Helios Techno

May 9, 2014

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd. Listing: Tokyo
Stock code: 6927 URL: http://www.heliostec-hd.co.jp/
Representative: Sadaichi Saito, President and Representative Director
Contact: Youichi Kawasaka, Director, General Manager, Administration Control Dept. Tel: +81-79-263-9500
Scheduled date of General Meeting of Shareholders: June 20, 2014
Scheduled date of filing of Annual Securities Report: June 23, 2014
Scheduled date of payment of dividend: June 23, 2014
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and securities analysts)
Note: The original disclosure in Japanese was released on May 9, 2014 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated results of operations (Percentages for net sales and incomes 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, 2014	12,900	15.8	520	48.1	621	43.9	889	100.5
Fiscal year ended Mar. 31, 2013	11,139	10.8	351	-	431	-	443	-

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2014: 950 (up 103.4%)
Fiscal year ended Mar. 31, 2013: 467 (n.a.)

	Net income per share (basic)	Net income per share (diluted)	ROE	Recurring profit on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2014	53.10	51.39	13.1	6.2	4.0
Fiscal year ended Mar. 31, 2013	26.82	-	7.3	4.7	3.2

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2014: - Fiscal year ended Mar. 31, 2013: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	10,774	7,261	66.9	427.63
As of Mar. 31, 2013	9,131	6,340	69.2	381.81

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 7,211 As of Mar. 31, 2013: 6,317

(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, 2014	747	144	79	2,585
Fiscal year ended Mar. 31, 2013	840	(234)	(629)	1,585

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, 2013	-	0.00	-	8.00	8.00	132	29.8	2.2
Fiscal year ended Mar. 31, 2014	-	0.00	-	10.00	10.00	168	18.8	2.5
Fiscal year ending Mar. 31, 2015 (forecast)	-	0.00	-	10.00	10.00		42.2	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	6,300	19.5	80	(54.7)	47	(77.6)	23	(93.6)	1.36
Full year	14,000	8.5	740	42.3	650	4.5	400	(55.0)	23.72

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

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

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

As of Mar. 31, 2014:	22,806,900 shares	As of Mar. 31, 2013:	22,806,900 shares

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

As of Mar. 31, 2014:	5,943,710 shares	As of Mar. 31, 2013:	6,259,410 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2014:	16,757,668 shares	Fiscal year ended Mar. 31, 2013:	16,547,490 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	268	3.7	(101)	-	151	-	507	512.7
Fiscal year ended Mar. 31, 2013	259	(57.9)	(80)	-	(52)	-	82	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended Mar. 31, 2014	30.26	29.29
Fiscal year ended Mar. 31, 2013	5.00	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	7,338	6,154	83.2	361.96
As of Mar. 31, 2013	6,545	5,624	85.6	338.53

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 6,103 As of Mar. 31, 2013: 5,601

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

No non-consolidated forecast is shown because Helios Techno Holding Co., Ltd. has no sales to external customers since the Company is a pure holding company.

Note 1: Indication of audit procedure implementation status

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Law. At the time when this report is released, the audit procedures for financial statements have not been completed.

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

Note concerning forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. 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 2 of the attachments "1. Analysis of Results of Operations and Financial Position."

How to view supplementary information at the financial results meeting

Each year, the Company holds an information meeting for securities analysts for results of operations for the first half and for the full fiscal year. Materials distributed at this event are available on the Company's website

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

Overview of the current fiscal year

1. General economic and market trends

In the current fiscal year, Japan's economy continued to recover in response to the yen depreciation and rising stock prices stimulated by the economic measures and fiscal policies of the Abe administration. Under these economic circumstances, the Helios Techno Group made efforts in areas, including strengthening the product line and sales promotion activities for LED lamps, the development and marketing of touch-screen panel manufacturing equipment, and aggressive action to expand the engineering staffing services business through M&A.

In the first half of the fiscal year, extraordinary income included a capital gain from the disposal of idle assets. In addition, there was a 120 million yen gain arising from redemption of redeemable preferred stock in Phoenix Lamps Limited, which was owned by the Company.

In the current fiscal year, net sales increased 1,760 million yen, or 15.8%, over the same period of the previous fiscal year to 12,900 million yen; operating income increased 169 million yen, or 48.1%, to 520 million yen; recurring profit increased 189 million yen, or 43.9%, to 621 million yen; and net income increased 446 million yen, or 100.5%, to 889 million yen.

2. Operation results by segment

i) Lamp Business

In the lamp business, demand for projectors used in companies and schools and other applications remained firm, and the weakness in the yen since the start of the year resulted in improvement in margins. But the increase in sales due to the weak yen was counterbalanced by the timing of a development schedule for projectors that is expected to last around one year. In general lighting lamps, sales of LED lamps showed good growth in increasing consciousness of electricity conservation and as a result, sales of LED lamps increased by 17.0% to 1,020 million yen, and halogen and other core lamps trended well. Sales of light sources for exposure equipment increased by 246.1% to 1,252 million yen, compared with the same period of the previous fiscal year.

Overall, segment sales in the current fiscal year increased by 19.9% to 4,900 million yen, compared with the same period of the previous fiscal year.

ii) Manufacturing Equipment Business

In the manufacturing equipment business, the Company expects strong growth in capital investment associated with touch-screen panel manufacturing equipment for smartphones and tablet devices. Following the aggressive development of new equipment, we are now receiving orders for this new-type machine from our proposals including selection of optimal methods for gravure, inkjet, and other types of printing.

In addition, the Group is targeting opportunities for sales of alignment layer manufacturing equipment, a product that has been sold for many years, associated with the large volume of actual and planned new capital expenditures in China.

Segment sales increased by 11.0% to 5,476 million yen, compared with the same period of the previous fiscal year.

iii) Inspection Equipment Business

In the inspection equipment business, there were extensive sales activities for S-Light (light sources for inspection equipment). We also anticipate a sharp increase in the orders for UV exposure equipment over the next several years.

Regarding the development of new technologies, work is under way on the development for external appearance inspection equipment (penetrant testing devices) for the production of LCDs and touch panels for smartphones and tablets.

As a result, segment sales increased 139.9% to 1,408 million yen, compared with the same period of the previous fiscal year.

iv) Staffing Services Business

In the staffing services business, performance is generally stable because this business handles primarily engineers. 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. However, since this business is vulnerable to changes in conditions in the area where it operates, M&A has been proactively used with the aim of further expanding the staffing services business, and Kansai Giken Co., Ltd. (merged with our subsidiary Nippon Gijutsu Center in October) and Techno Provider Co., Ltd. were absorbed into the Group in May and in October, respectively.

Segment sales increased 19.7% to 2,177 million yen, compared with the same period of the previous fiscal year.

Future outlook

The Helios Techno Group is committed to improving its business performance. The initiatives toward that goal are as follows:

1) Lamp business

In the projector market, there is little growth in demand for business and school projectors in industrialized countries but demand is expected to continue to increase in developing countries. Although customers continue to prefer lower-priced projectors, we intend to increase sales by deepening relationships 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 as well as by reexamining our manufacturing network. 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 factory illumination lamps. In the future, we anticipate an expansion of earnings focused on LED lamps as a substitute for mercury lamps.

2) Manufacturing equipment business

Strong demand for smartphones and tablets is prompting companies, along with the widespread use of these products, to make substantial capital expenditures for high-resolution LCDs and touch-screen panels. Against this backdrop, following a reexamination of flexo printing equipment, we have been taking many actions in addition to conducting aggressive sales activities as in the past. We completed the development of precision printing equipment that uses gravure printing, inkjet and other high-resolution technologies. We also sold touch-panel manufacturing equipment amounting to 608 million yen. In the future, we plan to expand into fields outside touch panels.

3) Inspection equipment business

In the inspection equipment business, the Company actively promotes penetrant testing device (S-Light) to continue to expand its inspection equipment business. We also anticipate a sharp increase in the orders for UV exposure equipment over the next several years.

4) Staffing services business

We do not believe the staffing services business is significantly vulnerable to changes in the economy because this business handles primarily engineers. Since Techno Provider Co. Ltd. has integrated to the Group, we will focus on dispatching workers to manufacturing sector aggressively going forward. We are receiving growing orders, riding on the moderate but steady economic trend. In this business, we plan to strengthen sales operations by upgrading the quality of the workers we provide to client companies and offering services that precisely match the needs of these companies. Our plans also include the use of mergers and acquisitions, alliances, and other aggressive growth-oriented actions in order to increase sales and earnings.

Based on this outlook, the Company forecasts consolidated net sales of 14,000 million yen, operating income of 740 million yen, recurring profit of 650 million yen and net income of 400 million yen in the fiscal year ending on March 31, 2015.

(2) Analysis of Financial Position

1) Balance sheet position

Assets

Current assets increased 1,886 million yen from the end of the previous fiscal year to 7,967 million yen. This was mainly due to increases of 1,030 million yen in cash and deposits with banks, 535 million yen in notes and accounts receivable, and 260 million yen in others which include other accounts receivable and other items.

Fixed assets decreased 242 million yen from the end of the previous fiscal year to 2,807 million yen. This was mainly due to a 131 million yen increase in investments and other assets resulting from a rise in investment securities due to higher market prices of securities owned, while there was a 396 million yen decrease in land under property, plant and equipment resulting from the sale of idle real estate.

As a result, total assets increased 1,643 million yen or 18.0% from the end of the previous fiscal year to 10,774 million yen.

Liabilities

Current liabilities increased 683 million yen from the end of the previous fiscal year to 2,824 million yen. This was mainly due to increases of 510 million yen in notes and accounts payable, and 100 million yen in short-term borrowings associated with loans.

Long-term liabilities increased 39 million yen from the end of the previous fiscal year to 688 million yen. This was mainly due to a 189 million yen increase in long-term borrowings associated with loans, while there was an 83 million yen decrease in deferred tax liabilities and a 40 million yen decrease in negative goodwill.

As a result, total liabilities increased 722 million yen or 25.9% from the end of the previous fiscal year to 3,512 million yen.

Net assets

Total net assets increased 921 million yen, or 14.5%, from the end of the previous fiscal year to 7,261 million yen. The main reasons were the payment of dividends from surplus of 132 million yen and net income of 889 million yen. Moreover, there were a decrease in treasury stock of 79 million yen by the exchange of stock and an increase in unrealized holding gain on other securities of 60 million yen due to a rise in the market prices of securities owned.

Consequently, the equity ratio decreased 2.3 percentage points from the end of the previous fiscal year to 66.9%, mainly due to increases in total assets and liabilities as stated above.

2) Cash flows

Cash flows from operating activities

Net cash provided by operating activities was 747 million yen compared with 840 million yen one year earlier. The main factors were income before income taxes and minority interests of 876 million yen, depreciation and amortization of 279 million yen, a non-cash expense included in income before income taxes and minority interests, a 120 million yen gain on redemption of investment securities, a 136 million yen gain on sales of fixed assets, a 324 million yen increase in notes and accounts receivable (a decrease in net cash), a 483 million yen increase in notes and accounts payable (an increase in net cash), and income taxes paid of 166 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 144 million yen compared with net cash used of 234 million yen one year earlier. The main factors were the proceeds of 567 million yen from the sale of idle real estate and other property, plant and equipment, the payments of 103 million yen for the purchase of affiliate stocks, and 171 million yen for the purchase of stocks in affiliates resulting in change in scope of consolidation.

Cash flows from financing activities

Net cash provided by financing activities was 79 million yen compared with net cash used of 629 million yen one year earlier. The main factors were the proceeds of 500 million yen from short-term and long-term borrowings and the repayment of 276 million yen in long-term borrowings, and cash dividends paid of 132 million yen.

As a result of the above, cash and cash equivalents at the current fiscal year increased 999 million yen from the end of the previous fiscal year to 2,585 million yen.

(Reference) Cash Flow Indicators

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Shareholders’ equity ratio	64.1	62.5	63.3	69.2	66.9
Shareholders’ equity ratio at market cap	52.3	28.6	25.4	38.8	50.7
Interest-bearing debt to cash flow ratio	1.0	6.2	16.0	0.9	1.3
Interest coverage ratio	54.5	10.5	4.3	61.1	127.9

Shareholders’ equity ratio: (total net assets – subscription rights to shares) / total assets
Shareholders’ equity ratio at market cap: market capitalization/ total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows
Interest coverage ratio: operating cash flows/ interests paid

Note 1. All of the above indicators are calculated using figures from the consolidated financial statements.

Note 2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding (net of treasury stock) at the end of the period.

Note 3. Operating cash flows refer 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 interests are paid. Interests paid refer to “interests paid” as shown in the consolidated statements of cash flows.

2. Management Policies

(1) Fundamental Management Policies

The Group's fundamental policy is to develop and offer value-added products and services that competitors cannot match in all of its businesses: the lamp business, manufacturing equipment business, inspection equipment business and staffing services business. The fundamental policy also includes expanding business operations and building a stable foundation for operations by generating synergies among different business activities and accelerating growth.

The Helios Techno Group is also 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.

(2) Targets and Performance Indicators

The Group will aim for further growth and is placing priority on the consolidated sales and consolidated operating income.

(3) Medium- and Long-term Management Strategies

The Group's objective is to use the holding company structure with Helios Techno Holding Co., Ltd. (pure holding company) as the parent company to expand the scale of operations and establish a stable base of operations with four profit centers: the lamp business, manufacturing equipment business, inspection 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 manufacturing 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 the inspection equipment business, 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 inspection 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."

(4) Important Issues

The three companies PHOENIX Electric Co., Ltd., Nippon Gijutsu Center Co., Ltd., and Nakan Techno Co., Ltd. plan to expand the business and enhance the profitability of the operations that they each manage independently while also collaborating to generate synergy effects.

1) PHOENIX Electric Co., Ltd.

Promote sales and enhance profitability in the new area of LED lamps through building and maintaining product lineups and sales networks.

2) Nippon Gijutsu Center Co., Ltd.

Strengthen management teams and systems, and expand business scale through further mergers and acquisitions.

3) Nakan Techno Co., Ltd.

Aim to perfect touch-panel equipment and develop it for applying in new fields in order to enhance management stability while developing new businesses by promoting strategic alliances outside the company.

4) Common areas

Develop new business to generate synergy effects combining PHOENIX Electric’s lamp technology, Nippon Gijutsu Center’s planning and development prowess, and Nakan Techno’s sales ability.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits with banks	1,632,778	2,663,626
Notes and accounts receivable	2,794,709	3,330,329
Merchandise and finished goods	217,280	294,323
Work in process	876,968	888,839
Raw materials and supplies	454,398	427,093
Deferred tax assets	1,212	3,975
Others	113,538	374,262
Allowance for doubtful accounts	(9,309)	(14,870)
Total current assets	6,081,576	7,967,579
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	880,273	872,556
Machinery and vehicles, net	331,483	415,723
Land	1,260,686	864,166
Lease assets, net	12,452	2,910
Construction in progress	82,368	1,615
Others, net	35,286	36,452
Total property, plant and equipment	2,602,550	2,193,425
Intangible assets		
Goodwill	60,205	96,049
Others	90,547	66,701
Total intangible assets	150,753	162,751
Investments and other assets		
Investment securities	247,271	378,685
Deferred tax assets	273	250
Others	97,779	114,072
Allowance for doubtful accounts	(49,107)	(41,883)
Total investments and other assets	296,216	451,125
Total fixed assets	3,049,520	2,807,301
Total assets	9,131,096	10,774,881

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable	910,521	1,420,573
Short-term borrowings	200,000	300,000
Current portion of long-term borrowings	239,400	238,400
Lease obligations	14,506	539
Accrued income taxes	88,737	52,801
Accrued bonuses	195,131	228,752
Provision for product warranties	16,582	14,874
Provision for loss on construction contracts	35	13,547
Others	476,124	554,783
Total current liabilities	2,141,038	2,824,272
Long-term liabilities		
Long-term borrowings	268,400	457,500
Lease obligations	-	2,516
Deferred tax liabilities	193,772	110,063
Long-term accounts payable	134,712	104,747
Negative goodwill	50,191	10,038
Others	2,221	3,798
Total long-term liabilities	649,297	688,665
Total liabilities	2,790,336	3,512,937
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	3,161,830	3,915,586
Treasury stock	(1,567,420)	(1,488,365)
Total shareholders' equity	6,291,455	7,124,265
Accumulated other comprehensive income		
Unrealized holding gain on other securities	26,480	86,888
Total accumulated other comprehensive income	26,480	86,888
Subscription rights to shares	22,825	50,791
Total net assets	6,340,760	7,261,944
Total liabilities and net assets	9,131,096	10,774,881

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

Consolidated Statement of Income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	11,139,671	12,900,332
Cost of goods sold	8,344,988	9,572,656
Gross profit	2,794,683	3,327,675
Selling, general and administrative expenses	2,443,653	2,807,626
Operating income	351,030	520,049
Non-operating income		
Interest income	157	140
Dividend income	7,231	7,377
Fiduciary obligation fee	41,322	12,304
Amortization of negative goodwill	40,153	40,153
Foreign exchange gains	11,977	-
Reversal from allowance for doubtful accounts	16,012	-
Reversal from devaluation loss on investment securities	-	45,124
Miscellaneous revenue	16,330	27,166
Total non-operating income	133,185	132,266
Non-operating expenses		
Interest expense	14,188	8,248
Foreign exchange losses	-	1,464
Loss on valuation of investment securities	18,441	-
Commission for syndicate loan	13,970	15,609
Miscellaneous loss	5,641	5,212
Total non-operating expenses	52,241	30,534
Recurring profit	431,973	621,781
Extraordinary income		
Gain on sales of fixed assets	-	136,410
Gain on redemption of investment securities	-	120,916
Total extraordinary income	-	257,326
Extraordinary loss		
Loss on disposal of fixed assets	-	3,038
Total extraordinary losses	-	3,038
Income before income taxes and minority interests	431,973	876,069
Income taxes-current	105,680	104,271
Income taxes-deferred	(117,433)	(118,008)
Total income taxes	(11,752)	(13,736)
Income before minority interests	443,726	889,805
Net income	443,726	889,805

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Income before minority interests	443,726	889,805
Other comprehensive income		
Unrealized holding gain on other securities	23,394	60,408
Total other comprehensive income	23,394	60,408
Comprehensive income	467,121	950,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	467,121	950,214
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current period	2,133,177	2,563,867	2,718,104	(1,567,420)	5,847,728
Changes of items during period					
Dividend of surplus			-		-
Net income			443,726		443,726
Disposal of treasury stock					-
Transfer of loss on disposal of treasury stock					-
Increase by merger of unconsolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	443,726	-	443,726
Balance at end of current period	2,133,177	2,563,867	3,161,830	(1,567,420)	6,291,455

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Unrealized holding gain on other securities	Total valuation and translation adjustments		
Balance at beginning of current period	3,085	3,085	-	5,850,814
Changes of items during period				
Dividend of surplus				-
Net income				443,726
Disposal of treasury stock				-
Transfer of loss on disposal of treasury stock				-
Increase by merger of unconsolidated subsidiaries				-
Net changes of items other than shareholders' equity	23,394	23,394	22,825	46,219
Total changes of items during period	23,394	23,394	22,825	489,946
Balance at end of current period	26,480	26,480	22,825	6,340,760

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current period	2,133,177	2,563,867	3,161,830	(1,567,420)	6,291,455
Changes of items during period					
Dividend of surplus			(132,379)		(132,379)
Net income			889,805		889,805
Disposal of treasury stock		(8,653)		79,054	70,401
Transfer of loss on disposal of treasury stock		8,653	(8,653)		-
Increase by merger of unconsolidated subsidiaries			4,982		4,982
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	753,755	79,054	832,809
Balance at end of current period	2,133,177	2,563,867	3,915,586	(1,488,365)	7,124,265

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Unrealized holding gain on other securities	Total valuation and translation adjustments		
Balance at beginning of current period	26,480	26,480	22,825	6,340,760
Changes of items during period				
Dividend of surplus				(132,379)
Net income				889,805
Disposal of treasury stock				70,401
Transfer of loss on disposal of treasury stock				-
Increase by merger of unconsolidated subsidiaries				4,982
Net changes of items other than shareholders' equity	60,408	60,408	27,966	88,374
Total changes of items during period	60,408	60,408	27,966	921,184
Balance at end of current period	86,888	86,888	50,791	7,261,944

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	431,973	876,069
Depreciation and amortization	319,893	279,937
Amortization of goodwill	20,052	30,724
Increase (decrease) in accrued bonuses	63,717	20,638
Increase (decrease) in allowance for doubtful accounts	(12,448)	(1,663)
Increase (decrease) in provision for loss on construction contracts	(44,158)	13,512
Increase (decrease) in provision for product warranties	2,403	(1,707)
Interest and dividend income	(7,389)	(7,518)
Interest expense	14,188	8,248
Loss (gain) on valuation of investment securities	18,441	(45,124)
Loss (gain) on redemption of investment securities	-	(120,916)
Loss (gain) on sale of fixed assets	-	(136,410)
Loss on disposal of fixed assets	-	3,038
Decrease (increase) in notes and accounts receivable	11,932	(324,658)
Decrease (increase) in inventories	(175,165)	(42,315)
Decrease (increase) in other accounts receivable	12,340	(4,568)
Decrease (increase) in advance payments	43,934	(27,806)
Increase (decrease) in notes and accounts payable	158,529	483,484
Increase (decrease) in accrued consumption taxes	40,363	(3,785)
Increase (decrease) in other accounts payable	(170)	(50,347)
Increase (decrease) in advances received	11,087	4,225
Increase (decrease) in long-term accounts payable	(51,361)	(29,964)
Others	23,632	(10,373)
Subtotal	881,795	912,718
Interests and dividends received	7,413	7,511
Interests paid	(13,755)	(5,846)
Income taxes refund	58,388	-
Income taxes paid	(42,035)	(166,710)
Expenditure associated with business structure improvement	(51,303)	-
Net cash provided by (used in) operating activities	840,503	747,674

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from investing activities		
Payment for time deposits	(17,000)	(36,000)
Proceeds from time deposits	-	65,000
Payment for purchase of property, plant and equipment	(209,724)	(160,502)
Proceeds from sale of property, plant, and equipment	-	567,417
Payment for purchase of intangible assets	(2,468)	(6,398)
Payment for purchase of investment securities	(131)	(133)
Payment for purchase of stocks of subsidiaries and affiliates	-	(103,679)
Payment for purchase of stocks of subsidiaries resulting in change in scope of consolidation	-	(171,311)
Others	(5,142)	(9,929)
Net cash provided by (used in) investing activities	(234,466)	144,462
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300,000)	100,000
Proceeds from long-term borrowings	300,000	400,000
Repayment of long-term borrowings	(602,330)	(276,946)
Increase (decrease) in notes payable-equipment	(746)	-
Increase (decrease) in accounts payable-equipment	(4,011)	-
Repayment of lease obligations	(22,103)	(11,450)
Cash dividends paid	-	(132,379)
Net cash provided by (used in) financing activities	(629,191)	79,223
Increase (decrease) in cash and cash equivalents	(23,154)	971,360
Cash and cash equivalents at beginning of period	1,608,869	1,585,715
Increase in cash and cash equivalents resulting from merger of subsidiaries	-	28,032
Cash and cash equivalents at end of period	1,585,715	2,585,108

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Numbers of consolidated subsidiaries are five. All subsidiaries are included in the consolidation. The Company has acquired the share of Techno Provider Co., Ltd. and included this company in the scope of consolidation.
Name of subsidiaries:
PHOENIX Electric Co., Ltd.
LUX Co., Ltd.
Nippon Gijutsu Center Co., Ltd.
Nakan Techno Co., Ltd.
Techno Provider Co., Ltd.

2. Application of equity method

The Company has no affiliates.

3. Accounting period end of consolidated subsidiaries

Consolidated subsidiaries' fiscal years end on the balance sheet date for the consolidated financial statements.

4. Significant accounting standards

(1) Valuation criteria and methods for significant assets

a. Valuation criteria and methods for securities

Available-for-sale securities

Securities with market quotations

Carried at fair value using quoted market price 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.

b. Valuation criteria and methods for inventories

Inventories are valued at cost (cost being determined by method by which the carrying value on the balance sheet is written down to reflect the effect of lower profit margin).

The lamp business carries inventories by the periodic average method, and the manufacturing equipment business and the inspection equipment business carry inventories by the specific-identification method.

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment at the Company is computed by the declining-balance method. The useful life and residual value are 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 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: 2-45

Machinery and vehicles: 2-17

b. Intangible assets

Amortization of intangible assets is calculated using the straight-line method.

The development costs of software for internal use are amortized over an expected useful life of five years by the straight-line method.

c. Lease assets

Lease assets associated with finance lease transactions where there is no transfer of ownership

By the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

(3) Significant allowances

a. Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio. 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

To prepare for product warranties for the cost of repairs, replacements and other activities required during the free warranty period, an allowance is provided for an estimated warranty expenses based on the percentage of such costs incurred as a percentage of the cost of sales in prior years.

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 current fiscal year.

(4) Recognition of significant revenue and expenses

The completed-contract standard

By the completion method due to difficulties to recognize the completed portion of a contracted work.

(5) Method and period of goodwill amortization

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

Negative goodwill recorded on or before March 31, 2010 is amortized by the straight-line method over a period of five years.

(6) 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 maturities of three months or less, that are highly liquid and readily convertible to known amounts of cash and present insignificant risk of change in value.

(7) 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.

b. Application of consolidated taxation system

The Company applies the consolidated taxation system.

Segment Information

1. Overview of reportable segments

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

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

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

2. Calculation methods for net sales, profits/losses, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally operating income figures. Intergroup sales and transfers are based on market prices.

3. Information related to net sales, profit/losses, assets and other items for each reportable segment

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013) *(Thousands of yen)*

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Lamp business	Manufacturing equipment business	Inspection equipment business	Staffing services business	Total		
Net sales							
Sales to third parties	4,025,034	4,933,535	440,039	1,741,062	11,139,671	-	11,139,671
Intergroup sales and transfers	62,593	150	146,913	77,765	287,422	(287,422)	-
Total	4,087,628	4,933,685	586,952	1,818,827	11,427,094	(287,422)	11,139,671
Segment profit	210,993	440,882	38,532	8,333	698,742	(347,712)	351,030
Segment assets	3,671,180	3,587,178	482,396	584,731	8,325,487	805,609	9,131,096
Other items							
Depreciation and amortization	164,819	140,406	2,921	6,668	314,816	5,076	319,893
Amortization of goodwill	-	-	-	60,205	60,205	-	60,205
Increases in property, plant and equipment, and intangible assets	50,046	90,371	3,427	67,981	211,826	365	212,192

Notes: 1. The above adjustments are as follows.

(1) The minus 347,712 thousand yen adjustment to segment profit includes minus 7,900 thousand yen in elimination of inter-segment transactions and minus 339,812 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) The plus 805,609 thousand yen adjustment to segment assets includes minus 185,511 thousand yen in elimination of inter-segment receivables and payables and plus 991,121 thousand yen of company-wide assets that cannot be allocated to reportable segments. Company-wide assets mainly include operating assets (cash and deposits with banks, investment securities, etc.) that cannot be attributed to reportable segments.

(3) The plus 365 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes capital investment associated with the head office.

2. Total segment profit is to be consistent with operating income shown on the consolidated statements of income.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) *(Thousands of yen)*

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Lamp business	Manufacturing equipment business	Inspection equipment business	Staffing services business	Total		
Net sales							
Sales to third parties	4,811,533	5,476,782	505,822	2,106,193	12,900,332	-	12,900,332
Intergroup sales and transfers	88,652	-	902,284	70,859	1,061,796	(1,061,796)	-
Total	4,900,185	5,476,782	1,408,107	2,177,053	13,962,129	(1,061,796)	12,900,332
Segment profit	273,029	445,606	121,274	49,807	889,718	(369,668)	520,049
Segment assets	3,809,429	3,599,729	1,314,025	766,597	9,489,781	1,285,100	10,774,881
Other items							
Depreciation and amortization	149,199	115,453	4,622	7,013	276,288	3,648	279,937
Amortization of goodwill	-	-	-	70,877	70,877	-	70,877
Increases in property, plant and equipment, and intangible assets	61,462	121,638	1,108	3,137	187,346	761	188,108

Notes: 1. The above adjustments are as follows.

(1) The minus 369,668 thousand yen adjustment to segment profit includes plus 1,430 thousand yen in elimination of inter-segment transactions and minus 371,099 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) The plus 1,285,100 thousand yen adjustment to segment assets includes minus 486,222 thousand yen in elimination of inter-segment receivables and payables and plus 1,771,322 thousand yen of company-wide assets that cannot be allocated to reportable segments. Company-wide assets mainly include operating assets (cash and deposits with banks, investment securities, etc.) that cannot be attributed to reportable segments.

(3) The plus 761 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes capital investment associated with the head office.

2. Total segment profit is to be consistent with operating income shown on the consolidated statements of income.

Per-share Data

Amount of net assets per share, net income per share, and net income per share (diluted), and basis for the calculation are as follows.

(Thousands of yen)

Item	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
(1) Net assets per share (Yen)	381.81	427.63
Basis for calculation		
Total net assets	6,340,760	7,261,944
Deduction on total net assets	22,825	50,791
[of which stock acquisition rights]	[22,825]	[50,791]
Net assets applicable to common stock	6,317,935	7,211,153
Number of shares outstanding (Shares)	22,806,900	22,806,900
Number of treasury stock shares (Shares)	6,259,410	5,943,710
Number of common stock shares used in calculation of net assets per share (Shares)	16,547,490	16,863,190

(Thousands of yen)

Item	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
(2) Net income per share (Yen)	26.82	53.10
Basis for calculation		
Net income	443,726	889,805
Amount not attributable to common stock shareholders	-	-
Net income available to common stock	443,726	889,805
Average number of shares outstanding (Shares)	16,547,490	16,757,668
(3) Net income per share (diluted) (Yen)	-	51.39
Basis for calculation		
Adjusted to net income	-	-
Increase in common stock (Shares)	-	557,107
[of which stock acquisition rights] (Shares)	[-]	[557,107]
Potential stock not included in the calculation of net income per share (diluted) since it did not have dilutive effect.	Stock acquisition rights issued on July 10, 2012 (Number of stock acquisition rights: 13,150) Board of Directors' resolution June 22, 2012 Exercise period From June 23, 2014 to June 22, 2017	-

Note: Net income per share (diluted) is not presented since there is no outstanding potential stock in FY3/13.

Subsequent Events

Not applicable.

Note: This is a translation of content extracted from the Company's Kessan Tanshin (including attachments) in Japanese, 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.