

January 30, 2015

Consolidated Financial Results
for the First Nine 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
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Scheduled date to file Quarterly Securities Report: February 9, 2015
 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 nine months of the fiscal year ending March 31, 2015
(from April 1, 2014 to December 31, 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 nine months ended								
December 31, 2014	114,803	0.8	6,382	(24.7)	9,188	(24.6)	8,156	(11.5)
December 31, 2013	113,893	7.7	8,479	56.7	12,191	93.2	9,215	199.2

(Note) Comprehensive income

For the first nine months ended December 31, 2014: ¥27,413 million [7.1%]

For the first nine months ended December 31, 2013: ¥25,589 million [332.0%]

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2014	62.49	–
December 31, 2013	70.28	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2014	288,972	215,676	73.7
March 31, 2014	255,338	191,246	73.5

(Reference) Equity

As of December 31, 2014 ¥212,916 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
Fiscal year ending March 31, 2015	160,000	1.4	11,000	(9.2)	13,000	(18.3)	10,000	(7.2)	76.68

(Note) Revisions to the consolidated earnings forecasts most recently announced: No

* 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 December 31, 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 December 31, 2014	9,071,318 shares
As of March 31, 2014	9,307,753 shares

- c. Average number of outstanding shares during the period

As of December 31, 2014	130,541,529 shares
As of December 31, 2013	131,125,260 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 December 31, 2014
Assets		
Current assets		
Cash and deposits	46,146	60,079
Notes and accounts receivable - trade	39,853	40,542
Securities	12,724	11,575
Merchandise and finished goods	24,321	28,220
Work in process	5,836	8,487
Raw materials and supplies	11,691	14,032
Deferred tax assets	5,678	5,676
Other	7,449	8,251
Allowance for doubtful accounts	(697)	(935)
Total current assets	153,104	175,930
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,362	40,554
Accumulated depreciation	(21,265)	(22,240)
Buildings and structures, net	18,097	18,314
Machinery, equipment and vehicles	23,318	23,815
Accumulated depreciation	(19,527)	(19,839)
Machinery, equipment and vehicles, net	3,791	3,975
Land	9,266	9,661
Construction in progress	1,421	1,175
Other	23,814	26,310
Accumulated depreciation	(17,264)	(19,673)
Other, net	6,549	6,637
Total property, plant and equipment	39,126	39,764
Intangible assets	4,159	6,668
Investments and other assets		
Investment securities	54,883	61,836
Long-term loans receivable	21	31
Net defined benefit asset	—	165
Deferred tax assets	1,177	973
Other	3,080	3,719
Allowance for doubtful accounts	(114)	(119)
Total investments and other assets	59,048	66,607
Total non-current assets	102,334	113,041
Total assets	255,338	288,972

(Millions of yen)

	As of March 31,2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,757	17,899
Short-term loans payable	1,669	4,286
Current portion of long-term loans payable	3,255	1,336
Income taxes payable	3,381	1,560
Deferred tax liabilities	83	65
Provision for bonuses	2,641	1,316
Provision for product warranties	1,695	1,816
Provision for loss on order received	0	10
Other	10,472	15,667
Total current liabilities	39,957	43,958
Non-current liabilities		
Long-term loans payable	3,334	7,556
Deferred tax liabilities	2,347	5,575
Provision for directors' retirement benefits	538	605
Net defined benefit liability	10,687	8,596
Asset retirement obligations	216	205
Other	7,010	6,797
Total non-current liabilities	24,134	29,337
Total liabilities	64,091	73,296
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,301
Retained earnings	134,798	140,761
Treasury shares	(13,244)	(12,848)
Total shareholders' equity	169,482	175,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,407	26,906
Deferred gains or losses on hedges	(7)	0
Foreign currency translation adjustment	1,590	14,528
Remeasurements of defined benefit plans	(4,687)	(4,289)
Total accumulated other comprehensive income	18,302	37,146
Minority interests	3,461	2,759
Total net assets	191,246	215,676
Total liabilities and net assets	255,338	288,972

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

(Millions of yen)

	First nine months ended December 31, 2013	First nine months ended December 31, 2014
Net sales	113,893	114,803
Cost of sales	73,312	71,646
Gross profit	40,580	43,156
Selling, general and administrative expenses	32,101	36,774
Operating income	8,479	6,382
Non-operating income		
Interest income	431	545
Dividend income	896	1,023
Foreign exchange gains	1,490	712
Realized and unrealized profit on trading securities, net	358	410
Gain on sales of investment securities	166	–
Other	643	455
Total non-operating income	3,986	3,148
Non-operating expenses		
Interest expenses	168	153
Share of loss of entities accounted for using equity method	24	34
Other	80	153
Total non-operating expenses	274	341
Ordinary income	12,191	9,188
Extraordinary income		
Gain on sales of non-current assets	5	79
Gain on sales of investment securities	1,921	2,329
Gain on bargain purchase	–	277
Total extraordinary income	1,926	2,685
Extraordinary losses		
Loss on retirement of non-current assets	64	34
Loss on sales of non-current assets	0	36
Impairment loss	63	965
Loss on valuation of investment securities	952	2
Loss on liquidation of business	171	–
Loss on sales of shares of subsidiaries and associates	4	–
Loss on step acquisitions	5	–
Loss on valuation of membership	2	–
Loss on sales of membership	3	–
Special extra retirement payments and related expenses	39	–
Other	2	–
Total extraordinary losses	1,308	1,037
Income before income taxes and minority interests	12,809	10,836
Income taxes - current	4,280	2,607
Income taxes - deferred	(678)	(114)
Total income taxes	3,601	2,492
Income before minority interests	9,207	8,344
Minority interests in income (loss)	(7)	187
Net income	9,215	8,156

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First nine months ended December 31, 2013	First nine months ended December 31, 2014
Income before minority interests	9,207	8,344
Other comprehensive income		
Valuation difference on available-for-sale securities	8,422	5,499
Deferred gains or losses on hedges	20	7
Foreign currency translation adjustment	7,930	13,161
Remeasurements of defined benefit plans, net of tax	—	398
Share of other comprehensive income of entities accounted for using equity method	8	2
Total other comprehensive income	16,381	19,069
Comprehensive income	25,589	27,413
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,329	27,000
Comprehensive income attributable to minority interests	259	412

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended March 31, 2014 (from April 1, 2013 to December 31, 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	46,603	65,390	111,993	1,899	113,893	-	113,893
Inter-segment sales or transfer among segment	469	35	505	12	517	(517)	-
Total	47,072	65,426	112,498	1,911	114,410	(517)	113,893
Segment profit	5,584	2,730	8,314	62	8,376	102	8,479

(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 is adjusted with operating income in the quarterly consolidated statements of income.

II. First nine months of the fiscal year ending March 31, 2015 (from April 1, 2014 to December 31, 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	52,516	59,957	112,474	2,328	114,803	-	114,803
Inter-segment sales or transfer among segment	700	73	773	19	793	(793)	-
Total	53,216	60,030	113,247	2,348	115,596	(793)	114,803
Segment profit (loss)	6,628	(377)	6,250	74	6,325	56	6,382

(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.