance at the end of current period	3,954	11,766
Total valuation and translation adjustments		
Balance at the end of previous period	21,952	3,954
Changes of items during the period		
Net changes of items other than shareholders' equity	(17,998)	7,812
Total changes of items during the period	(17,998)	7,812
Balance at the end of current period	3,954	11,766
Total net assets		
Balance at the end of previous period	9,645,252	8,330,388
Changes of items during the period		
Dividends from surplus	(157,169)	(46,526)
Decrease by share exchanges	-	(252,121)
Net loss	(947,985)	(314,980)
Disposal of treasury stock	-	507,108
Purchase of treasury stock	(191,711)	(255)
Net changes of items other than shareholders' equity	(17,998)	7,812
Total changes of items during the period	(1,314,864)	(98,963)
Balance at the end of current period	8,330,388	8,231,425

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Cash flows from operating activities		
Loss before income taxes	(707,219)	(129,574)
Depreciation and amortization	569,402	466,777
Amortization of goodwill	-	36,861
Impairment losses	470,099	-
Loss on valuation of inventories	50,799	(25,383)
Increase (decrease) in accrued bonuses	(63,485)	463
Increase (decrease) in allowance for doubtful accounts	5,835	3,597
Increase (decrease) in provision for loss on construction contracts	-	18,817
Increase (decrease) in provision for product warranties	7,900	5,932
Increase (decrease) in accrued employees' retirement benefits	-	8,765
Interest and dividend income	(16,010)	(6,631)
Interest expense	1,782	14,984
Loss (gain) on valuation of investment securities	5,028	(1,173)
Loss (gain) on sale of fixed assets	(52)	-
Loss on disposal of fixed assets	513	559
Decrease (increase) in notes and accounts receivable	1,097,232	86,910
Increase (decrease) in advances received	-	524,646
Decrease (increase) in inventories	2,754	(525,890)
Decrease (increase) in other accounts receivable	196,334	845,697
Increase (decrease) in notes and accounts payable	(160,899)	(324,444)
Increase (decrease) in accrued consumption taxes	(416)	(116,405)
Increase (decrease) in other accounts payable	(79,770)	(5,848)
Increase (decrease) in long-term accounts payable	-	(11,468)
Others	(55,969)	(140,618)
Subtotal	1,323,860	726,575
Interests and dividends received	13,698	11,146
Interests paid	(1,782)	(14,984)
Income taxes refund	-	127,339
Income taxes paid	(152,763)	(33,017)
Net cash provided by operating activities	1,183,012	817,059

(Thousands of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Cash flows from investing activities		
Proceeds from time deposits	200,000	1,500,000
Payment for purchase of securities	(750,000)	(500,000)
Proceeds from cancellation of insurance funds	-	185,563
Proceeds from sale of securities	750,506	500,151
Payment for purchase of property, plant and equipment	(167,503)	(312,070)
Payment for purchase of intangible assets	(7,018)	(13,194)
Proceeds from sale of property, plant, and equipment	63	-
Payment for purchase of investment securities	-	(120)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	*2 211,421
Payments for transfer of business	-	*3 (1,738,850)
Others	(6,527)	(17,118)
Net cash provided by (used in) investing activities	19,520	(184,218)
Cash flows from financing activities		
Repayment of long-term borrowings	(250,840)	(73,020)
Payment for equipment notes payable	18,362	(16,513)
Decrease in accounts payable-equipment	(11,567)	(1,995)
Repayments of lease obligations	-	(55,385)
Payment for acquisition of treasury stock	(191,711)	(255)
Cash dividends paid	(157,169)	(46,526)
Net cash used in financing activities	(592,925)	(193,695)
Effect of exchange rate changes on cash and cash equivalents	-	-
Increase (decrease) in cash and cash equivalents	609,607	439,146
Cash and cash equivalents at beginning of period	1,641,068	2,250,675
Cash and cash equivalents at end of period	*1 2,250,675	*1 2,689,821

(5) Going Concern Assumption

Not applicable.

(6) Significant Accounting Policies in the Preparation of the Consolidated Financial Statements

Item	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
1. Scope of consolidation	The consolidated financial statements include the accounts of the Company and its one consolidated subsidiary. Name of subsidiary: LUX Co., Ltd.	The consolidated financial statements include the accounts of the Company and its five consolidated subsidiaries. Name of subsidiaries: PHOENIX Electric Co., Ltd. (established through a divestiture) LUX Co., Ltd. Nippon Gijutsu Center Co., Ltd. (swap and acquisition of stock to make the company a subsidiary) Nippon Gijutsu Center S&C Co., Ltd. (wholly-owned subsidiary of Nippon Gijutsu Center Co., Ltd.) NAKAN Techno Co., Ltd. (established as wholly owned subsidiary)
2. Application of equity method	The Company has no affiliates.	Same as on the left.
3. Accounting period end of consolidated subsidiaries	At the consolidated subsidiary, the accounting year ends on December 31. The financial statements of the relevant consolidated subsidiary as of its closing date is incorporated therein after necessary adjustments applied for consolidation purposes regarding the material transactions that have occurred between its closing date of December 31 and the consolidated balance sheets date, March 31.	The accounting year of the consolidated subsidiary LUX Co., Ltd. ends on December 31. The financial statements of the relevant consolidated subsidiary as of its closing date is incorporated therein after necessary adjustments applied for consolidation purposes regarding the material transactions that have occurred between its closing date of December 31 and the consolidated balance sheets date, March 31.
4. Significant accounting standards (1) Valuation criteria and methods for significant assets	a. Valuation criteria and methods for securities Other securities Securities with market quotations Carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the net assets. The cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost, cost being determined by the moving-average method. Money in trusts other than money trusts Stated at cost, cost being determined by the moving-average method.	a. Valuation criteria and methods for securities Other securities Securities with market quotations Same as on the left. Securities without market quotations Same as on the left. Money in trusts other than money trusts Same as on the left.

Item	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
	b. Valuation criteria and methods for inventories Inventories are valued at cost (method in which book value is reduced when profitability declines). The Company carries inventories at cost, cost being determined by the weighted average method. Consolidated subsidiary carries inventories at cost, cost being determined by the first-in-first-out method.	b. Valuation criteria and methods for inventories Inventories are valued at cost (method in which book value is reduced when profitability declines). The lamp business carries inventories primarily at cost, cost being determined by the weighted average method, and the industrial equipment business carries inventories primarily at cost, cost being determined by the specific-identification method.
(2) Depreciation method for significant depreciable assets	a. Property, plant and equipment Depreciation of property, plant and equipment at the Company and its consolidated subsidiaries is computed by the declining-balance method. The useful and residual value is based on a method similar to that provided in the Corporation Tax Law. However, depreciation of buildings (excluding equipment and fixtures) acquired on or after April 1, 1998 at the Company and its consolidated subsidiaries, is calculated using the straight-line method in accordance with the Corporation Tax Law. Useful lives of principal assets are as follows (years): Buildings and structures: 7-38 Machinery and vehicles: 4-15 (Supplementary information) The Company has changed its useful life of machinery from previously-applied eight years to seven years, following the revisions to the Corporation Tax Law. The effect of this change was to increase operating loss, recurring loss, and loss before income taxes by 41,807,000 yen each compare to the previous method. b. Intangible assets The development costs of software intended for internal use are amortized over an expected useful life of five years by the straight-line method. ―――――	a. Property, plant and equipment Same as on the left. Useful lives of principal assets are as follows (years): Buildings and structures: 3-38 Machinery and vehicles: 2-17 ――――― b. Intangible assets Same as on the left. c. Lease assets Lease assets associated with finance lease transactions where there is no transfer of ownership Depreciation is calculated by the straight-line method, assuming the lease period to be the useful life and no residual value.

Item	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
(3) Significant allowances	a. Allowance for doubtful accounts To prepare for credit losses on accounts receivable. (a) General receivables General receivables based on the historical write-off ratio. (b) Bad receivables and claim in bankruptcy Bad receivables and claim in bankruptcy based on case-by-case determination of collectibility. b. Accrued bonuses To prepare for payment of bonuses to employees, an allowance is provided for an estimated accrued amount for the current fiscal year. c. Provision for product warranties The Company maintains a provision for product warranties for the cost of repairs, replacements and other activities required during the free warranty period. The amount of this allowance is based on the percentage of such costs incurred as a percentage of the cost of sales in prior years. (Changes in accounting method) The Company previously accounted for costs of replacement, repair, etc. of products during the free warranty period by expensing such costs when paid. However, effective from the current fiscal year, the Company has changed the method for reporting such costs by recognizing provision for product warranties based on the percentage of such costs incurred as compared to cost of goods sold. The change has been implemented because management believes that more appropriate periodic accounting of profit and loss can be achieved by matching the timing of recognition of expense for repairs, etc. during the free warranty period with revenue from sale of the products. The effect of this change was to increase operating loss, recurring loss, and loss before income taxes by 8,092,000 yen each compare to the previous method.	a. Allowance for doubtful accounts To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility. b. Accrued bonuses Same as on the left. c. Provision for product warranties Same as on the left. ―――――

Item	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
	―――――	d. Provision for loss on construction contracts Among the 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 fiscal year. (Changes in accounting method) The Company 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 current fiscal year. The effect of this change was to increase operating loss, recurring loss and loss before income taxes by 104,545,000 yen each, compare to the previous method. e. Accrued employees' retirement benefits To prepare for accrued employees' retirement benefits, certain subsidiaries provide allowances in the amount based on projected benefit obligations and pension assets at the end of the current fiscal year. The prior service cost and the actuarial difference are amortized as incurred in the current fiscal year.
(4) Other significant accounting policies in presentation of financial statements	a. Accounting for consumption taxes All amounts stated are exclusive of national and local consumption taxes.	a. Accounting for consumption taxes Same as on the left.
5. Evaluation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of the consolidated subsidiaries are fully evaluated by the fair market value method.	Same as on the left.
6. Amortization of goodwill and negative goodwill	―――――	Goodwill and negative goodwill are amortized over a period of five years by the straight-line method.
7. Scope of cash and cash equivalents on consolidated statements of cash flows	For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.

(7) Reclassification

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
(Consolidated Balance Sheets) With the adoption of “Cabinet Office Ordinance Partially Revising Regulation of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008), “Inventories” is divided into “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” in the current fiscal year. The amount of “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” included in “Inventories” in the previous fiscal year was 211,875,000 yen, 229,269,000 yen and 352,724,000 yen, respectively.	――――――
――――――	“Long-term accounts receivable-other,” included in “Others” under investments and other assets in the previous fiscal year, is reclassified and presented as a separate line item, given that it now exceeds 5/100 of total assets. “Long-term accounts receivable-other” totaled 1,630,000 yen in the previous fiscal year.

(8) Notes to Consolidated Financial Statements

Notes to consolidated balance sheets

(Thousands of yen)

FY3/09 (As of Mar. 31, 2009)	FY3/10 (As of Mar. 31, 2010)
*1. Accumulated depreciation on property, plant and equipment 4,334,064 Of which accumulated impairment loss 386,540	*1. Accumulated depreciation on property, plant and equipment 5,030,225 Of which accumulated impairment loss 386,540
*2. The settlement of trade notes maturing on the balance sheet date is accounted on the clearance date. As the balance sheet date of the consolidated subsidiary was a bank holiday, the trade notes maturing on the balance sheet date in the following amounts were included in each account at the end of fiscal year. Notes and accounts receivable 4,152	*2. Same as on the left. As the balance sheet date of certain consolidated subsidiaries was a bank holiday, the trade notes maturing on the balance sheet date in the following amounts were included in each account at the end of fiscal year. Notes and accounts receivable 774
*3. Discounted notes and notes receivable endorsed Discounted notes receivable 87,903	*3. ――――――
*4. Assets pledged as collateral Time deposits 20,000	*4. Assets pledged as collateral Time deposits 20,000

Notes to consolidated statements of income

(Thousands of yen)

<table>
<tr><th>FY3/09
(Apr. 1, 2008 – Mar. 31, 2009)</th><th>FY3/10
(Apr. 1, 2009 – Mar. 31, 2010)</th></tr>
<tr><td>*1. Significant components of selling, general and administrative expenses
Packing and transportation 64,259
Officers’ remunerations 186,203
Employee’ wages 334,315
Provision of accrued bonuses 41,048
Retirement benefit expenses 11,376
Other personnel expenses 78,807
Commissions paid 161,686
Depreciation and amortization 44,885
R&D expenses 344,919
Entertainment expenses 111,524
Others 283,580
Total 1,662,608</td><td>*1. Significant components of selling, general and administrative expenses
Packing and transportation 65,106
Officers’ remunerations 288,742
Employee’ wages 673,229
Provision of accrued bonuses 10,904
Retirement benefit expenses 15,078
Other personnel expenses 146,161
Commissions paid 228,293
Depreciation and amortization 20,449
R&D expenses 250,247
Entertainment expenses 31,066
Others 746,814
Total 2,476,093</td></tr>
<tr><td>*2. Aggregate R&D expenses of 344,919,000 yen are presented as a component of general and administrative expenses.</td><td>*2. Aggregate R&D expenses of 250,247,000 yen are presented as a component of general and administrative expenses.</td></tr>
<tr><td>*3. Breakdown of loss on disposal of fixed assets
Loss on disposal of machinery and vehicles 513</td><td>*3. Breakdown of loss on disposal of fixed assets
Loss on disposal of machinery and vehicles 559</td></tr>
<tr><td>*4. Impairment losses
The amounts of impairment losses with respect to the Group’s assets are as follows (Thousands of yen):
(1) Impairment loss at idle facility
<table><tr><th>Purpose</th><th>Type</th><th>Location</th><th>Amount</th></tr><tr><td>Idle assets</td><td>Machinery</td><td>Himeji City, Hyogo</td><td>83,558</td></tr></table>(Explanation)
The above machinery is used mainly for manufacturing projector lamps. Due to its obsolescence, the Company does not expect to use the above machinery any longer. Consequently, the decision was made to revalue the machinery at its net sales price (scrap price) and to recognize the difference as an impairment loss.

(2) Impairment loss resulting from lower profit margins of business (Thousands of yen)
<table><tr><th>Category</th><th>Type</th><th>Amount</th></tr><tr><td rowspan="3">Manufacturing equipment of projector lamps</td><td>Machinery</td><td>378,019</td></tr><tr><td>Tools, furniture and fixtures</td><td>8,520</td></tr><tr><td>Total</td><td>386,540</td></tr></table>(Method used for grouping)
Since product categories are used to group operations for internal accounting purposes, the same groupings are used for units producing cash flows.
(Calculation of amount that can be recovered)
Utilization value is used to determine the amount that can be recovered from manufacturing equipment in a particular business and future cash flows are discounted at an annual rate of 5%.</td><td>*4. ―――――</td></tr>
<tr><td>*5. ―――――</td><td>*5. Product warranty
In the lamp business, expenses were incurred in association with the recall of a particular model of projector lamp for which a problem occurred.
Product warranty 108,623</td></tr>
</table>

(Thousands of yen)

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
*6. Reduction in book value due to decline in profitability of inventories held for regular sales purpose Cost of goods sold 50,799 Above figure is the net amount after subtracting the reduction posted in the previous fiscal year.	*6. Reduction in book value due to decline in profitability of inventories held for regular sales purpose Cost of goods sold (25,383) Above figure is the net amount after subtracting the reduction posted in the previous fiscal year.

Notes to consolidated statements of changes in shareholders' equity

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

1. Type and number of outstanding stock

Type of share	Number of shares as of Mar. 31, 2008	Increase	Decrease	Number of shares as of Mar. 31, 2009
Common shares (shares)	22,806,900	-	-	22,806,900

2. Type and number of treasury stock

Type of share	Number of shares as of Mar. 31, 2008	Increase	Decrease	Number of shares as of Mar. 31, 2009
Common shares (shares)	1,128,422	1,000,054	-	2,128,476

Outline of changes:
Increase in the number of shares (itemized) as follows.
Increase due to the acquisition of odd lot shares: 54 shares
Increase due to the purchase of treasury stock: 1,000,000 shares

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Jun. 24, 2008	Common shares	108,392	5.00	Mar. 31, 2008	Jun. 25, 2008
Board of Directors meeting on Nov. 14, 2008	Common shares	48,776	2.25	Sep. 30, 2008	Dec. 5, 2008

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Source of funds	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Jun. 23, 2009	Common shares	Retained earnings	46,526	2.25	Mar. 31, 2009	Jun. 24, 2009

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

1. Type and number of outstanding stock

Type of share	Number of shares as of Mar. 31, 2009	Increase	Decrease	Number of shares as of Mar. 31, 2010
Common shares (shares)	22,806,900	-	-	22,806,900

2. Type and number of treasury stock

Type of share	Number of shares as of Mar. 31, 2009	Increase	Decrease	Number of shares as of Mar. 31, 2010
Common shares (shares)	2,128,476	1,345	1,432,510	697,311

Outline of changes:
Increase in the number of shares (itemized) as follows.
Increase due to the acquisition of odd lot shares: 1,345 shares
Decrease due to the share exchanges: 1,432,510 shares

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Jun. 23, 2009	Common shares	46,526	2.25	Mar. 31, 2009	Jun. 24, 2009

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Source of funds	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Jun. 25, 2010	Common shares	Retained earnings	44,219	2.00	Mar. 31, 2010	Jun. 28, 2010

Notes to consolidated statements of cash flows

(Thousands of yen)

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
*1. Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows: (As of Mar. 31, 2009) Cash and deposits with banks 4,050,675 Time deposits with maturities longer than 3 months (1,800,000) Cash and cash equivalents 2,250,675	*1. Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows: (As of Mar. 31, 2010) Cash and deposits with banks 2,999,821 Time deposits with maturities longer than 3 months (310,000) Cash and cash equivalents 2,689,821
*2. ――――	*2. Breakdown of assets and liabilities of consolidated subsidiary newly included in the consolidation through stock acquisition A summary of assets and liabilities of newly consolidated subsidiary and acquisition cost and net proceeds from acquisition as follows. Nippon Gijutsu Center Co., Ltd. (as of April 1, 2009) Current assets 2,207,551 Fixed assets 556,525 Goodwill 334,476 Current liabilities 1,440,726 Long-term liabilities 948,825 Acquisition cost of Nippon Gijutsu Center shares 709,000 Acquisition through share exchange (254,986) Cash and cash equivalents 665,435 Net proceeds from acquisition 211,421
3. ――――	*3. Breakdown of assets and liabilities increased by business transfer A summary of assets and liabilities increased by business transfer from NAKAN Corporation to NAKAN Techno Co., Ltd. is as follows. Current assets 1,600,875 Fixed assets 1,225,097 Current liabilities 236,807 Long-term liabilities 634,445 Negative goodwill 215,868 Price of business received 1,738,850

Segment Information

1. Operating segment information

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

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.

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

In previous years, results of operations used only a single business segment: the lamp business. Beginning with the current fiscal year, due to the management integration with Nippon Gijutsu Center Co., Ltd. and the establishment of NAKAN Techno Co., Ltd., the Group reported its results of operations using three business segments: the lamp business, industrial equipment business and staffing services business.

(Thousands of yen)

	Lamp business	Industrial equipment business	Staffing services business	Total	Elimination or corporate	Consolidated
I Net sales						
(1) Sales to third parties	5,058,143	3,699,433	1,778,859	10,536,437	-	10,536,437
(2) Intergroup sales and transfers	153	12,910	32,603	45,668	(45,668)	-
Total	5,058,297	3,712,344	1,811,463	10,582,105	(45,668)	10,536,437
Operating expenses	4,938,942	3,581,204	1,802,156	10,322,303	371,524	10,693,828
Operating income (loss)	119,355	131,139	9,306	259,801	(417,192)	(157,391)
II Asset, depreciation and capital expenditures						
Assets	5,296,962	5,261,273	784,692	11,342,928	1,498,150	12,841,078
Depreciation	340,015	121,379	5,383	466,777	-	466,777
Capital expenditures	120,023	89,366	612	210,001	-	210,001

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

3. Unallocated operating expenses (417,192,000 yen) included in “Elimination or corporate” consist primarily of expenses related to the administration divisions, including the director compensation, general affairs and accounting at Helios Techno Holding.

4. Corporate assets (1,498,151 thousand yen) included in “Elimination or corporate” consist operating assets (cash and deposits with banks, marketable securities, etc.) at Helios Techno Holding.

2. Geographical segment information

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

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

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

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

3. Overseas sales

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

(Thousands of yen)

	N. America	Asia	Other regions	Total
I. Overseas sales	467,207	1,827,426	38,394	2,333,028
II. Consolidated sales	-	-	-	6,113,751
III. Overseas sales as a percentage of consolidated sales (%)	7.6	29.9	0.6	38.2

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.

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

(Thousands of yen)

	N. America	Asia	Other regions	Total
I. Overseas sales	428,170	4,198,254	50,759	4,677,184
II. Consolidated sales	-	-	-	10,536,437
III. Overseas sales as a percentage of consolidated sales (%)	4.1	39.8	0.5	44.4

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.

Per Share Data

(Yen)

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)		FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)	
Net assets per share	402.85	Net assets per share	372.30
Net loss per share	(43.97)	Net loss per share	(14.32)
Net income per share (diluted) is not presented since there is no outstanding potential stock.		Same as on the left.	

Note: Basis for calculation

1. Net assets per share *(Thousands of yen)*

	FY3/09 (As of Mar. 31, 2009)	FY3/10 (As of Mar. 31, 2010)
Total net assets on the consolidated balance sheets	8,330,388	8,231,425
Net assets applicable to common stock	8,330,388	8,231,425
Number of shares outstanding (shares)	22,806,900	22,806,900
Number of treasury stock (shares)	2,128,476	697,311
Number of common stock used in calculation of net assets per share (shares)	20,678,424	22,109,589

2. Net loss per share *(Thousands of yen)*

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)
Net income per share		
Net loss	(947,985)	(314,980)
Amount not attributable to common shareholders	-	-
Net loss available to common stock	(947,985)	(314,980)
Average number of shares outstanding (shares)	21,561,495	21,992,194

Subsequent Events

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

I. Management integration with Nippon Gijutsu Center Co., Ltd.

On November 14, 2008, the Board of Directors of Helios Techno Holding Co., Ltd. approved a resolution to conduct management integration with Nippon Gijutsu Center Co., Ltd. using the following schedule. On the same day, stock purchase and sale and stock exchange agreements were signed.

April 1, 2009	Purchase a part of the shares of Nippon Gijutsu Center, making this company a subsidiary of Helios Techno Holding
May 1, 2009	Making Nippon Gijutsu Center a wholly owned subsidiary of Helios Techno Holding through the stock swap

1. Summary of business combinations

(1) Name of company acquired and its business activity

Nippon Gijutsu Center Co., Ltd.

(Business activities: Engineering, design subcontracting, temporary staffing for engineers)

(2) Major reason for business combination, including summary of transaction

On November 14, 2008, the Board of Directors of Helios Techno Holding Co., Ltd. approved a resolution to sign on the same day stock purchase and sale and stock exchange agreements for the purpose of making Nippon Gijutsu Center Co., Ltd. a wholly owned subsidiary. The two companies plan to further strengthen their business operations through the mutually complementary use of their resources. This will provide a base for sustaining growth and creating shareholder value by capturing synergies and expanding business activities even faster.

On April 1, 2009, Helios Techno Holding Co., Ltd. purchased 30,244 shares of Nippon Gijutsu Center (62.1% of shares issued excluding treasury stock) from this company's current shareholders.

Helios Techno Holding Co., Ltd. conducted a stock swap on May 1, 2009 for all remaining shares of Nippon Gijutsu Center, and the Company made Nippon Gijutsu Center a wholly owned subsidiary.

(3) Date of business combination

April 1, 2009

(4) Method of business combination

Swap and acquisition of stock

(5) Name of the post-combination company

Helios Techno Holding Co., Ltd.

(6) Ratio of ownership

100.0%

2. Acquisition cost and other particulars

Stock of Nippon Gijutsu Center:	398,464,000 yen
Cash expenditure for the acquisition	
Brokerage commissions:	55,549,000 yen
Acquisition cost:	454,014,000 yen

3. Stock swap ratio, calculation method, number of shares delivered, and valuation figure

(1) Type of shares and stock swap ratio

Common stock

One share of Nippon Gijutsu Center was exchanged for 77.5 shares of Helios Techno Holding.

(2) Calculation method

Third parties were selected by Helios Techno Holding and Nippon Gijutsu Center to calculate stock swap ratios. Based on ratios determined by these third parties and other information, the two companies agreed on the above swap ratio.

The third party selected by Helios Techno Holding used the average market price method and discounted cash flow method for Helios Techno Holding stock and the peer company comparison method and discounted cash flow method for Nippon Gijutsu Center stock. These results were then evaluated in a comprehensive manner.

The third party selected by Nippon Gijutsu Center used the average market price method and discounted cash flow method for Helios Techno Holding stock and the peer company comparison method and discounted cash flow method for Nippon Gijutsu Center stock. These results were then evaluated in a comprehensive manner.

(3) Number of shares delivered, and valuation figure

Number of shares delivered: 1,432,510 shares

Valuation figure: 254,986,000 yen

4. Goodwill (negative goodwill) resulting from the business combination

(1) Goodwill: 334,476,000 yen

(2) Source of goodwill

Since the market value of net assets was less than the acquisition cost when the companies were combined, the difference was recognized as goodwill.

(3) Amortization method and amortization period

Goodwill is amortized over five years by the straight-line method.

5. Amount of assets received and liabilities assumed on the date of the business combination

Assets: 2,764,077,000 yen (current assets: 2,207,551,000 yen, fixed assets: 556,525,000 yen)

Liabilities: 2,389,552,000 yen (current liabilities: 1,440,726,000 yen, long-term liabilities: 948,825,000 yen)

II. Change in business segments

In previous years, results of operations used only a single business segment: the lamp business. Beginning with the fiscal year ended on March 31, 2010, due to the management integration with Nippon Gijutsu Center, the Group will report its results of operations using three business segments: the lamp business, industrial equipment business and staffing services business.

III. Agreement in principle signed for purchase the business operations of NAKAN Corporation

1. Reason for purchase of business

On May 29, 2009, the Company reached an agreement in principle with NAKAN Corporation for the purchase of its business operations. The Company applied on March 2, 2009 to the Tokyo District Court to begin civil rehabilitation proceedings and the decision to initiate these proceedings was made on March 5, 2009. The Company will continue to hold discussions with NAKAN in order to have a newly established subsidiary of the Company sign a purchase contract to take over these business operations.

NAKAN has expertise in the field of liquid crystal displays (LCD) that has been accumulated over many years. In particular, NAKAN is the world’s largest producer of equipment that prints the polyimide (PI) alignment layer, a key process in the production of LCDs. This company has also made investments and conducted R&D programs that have yielded products to be commercialized in the near future.

The Helios Techno Group believes that acquiring the operations of NAKAN will contribute to further growth of subsidiary Nippon Gijutsu Center Co., Ltd., which develops and manufactures liquid crystal macro inspection equipment and other products. This subsidiary will also be able to start new business activities. In addition, combining the customer bases, knowledge and information held by the Group and NAKAN is expected to make it possible to provide customers with the best possible solutions.

2. Description of businesses to be purchased

To be decided.

3. Profile of NAKAN Corporation (The following information is a summary of the materials prepared by NAKAN to locate a bankruptcy sponsor)

(1) Company name: NAKAN Corporation

(2) Main activities: Manufacture and sale of LCD manufacturing equipment (mainly polyimide alignment layer printers)

(3) Established: October 5, 1937

(4) Head office location: 312-3 Chigusa-cho, Hanamigawa-ku, Chiba City, Chiba Prefecture

(5) Representative: Yoshihisa Sato, President

(6) Capital: 1,376 million yen (as of the end of February 2009)

(7) Net assets and total assets in most recent fiscal year:

Net assets 2,557 million yen (as of the end of June 2008)

Total assets: 20,529 million yen (as of the end of June 2008)

(8) Major shareholders: Takashi Odashima (34.69%) Employees’ stock ownership plan (11.50%)

(9) Employees: 150 (as of the end of February 2009)

(10) Relationship with the Company: None

4. Schedule

May 29, 2009: Signing of agreement in principle

June 30, 2009 (scheduled): Signing of purchase contract

The closing date for this purchase is not yet decided and will be determined in the purchase contract.

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

No reportable information.

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.