

July 31, 2014

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2015
<under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp>
 Representative: Shiro Sugata, President and Chief Executive Officer
 Inquiries: Hideaki Takizawa, General Manager, Accounting & Finance Department
 TEL: +81-3-3242-1811 (from overseas)

Scheduled date to file Quarterly Securities Report: August 8, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first three months of the fiscal year ending March 31, 2015
(from April 1, 2014 to June 30, 2014)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
June 30, 2014	34,461	(2.8)	1,445	(36.7)	1,779	(49.2)	1,388	(54.5)
June 30, 2013	35,458	(1.5)	2,283	19.6	3,499	196.1	3,052	505.8

(Note) Comprehensive income
 For the first three months ended June 30, 2014: ¥2,328 million [(74.7)%]
 For the first three months ended June 30, 2013: ¥9,195 million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
June 30, 2014	10.66	–
June 30, 2013	23.28	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2014	250,750	191,268	74.9
March 31, 2014	255,338	191,246	73.5

(Reference) Equity
 As of June 30, 2014 ¥187,708 million
 As of March 31, 2014 ¥187,785 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	–	–	–	26.00	26.00
Fiscal year ending March 31, 2015	–				
Fiscal year ending March 31, 2015 (Forecast)		–	–	24.00	24.00

(Note) Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending September 30, 2014	78,000	3.0	5,500	(5.9)	6,600	(15.0)	5,000	(3.1)	38.20
Fiscal year ending March 31, 2015	170,000	7.7	14,000	15.6	16,000	0.6	11,000	2.1	84.03

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

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

(2) Application of a specific accounting procedure for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

a. Changes in accounting policies due to revisions to accounting standards: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements: None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2014	139,628,721 shares
As of March 31, 2014	139,628,721 shares

b. Number of shares of treasury shares at the end of the period

As of June 30, 2014	9,378,995 shares
As of March 31, 2014	9,307,753 shares

c. Average number of outstanding shares during the period

As of June 30, 2014	130,302,882 shares
As of June 30, 2013	131,126,490 shares

* Indication regarding execution of the quarterly review procedures

This quarterly earnings report is exempted from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

* Notes on the proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	46,146	46,187
Notes and accounts receivable - trade	39,853	37,020
Securities	12,724	7,158
Merchandise and finished goods	24,321	25,047
Work in process	5,836	7,230
Raw materials and supplies	11,691	11,825
Deferred tax assets	5,678	5,033
Other	7,449	7,541
Allowance for doubtful accounts	(697)	(645)
Total current assets	153,004	146,399
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,362	39,784
Accumulated depreciation	(21,265)	(21,758)
Buildings and structures, net	18,097	18,025
Machinery, equipment and vehicles	23,318	23,211
Accumulated depreciation	(19,527)	(19,611)
Machinery, equipment and vehicles, net	3,791	3,600
Land	9,266	9,253
Construction in progress	1,421	1,573
Other	23,814	23,983
Accumulated depreciation	(17,264)	(17,584)
Other, net	6,549	6,398
Total property, plant and equipment	39,126	38,851
Intangible assets	4,159	4,142
Investments and other assets		
Investment securities	54,883	56,709
Long-term loans receivable	21	31
Net defined benefit asset	—	136
Deferred tax assets	1,177	876
Other	3,080	3,724
Allowance for doubtful accounts	(114)	(120)
Total investments and other assets	59,048	61,356
Total non-current assets	102,334	104,351
Total assets	255,338	250,750

(Millions of yen)

	As of March 31,2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,757	14,716
Short-term loans payable	1,669	3,573
Current portion of long-term loans payable	3,255	2,509
Income taxes payable	3,381	560
Deferred tax liabilities	83	21
Provision for bonuses	2,641	1,268
Provision for product warranties	1,695	1,703
Provision for loss on order received	0	2
Other	10,472	12,170
Total current liabilities	39,957	36,528
Non-current liabilities		
Long-term loans payable	3,334	3,199
Deferred tax liabilities	2,347	3,200
Net defined benefit liability	10,687	8,880
Provision for directors' retirement benefits	538	543
Asset retirement obligations	216	217
Other	7,010	6,913
Total non-current liabilities	24,134	22,954
Total liabilities	64,091	59,482
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,371
Retained earnings	134,798	133,992
Treasury shares	(13,244)	(13,335)
Total shareholders' equity	169,482	168,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,407	22,488
Deferred gains or losses on hedges	(7)	(0)
Foreign currency translation adjustment	1,590	1,189
Remeasurements of defined benefit plans	(4,687)	(4,555)
Total accumulated other comprehensive income	18,302	19,123
Minority interests	3,461	3,559
Total net assets	191,246	191,268
Total liabilities and net assets	255,338	250,750

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

(Millions of yen)

	First three months ended June 30, 2013	First three months ended June 30, 2014
Net sales	35,458	34,461
Cost of sales	23,021	21,012
Gross profit	12,436	13,448
Selling, general and administrative expenses	10,152	12,003
Operating income	2,283	1,445
Non-operating income		
Interest income	154	132
Dividend income	394	464
Foreign exchange gains	458	—
Realized and unrealized profit on trading securities, net	113	160
Gain on sales of investment securities	7	—
Other	158	171
Total non-operating income	1,286	929
Non-operating expenses		
Interest expenses	46	50
Foreign exchange losses	—	460
Share of loss of entities accounted for using equity method	4	8
Other	19	76
Total non-operating expenses	70	595
Ordinary income	3,499	1,779
Extraordinary income		
Gain on sales of non-current assets	1	3
Gain on sales of investment securities	287	245
Total extraordinary income	289	248
Extraordinary losses		
Loss on retirement of non-current assets	20	3
Loss on sales of non-current assets	0	0
Loss on sales of shares of subsidiaries and associates	4	—
Loss on step acquisitions	5	—
Loss on valuation of membership	2	—
Total extraordinary losses	32	4
Income before income taxes and minority interests	3,756	2,022
Income taxes - current	702	295
Income taxes - deferred	25	273
Total income taxes	727	568
Income before minority interests	3,029	1,454
Minority interests in income (loss)	(23)	65
Net income	3,052	1,388

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First three months ended June 30, 2013	First three months ended June 30, 2014
Income before minority interests	3,029	1,454
Other comprehensive income		
Valuation difference on available-for-sale securities	3,466	1,081
Deferred gains or losses on hedges	35	6
Foreign currency translation adjustment	2,660	(346)
Remeasurements of defined benefit plans, net of tax	—	132
Share of other comprehensive income of entities accounted for using equity method	4	(0)
Total other comprehensive income	6,166	874
Comprehensive income	9,195	2,328
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,209	2,209
Comprehensive income attributable to minority interests	(13)	119

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2014 (from April 1, 2013 to June 30, 2013)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	14,877	20,099	34,977	480	35,458	–	35,458
Inter-segment sales or transfer among segment	89	15	104	0	104	(104)	–
Total	14,966	20,115	35,081	480	35,562	(104)	35,458
Segment profit (loss)	1,141	1,121	2,262	(2)	2,260	23	2,283

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statements of income.

II. First three months of the fiscal year ending March 31, 2015 (from April 1, 2014 to June 30, 2014)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	16,963	16,800	33,764	696	34,461	–	34,461
Inter-segment sales or transfer among segment	228	26	255	7	262	(262)	–
Total	17,191	16,827	34,019	704	34,723	(262)	34,461
Segment profit (loss)	2,054	(593)	1,460	0	1,460	(14)	1,445

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statements of income.