

**Summary of Consolidated Financial Results for the Second Quarter
of Fiscal Year Ending March 31, 2020
(Six Months Ended September 30, 2019)**

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd.

Listing: Tokyo

Stock code: 6927

URL: <https://www.heliostec-hd.co.jp/>

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Scheduled date of filing of Quarterly Report:

November 7, 2019

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and securities analysts)

Note: The original disclosure in Japanese was released on November 5, 2019 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 – September 30, 2019)**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2019	7,802	(37.5)	150	(90.4)	153	(90.3)	63	(94.3)
Six months ended Sep. 30, 2018	12,478	9.8	1,571	(7.9)	1,575	(4.7)	1,110	(5.9)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2019: 48 (down 95.4%)

Six months ended Sep. 30, 2018: 1,057 (down 22.7%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2019	3.49	-
Six months ended Sep. 30, 2018	61.35	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2019	15,554	12,146	78.1
As of Mar. 31, 2019	18,207	12,634	69.4

Reference: Equity (million yen)

As of Sep. 30, 2019: 12,146

As of Mar. 31, 2019: 12,634

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2020	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2020 (forecast)	-	-	-	6.00	6.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,400	(29.0)	580	(75.5)	590	(75.1)	390	(78.2)	21.54

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

*** Notes**

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

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

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

As of Sep. 30, 2019:	22,806,900 shares	As of Mar. 31, 2019:	22,806,900 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2019:	4,698,703 shares	As of Mar. 31, 2019:	4,708,717 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2019:	18,102,232 shares	Six months ended Sep. 30, 2018:	18,098,189 shares
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Note 1: The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

Earnings forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements.”

How to view supplementary information at the financial results meeting

Each year, the Company holds information meetings for securities analysts for results of operations for the first half and for the full fiscal year. Materials distributed at these events are available on the Company’s website.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Results of Operations

In the first half of the current fiscal year (“the period under review”), the Japanese economy remained on a gradual recovery track due to continuing solid corporate earnings and improvement in employment. However, the outlook remains unclear due to effects of uncertain factors of overseas economy, such as the prolonged U.S.-China trade issues and slowdown in the Chinese economy.

Additionally, demand for capital investments in the liquid crystal panel industry—a key market for the Helios Techno Group (“the Group”)—also remained on a declining trend affected by sentiment reflecting the above-mentioned unclear outlook. Such a trend is particularly evident in China and other Asian markets.

In this business environment, the Group’s net sales for the period under review decreased 4,675 million yen, or 37.5%, year on year to 7,802 million yen, operating profit decreased 1,420 million yen, or 90.4%, to 150 million yen, recurring profit decreased 1,422 million yen, or 90.3%, to 153 million yen, and profit attributable to owners of parent decreased 1,047 million yen, or 94.3%, to 63 million yen.

Operating results by business segment are described below. Each of the amounts shown includes inter-segment transactions.

i) Lamp Business

The Lamp Business continued to face a difficult situation, primarily because the light source units for exposure equipment failed to achieve the Company’s initial business plan due to decrease in the number of shipment caused by customers’ inventory adjustment.

We are proactively developing Super Broadband LED element and other products toward its commercialization or modularization.

Consequently, the segment sales for the period under review decreased 5.9% year on year to 1,515 million yen with a segment loss of 87 million yen (compared with segment loss of 16 million yen for the same period of the previous fiscal year).

ii) Manufacturing Equipment Business

In the Manufacturing Equipment Business we were unable to ship alignment layer manufacturing equipment and other equipment due primarily to a delay in plant construction by flat-panel display manufacturers, which was impacted by slowdown of demands for capital investment in China and other Asia markets.

Consequently, the segment sales for the period under review decreased 57.2% year on year to 3,594 million yen with a segment profit of 393 million yen, down 77.0% year on year.

iii) Human Resource Service Business

The Human Resource Service Business includes the temporary staffing for engineers, design subcontracting, and temporary staffing to the manufacturing sector. We have achieved stable performance for temporary staffing for engineers and design subcontracting by educating human resources to improve their technical capability and creating an environment for engineers to grow so that they can cater for their customers’ needs. In the temporary staffing to the manufacturing sector, we have achieved good performance thanks to the continuously increasing number of staff dispatched to existing customers as a result of our proactive investments for securing human resources for staffing.

While the Worker Dispatching Act and other relevant laws and regulations have recently been amended as appropriate, such amendments have impact on the performance of our business at this moment.

Consequently, the segment sales for the period under review increased 8.6% year on year to 2,727 million yen with a segment profit of 118 million yen, up 1.4% year on year.

(2) Explanation of Financial Position

i) Assets, liabilities and net assets

Assets

Current assets decreased 2,587 million yen from the end of the previous fiscal year to 12,356 million yen. This was mainly due to a 914 million yen decrease in cash and deposits with banks, a 1,225 million yen decrease in notes and accounts receivable, and an 841 million yen decrease in electronically recorded monetary claims – operating, while there was a 228 million yen increase in work in process and 193 million yen increase in raw materials and supplies.

Fixed assets decreased 66 million yen from the end of the previous fiscal year to 3,197 million yen. This was mainly due to a 69 million yen decrease in deferred tax assets included in the investments and other assets section.

As a result, total assets decreased 2,653 million yen, or 14.6%, from the end of the previous fiscal year to 15,554 million yen.

Liabilities

Current liabilities decreased 2,107 million yen from the end of the previous fiscal year to 3,086 million yen. This was mainly due to a 427 million yen decrease in notes and accounts payable, a 460 million yen decrease in electronically recorded obligations – operating, a 195 million yen decrease in accrued bonuses, and a 495 million yen decrease in advances received included in “Others” of the current liabilities section.

Long-term liabilities decreased 57 million yen from the end of the previous fiscal year to 321 million yen. This was mainly due to a 50 million yen decrease in long-term borrowings.

As a result, total liabilities decreased 2,165 million yen, or 38.9%, from the end of the previous fiscal year to 3,407 million yen.

Net assets

Net assets decreased 488 million yen, or 3.9%, from the end of the previous fiscal year to 12,146 million yen. This was mainly due to the payment of dividends from surplus of 542 million yen, which was offset by profit attributable to owners of parent of 63 million yen.

As a result, the equity ratio rose 8.7 percentage points from the end of the previous fiscal year to 78.1% at the end of the period under review, reflecting the decreases in both assets and liabilities.

ii) Cash flows

Cash flows from operating activities

Net cash used in operating activities was 23 million yen, compared with net cash used of 328 million yen one year earlier. The main factors were profit before income taxes of 149 million yen, a 195 million yen decrease in accrued bonuses, a 2,067 million yen decrease in notes and accounts receivable, a 475 million yen increase in inventories, an 888 million yen decrease in notes and accounts payable, a 204 million yen decrease in consumption taxes receivable/payable, a 495 million yen decrease in advances received, and income taxes paid of 81 million yen.

Cash flows from investing activities

Net cash used in investing activities was 153 million yen, compared with net cash used of 160 million yen one year earlier. The main factor was purchase of property, plant and equipment of 169 million yen.

Cash flows from financing activities

Net cash used in financing activities was 723 million yen, compared with net cash used of 466 million yen one year earlier. The main factors were repayment of 100 million yen in short-term borrowings, repayment of long-term borrowings of 80 million yen, and cash dividends paid of 542 million yen.

As a result of the above, cash and cash equivalents at the end of the period under review decreased 914 million yen from the end of the previous fiscal year to 3,171 million yen.

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

Based on the results for the period under review, we have revised the consolidated forecast for the fiscal year ending March 31, 2020 and the dividend forecast announced on May 9, 2019. For more details, please see the press release titled “Notice of Differences between the Consolidated Forecast and Results for the First Half of FY3/20, and Revisions to the Consolidated Forecast and Dividend Forecast for FY3/20,” which was announced today on November 5, 2019.

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets***(Thousands of yen)*

	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)
Assets		
Current assets		
Cash and deposits with banks	4,141,751	3,227,205
Notes and accounts receivable	5,961,141	4,735,727
Electronically recorded monetary claims - operating	1,596,315	754,599
Merchandise and finished goods	200,062	253,570
Work in process	1,875,562	2,104,033
Raw materials and supplies	675,628	869,018
Advance payments	315,067	120,416
Others	179,621	299,856
Allowance for doubtful accounts	(1,471)	(7,963)
Total current assets	14,943,679	12,356,463
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	940,460	911,851
Land	841,913	841,913
Others, net	594,689	659,604
Total property, plant and equipment	2,377,063	2,413,369
Intangible assets		
Others	66,480	62,327
Total intangible assets	66,480	62,327
Investments and other assets		
Others	876,772	760,075
Allowance for doubtful accounts	(56,437)	(38,181)
Total investments and other assets	820,334	721,893
Total fixed assets	3,263,878	3,197,591
Total assets	18,207,557	15,554,054

(Thousands of yen)

	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable	1,489,379	1,061,853
Electronically recorded obligations - operating	682,588	222,093
Short-term borrowings	200,000	100,000
Current portion of long-term borrowings	130,051	100,032
Accrued income taxes	80,836	30,275
Accrued bonuses	441,337	245,339
Provision for product warranties	41,086	24,270
Provision for loss on construction contracts	-	11,102
Advances received	1,028,256	532,523
Others	1,100,567	758,714
Total current liabilities	5,194,102	3,086,204
Long-term liabilities		
Long-term borrowings	306,574	256,558
Others	72,275	64,809
Total long-term liabilities	378,849	321,367
Total liabilities	5,572,951	3,407,571
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,567,357
Retained earnings	8,961,449	8,481,628
Treasury shares	(1,179,114)	(1,176,606)
Total shareholders' equity	12,479,379	12,005,557
Accumulated other comprehensive income		
Unrealized holding gain on other securities	155,226	140,925
Total accumulated other comprehensive income	155,226	140,925
Total net assets	12,634,605	12,146,482
Total liabilities and net assets	18,207,557	15,554,054

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

	<i>(Thousands of yen)</i>	
	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Net sales	12,478,620	7,802,934
Cost of goods sold	9,075,599	5,801,563
Gross profit	3,403,021	2,001,370
Selling, general and administrative expenses	1,831,774	1,850,878
Operating profit	1,571,247	150,492
Non-operating income		
Interest income	60	996
Dividend income	8,658	9,758
Miscellaneous revenue	7,509	9,225
Total non-operating income	16,227	19,980
Non-operating expenses		
Interest expense	6,442	3,090
Foreign exchange loss	2,060	10,085
Commission for syndicated loans	1,871	1,890
Miscellaneous loss	1,358	2,382
Total non-operating expenses	11,733	17,449
Recurring profit	1,575,742	153,022
Extraordinary income		
Gain on sales of fixed assets	213	152
Total extraordinary income	213	152
Extraordinary loss		
Loss on disposal of fixed assets	1,730	3,816
Loss on sales of fixed assets	18	-
Total extraordinary losses	1,748	3,816
Profit before income taxes	1,574,207	149,358
Income taxes-current	352,852	10,243
Income taxes-deferred	110,943	75,991
Total income taxes	463,796	86,234
Profit	1,110,411	63,124
Profit attributable to owners of parent	1,110,411	63,124

Consolidated Statements of Comprehensive Income**(For the Six-month Period)***(Thousands of yen)*

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Profit	1,110,411	63,124
Other comprehensive income		
Unrealized holding gain on other securities	(52,419)	(14,300)
Total other comprehensive income	(52,419)	(14,300)
Comprehensive income	1,057,992	48,823
Comprehensive income attributable to		
Owners of parent	1,057,992	48,823
Non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows*(Thousands of yen)*

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	1,574,207	149,358
Depreciation and amortization	113,670	129,605
Amortization of goodwill	10,672	-
Increase (decrease) in accrued bonuses	(206,292)	(195,998)
Increase (decrease) in allowance for doubtful accounts	(4,508)	(11,763)
Increase (decrease) in provision for product warranties	4,040	(16,815)
Increase (decrease) in provision for loss on construction contracts	-	11,102
Interest and dividend income	(8,718)	(10,754)
Interest expense	6,442	3,090
Loss (gain) on sales of fixed assets	(195)	(152)
Loss on disposal of fixed assets	1,730	3,816
Decrease (increase) in notes and accounts receivable	(1,769,261)	2,067,131
Decrease (increase) in inventories	1,137,908	(475,368)
Decrease (increase) in other accounts receivable	(7,616)	(2,005)
Decrease (increase) in advance payments	699,241	194,651
Increase (decrease) in notes and accounts payable	34,980	(888,021)
Decrease/increase in consumption taxes receivable/payable	(56,636)	(204,770)
Increase (decrease) in other accounts payable	(106,988)	(169,622)
Increase (decrease) in advances received	(1,070,549)	(495,732)
Others	(127,014)	(36,594)
Subtotal	225,112	51,155
Interests and dividends received	8,717	10,753
Interests paid	(6,430)	(3,172)
Income taxes paid	(555,827)	(81,953)
Net cash provided by (used in) operating activities	(328,427)	(23,217)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(160,869)	(169,783)
Proceeds from sale of property, plant, and equipment	245	152
Payment for purchase of intangible assets	(13,606)	(9,011)
Others	14,077	25,560
Net cash provided by (used in) investing activities	(160,153)	(153,082)

(Thousands of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200,000	(100,000)
Repayment of long-term borrowings	(122,514)	(80,035)
Payment for purchase of treasury shares	(1)	-
Repayment of lease obligations	(1,537)	(613)
Cash dividends paid	(542,945)	(542,945)
Net cash provided by (used in) financing activities	(466,998)	(723,593)
Effect of exchange rate change on cash and cash equivalents	2,310	(14,652)
Net increase (decrease) in cash and cash equivalents	(953,269)	(914,546)
Cash and cash equivalents at beginning of period	4,109,727	4,085,671
Cash and cash equivalents at end of period	3,156,458	3,171,124

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to external customers	1,583,066	8,404,235	2,491,319	12,478,620	-	12,478,620
Inter-segment sales and transfers	27,390	180	19,799	47,370	(47,370)	-
Total	1,610,456	8,404,415	2,511,118	12,525,991	(47,370)	12,478,620
Segment profit (loss)	(16,641)	1,712,732	116,715	1,812,805	(241,558)	1,571,247

Notes: 1. The minus 241,558 thousand yen adjustment to segment profit represents company-wide expenses that cannot be allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

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

II. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to external customers	1,502,977	3,594,785	2,705,171	7,802,934	-	7,802,934
Inter-segment sales and transfers	12,247	-	22,279	34,527	(34,527)	-
Total	1,515,225	3,594,785	2,727,451	7,837,462	(34,527)	7,802,934
Segment profit (loss)	(87,351)	393,529	118,347	424,525	(274,033)	150,492

Notes: 1. The minus 274,033 thousand yen adjustment to segment profit represents the elimination of inter-segment transactions of 691 thousand yen and company-wide expenses of minus 274,725 thousand yen that cannot be allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

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

Note: This is a translation of 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.