

January 29, 2016

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2016
<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: Kenji Hamashima, 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: February 8, 2016
 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, 2016
(from April 1, 2015 to December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended								
December 31, 2015	134,551	17.2	10,512	64.7	13,081	42.4	9,560	17.2
December 31, 2014	114,803	0.8	6,382	(24.7)	9,188	(24.6)	8,156	(11.5)

(Note) Comprehensive income

For the first nine months ended December 31, 2016: ¥9,318 million [(66.0)%]

For the first nine months ended December 31, 2015: ¥27,413 million [7.1%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
First nine months ended				
December 31, 2016	73.81		–	
December 31, 2015	62.49		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2015	306,198	221,950	71.7
March 31, 2015	294,542	218,723	73.3

(Reference) Equity

As of December 31, 2015: ¥219,453 million

As of March 31, 2015: ¥215,924 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, 2015	–	–	–	24.00	24.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecast)		–	–	26.00	26.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	180,000	12.9	13,000	25.5	15,000	9.4	12,000	6.4	92.71

(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 December 31, 2015	139,628,721 shares
As of March 31, 2015	139,628,721 shares

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

As of December 31, 2015	10,521,511 shares
As of March 31, 2015	9,072,215 shares

c. Average number of outstanding shares during the period

As of December 31, 2015	10,088,760 shares
As of December 31, 2015	130,541,529 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury 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, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	60,765	66,788
Notes and accounts receivable - trade	39,796	39,680
Securities	13,503	7,383
Merchandise and finished goods	28,997	30,330
Work in process	7,888	12,154
Raw materials and supplies	15,361	15,298
Deferred tax assets	6,016	4,563
Other	7,740	7,611
Allowance for doubtful accounts	Δ1,295	Δ1,556
Total current assets	178,774	182,254
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,863	40,979
Accumulated depreciation	Δ21,862	Δ22,969
Buildings and structures, net	18,000	18,009
Machinery, equipment and vehicles	23,005	23,984
Accumulated depreciation	Δ18,986	Δ19,558
Machinery, equipment and vehicles, net	4,019	4,426
Land	9,670	10,563
Construction in progress	1,214	2,064
Other	26,379	27,234
Accumulated depreciation	Δ19,270	Δ20,269
Other, net	7,108	6,964
Total property, plant and equipment	40,014	42,028
Intangible assets		
Goodwill	3,477	4,904
Other	3,621	3,230
Total intangible assets	7,098	8,135
Investments and other assets		
Investment securities	63,250	68,044
Long-term loans receivable	22	13
Deferred tax assets	1,071	989
Net defined benefit asset	18	23
Other	4,412	4,827
Allowance for doubtful accounts	Δ119	Δ119
Total investments and other assets	68,655	73,779
Total non-current assets	115,767	123,943
Total assets	294,542	306,198

(Millions of yen)

	As of March 31,2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,786	20,055
Short-term loans payable	4,272	8,430
Current portion of long-term loans payable	1,361	2,940
Income taxes payable	1,801	798
Deferred tax liabilities	79	160
Provision for bonuses	2,654	1,455
Provision for product warranties	1,755	1,811
Provision for loss on order received	73	12
Other	15,100	18,668
Total current liabilities	44,886	54,333
Non-current liabilities		
Long-term loans payable	8,430	6,924
Deferred tax liabilities	5,792	7,559
Net defined benefit liability	9,170	8,133
Provision for directors' retirement benefits	545	744
Provision for directors' stock payments	—	83
Asset retirement obligations	206	201
Other	6,786	6,266
Total non-current liabilities	30,932	29,913
Total liabilities	75,818	84,247
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,301	28,181
Retained earnings	143,883	150,311
Treasury shares	△12,850	△15,364
Total shareholders' equity	178,891	182,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,892	31,860
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	12,425	9,723
Remeasurements of defined benefit plans	△5,285	△4,815
Total accumulated other comprehensive income	37,033	36,768
Non-controlling interests	2,798	2,497
Total net assets	218,723	221,950
Total liabilities and net assets	294,542	306,198

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

(Millions of yen)

	First nine months ended December 31, 2014	First nine months ended December 31, 2015
Net sales	114,803	134,551
Cost of sales	71,646	82,640
Gross profit	43,156	51,910
Selling, general and administrative expenses	36,774	41,397
Operating income	6,382	10,512
Non-operating income		
Interest income	545	563
Dividend income	1,023	1,167
Foreign exchange gains	712	763
Realized and unrealized profit on trading securities, net	410	114
Other	455	298
Total non-operating income	3,148	2,908
Non-operating expenses		
Interest expenses	153	184
Share of loss of entities accounted for using equity method	34	10
Other	153	143
Total non-operating expenses	341	339
Ordinary income	9,188	13,081
Extraordinary income		
Gain on sales of non-current assets	79	1,079
Gain on sales of investment securities	2,329	279
Gain on liquidation of subsidiaries and associates	—	37
Gain on bargain purchase	277	579
Total extraordinary income	2,685	1,975
Extraordinary losses		
Loss on retirement of non-current assets	34	68
Loss on sales of non-current assets	36	1
Impairment loss	965	—
Loss on valuation of investment securities	2	—
Office transfer expenses	—	304
Special retirement expenses	—	46
Total extraordinary losses	1,037	421
Income before income taxes and minority interests	10,836	14,635
Income taxes - current	2,607	2,821
Income taxes - deferred	△114	2,140
Total income taxes	2,492	4,962
Profit	8,344	9,673
Profit attributable to non-controlling interests	187	112
Profit attributable to owners of parent	8,156	9,560

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First nine months ended December 31, 2014	First nine months ended December 31, 2015
Profit	8,344	9,673
Other comprehensive income		
Valuation difference on available-for-sale securities	5,499	1,967
Deferred gains or losses on hedges	7	Δ0
Foreign currency translation adjustment	13,161	Δ2,791
Remeasurements of defined benefit plans, net of tax	398	470
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	19,069	Δ354
Comprehensive income	27,413	9,318
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,000	9,296
Comprehensive income attributable to non- controlling interests	412	22

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended 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.

II. First nine months of the fiscal year ending March 31, 2016 (from April 1, 2015 to December 31, 2015)

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	58,271	74,133	132,405	2,145	134,551	-	134,551
Inter-segment sales or transfer among segment	821	37	859	18	878	(878)	-
Total	59,093	74,171	133,265	2,164	135,429	(878)	134,551
Segment profit	8,707	1,642	10,349	51	10,400	111	10,512

(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.