

Translation



May 11, 2016

**Consolidated Financial Results**  
**for the Fiscal Year Ended 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  
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Scheduled date of ordinary general meeting of shareholders: June 29, 2016  
Scheduled date to commence dividend payments: June 30, 2016  
Scheduled date to file Securities Report: June 29, 2016  
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 fiscal year ended March 31, 2016**  
**(from April 1, 2015 to March 31, 2016)**

**(1) Consolidated operating results**

(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	%
Fiscal year ended March 31, 2016	179,121	12.4	13,130	26.8	14,633	6.7	11,105	(1.5)
March 31, 2015	159,365	1.0	10,357	(14.5)	13,708	(13.8)	11,279	4.7

(Note) Comprehensive income (losses)  
For the fiscal year ended March 31, 2016: ¥(394) million [—%]  
For the fiscal year ended March 31, 2015: ¥30,462 million [32.3%]

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2016	85.83	—	5.2	5.0	7.3
March 31, 2015	86.40	—	5.6	5.0	6.5

(Reference) Equity in losses of affiliates  
For the fiscal year ended March 31, 2016: ¥(12) million  
For the fiscal year ended March 31, 2015: ¥(43) million

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	294,525	211,296	70.9	1,621.97
March 31, 2015	294,542	218,723	73.3	1,653.88

(Reference) Equity  
As of March 31, 2016: ¥208,705 million  
As of March 31, 2015: ¥215,924 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	12,031	(10,367)	(7,849)	47,813
March 31, 2015	9,876	(3,710)	1,210	56,989

### 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	–	–	–	24.00	24.00	3,139	27.8	1.5
Fiscal year ended March 31, 2016	–	–	–	26.00	26.00	3,345	30.3	1.6
Fiscal year ending March 31, 2017 (Forecast)	–	–	–	26.00	26.00		29.1	

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2016	90,000	1.6	6,000	(8.3)	6,500	(14.2)	4,700	(14.0)	36.53
Fiscal year ending March 31, 2017	190,000	6.1	13,500	2.8	14,500	(0.9)	11,500	3.5	89.37

\* Notes

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

(2) 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

(3) Number of issued shares (common stock)

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

As of March 31, 2016	139,628,721 shares
As of March 31, 2015	139,628,721 shares

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

As of March 31, 2016	10,954,280 shares
As of March 31, 2015	9,072,215 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2016	129,390,561 shares
For the fiscal year ended March 31, 2015	130,545,078 shares

(Reference) Non-consolidated operating results

**Non-consolidated performance for the fiscal year ended March 31, 2016  
(from April 1, 2015 to March 31, 2016)**

**(1) Non-consolidated operating results**

(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	%
Fiscal year ended March 31, 2016	51,033	6.3	3,364	129.3	3,937	0.6	264	(92.5)
March 31, 2015	48,026	(1.7)	1,467	(55.6)	3,911	(36.0)	3,526	(16.5)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended March 31, 2016	2.04		—	
March 31, 2015	27.00		—	

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	164,334	124,156	75.6	964.89
March 31, 2015	157,811	129,242	81.9	988.02

(Reference) Equity

As of March 31, 2016: ¥124,156 million

As of March 31, 2015: ¥129,242 million

\* Indication regarding execution of audit procedures

At the time of disclosure of this earnings report, the audit procedures for financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

\* 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 March 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	60,765	54,595
Notes and accounts receivable - trade	39,796	38,424
Securities	13,503	7,893
Merchandise and finished goods	28,997	30,705
Work in process	7,888	10,215
Raw materials and supplies	15,361	15,716
Deferred tax assets	6,016	5,070
Other	7,740	8,677
Allowance for doubtful accounts	△1,295	△1,125
<b>Total current assets</b>	<b>178,774</b>	<b>170,173</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	39,863	40,115
Accumulated depreciation	△21,862	△22,608
Buildings and structures, net	18,000	17,507
Machinery, equipment and vehicles	23,005	23,541
Accumulated depreciation	△18,986	△18,845
Machinery, equipment and vehicles, net	4,019	4,696
Land	9,670	10,119
Construction in progress	1,214	3,118
Other	26,379	26,224
Accumulated depreciation	△19,270	△19,356
Other, net	7,108	6,868
<b>Total property, plant and equipment</b>	<b>40,014</b>	<b>42,310</b>
<b>Intangible assets</b>		
Goodwill	3,477	5,616
Other	3,621	5,169
<b>Total intangible assets</b>	<b>7,098</b>	<b>10,786</b>
<b>Investments and other assets</b>		
Investment securities	63,250	65,745
Long-term loans receivable	22	9
Deferred tax assets	1,071	1,116
Net defined benefit asset	18	23
Other	4,412	4,482
Allowance for doubtful accounts	△119	△120
<b>Total investments and other assets</b>	<b>68,655</b>	<b>71,256</b>
<b>Total non-current assets</b>	<b>115,767</b>	<b>124,352</b>
<b>Total assets</b>	<b>294,542</b>	<b>294,525</b>

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,786	17,797
Short-term loans payable	4,272	5,049
Current portion of long-term loans payable	1,361	3,066
Income taxes payable	1,801	382
Deferred tax liabilities	79	183
Provision for bonuses	2,654	2,472
Provision for product warranties	1,755	1,828
Provision for loss on order received	73	2
Provision for environmental measures	—	236
Other	15,100	18,443
Total current liabilities	44,886	49,463
Non-current liabilities		
Long-term loans payable	8,430	6,397
Deferred tax liabilities	5,792	4,325
Provision for directors' retirement benefits	545	756
Provision for directors' stock payment	—	102
Net defined benefit liability	9,170	14,946
Asset retirement obligations	206	203
Other	6,786	7,032
Total non-current liabilities	30,932	33,765
Total liabilities	75,818	83,228
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,301	27,672
Retained earnings	143,883	151,856
Treasury shares	△12,850	△16,027
Total shareholders' equity	178,891	183,057
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,892	31,072
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	12,425	4,375
Remeasurements of defined benefit plans	△5,285	△9,800
Total accumulated other comprehensive income	37,033	25,647
Non-controlling interests	2,798	2,590
Total net assets	218,723	211,296
Total liabilities and net assets	294,542	294,525

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	159,365	179,121
Cost of sales	98,030	110,717
Gross profit	61,335	68,403
Selling, general and administrative expenses	50,977	55,273
Operating income	10,357	13,130
Non-operating income		
Interest income	808	723
Dividend income	1,011	1,175
Realized and unrealized profit on trading securities, net	445	—
Foreign exchange gains	757	11
Other	721	428
Total non-operating income	3,744	2,338
Non-operating expenses		
Interest expenses	193	250
Realized and unrealized loss on trading securities, net	—	341
Share of loss of entities accounted for using equity method	43	12
Other	156	231
Total non-operating expenses	393	836
Ordinary income	13,708	14,633
Extraordinary income		
Gain on sales of non-current assets	77	1,151
Gain on sales of investment securities	3,296	283
Gain on bargain purchase	277	579
Gain on liquidation of subsidiaries and associates	—	37
Total extraordinary income	3,650	2,051
Extraordinary losses		
Loss on retirement of non-current assets	69	226
Loss on sales of non-current assets	50	75
Impairment loss	1,521	244
Loss on sales of investment securities	—	30
Loss on valuation of investment securities	86	—
Loss on valuation of membership	—	2
Special retirement expenses	84	50
Provision for environmental measures	—	236
Office transfer expenses	—	543
Loss on liquidation of subsidiaries and associates	—	87
Total extraordinary losses	1,813	1,496
Profit before income taxes	15,545	15,187
Income taxes - current	3,342	3,003
Income taxes - deferred	660	998
Total income taxes	4,002	4,001
Profit	11,542	11,186
Profit attributable to non-controlling interests	263	80
Profit attributable to owners of parent	11,279	11,105

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	11,542	11,186
Other comprehensive income		
Valuation difference on available-for-sale securities	8,485	1,179
Deferred gains or losses on hedges	7	△0
Foreign currency translation adjustment	11,020	△8,244
Remeasurements of defined benefit plans, net of tax	△597	△4,515
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	18,919	△11,580
Comprehensive income	30,462	△394
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,009	△279
Comprehensive income attributable to non- controlling interests	452	△114

### (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	19,556	28,371	134,798	(13,244)	169,482
Cumulative effects of changes in accounting policies			1,193		1,193
Restated balance	19,556	28,371	135,992	(13,244)	170,676
Changes of items during period					
Dividends of surplus			(3,388)		(3,388)
Profit attributable to owners of parent			11,279		11,279
Purchase of treasury shares				(432)	(432)
Increase by share exchanges		(69)		826	756
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(69)	7,890	393	8,215
Balance at end of current period	19,556	28,301	143,883	(12,850)	178,891

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred earnings (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	21,407	(7)	1,590	(4,687)	18,302	3,461	191,246
Cumulative effects of changes in accounting policies							1,193
Restated balance	21,407	(7)	1,590	(4,687)	18,302	3,461	192,440
Changes of items during period							
Dividends of surplus							(3,388)
Profit attributable to owners of parent							11,279
Purchase of treasury shares							(432)
Increase by share exchanges							756
Net changes of items other than shareholders' equity	8,485	7	10,834	(597)	18,730	(662)	18,067
Total changes of items during period	8,485	7	10,834	(597)	18,730	(662)	26,282
Balance at end of current period	29,892	0	12,425	(5,285)	37,033	2,798	218,723



Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	19,556	28,301	143,883	(12,850)	178,891
Changes of items during period					
Dividends of surplus			(3,133)		(3,133)
Profit attributable to owners of parent			11,105		11,105
Purchase of treasury shares				(3,177)	(3,177)
Increase by share exchanges		(628)			(628)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(628)	7,972	(3,177)	4,166
Balance at end of current period	19,556	27,672	151,856	(16,027)	183,057

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred earnings (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	29,892	0	12,425	(5,285)	37,033	2,798	218,723
Changes of items during period							
Dividends of surplus							(3,133)
Profit attributable to owners of parent							11,105
Purchase of treasury shares							(3,177)
Increase by share exchanges							(628)
Net changes of items other than shareholders' equity	1,179	(0)	(8,049)	(4,515)	(11,385)	(208)	(11,593)
Total changes of items during period	1,179	(0)	(8,049)	(4,515)	(11,385)	(208)	(7,427)
Balance at end of current period	31,072	—	4,375	(9,800)	25,647	2,590	211,296

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	15,545	15,187
Depreciation	5,919	6,495
Impairment loss	1,521	244
Increase (decrease) in net defined benefit liability	△1,070	227
Amortization of goodwill	680	1,003
Gain on bargain purchase	△277	△579
Increase (decrease) in provision for environmental measures	—	236
Interest and dividend income	△1,819	△1,899
Interest expenses	193	250
Profit / Loss on sale / revaluation of available-for-sale securities	△445	341
Share of (profit) loss of entities accounted for using equity method	43	12
Loss (gain) on sales of non-current assets	△26	△1,075
Loss on retirement of non-current assets	69	226
Loss (gain) on sales of investment securities	△3,296	△253
Loss (gain) on valuation of investment securities	86	-
Decrease (increase) in notes and accounts receivable - trade	3,412	501
Decrease (increase) in inventories	△6,574	△8,108
Increase (decrease) in notes and accounts payable - trade	△69	△34
Other, net	△417	1,871
Subtotal	13,475	14,648
Interest and dividend income received	1,866	1,982
Interest expenses paid	△193	△250
Income taxes (paid) refund	△5,271	△4,349
Net cash provided by (used in) operating activities	9,876	12,031
Cash flows from investing activities		
Payments into time deposits	△12,975	△13,766
Proceeds from withdrawal of time deposits	13,005	15,432
Payments of short-term loans receivable	△142	△322
Collection of short-term loans receivable	129	212
Purchase of securities	△1,240	△3,940
Proceeds from sales and redemption of securities	4,063	7,248
Purchase of property, plant and equipment	△4,092	△7,903
Proceeds from sales of property, plant and equipment	336	1,953
Purchase of intangible assets	△405	△189
Purchase of investment securities	△2,619	△6,134
Proceeds from sales and redemption of investment securities	4,931	671
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△1,815	△3,883
Payments of long-term loans receivable	△28	△13
Collection of long-term loans receivable	0	221
Payments for transfer of business	△2,588	—
Other, net	△269	46
Net cash provided by (used in) investing activities	△3,710	△10,367

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,600	66
Proceeds from long-term loans payable	5,941	1,212
Repayments of long-term loans payable	△3,482	△1,373
Purchase of treasury shares	△432	△3,177
Cash dividends paid	△3,388	△3,133
Dividends paid to non-controlling interests	△28	△28
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	△1,415
Net cash provided by (used in) financing activities	1,210	△7,849
Effect of exchange rate change on cash and cash equivalents	4,270	△2,991
Net increase (decrease) in cash and cash equivalents	11,646	△9,176
Cash and cash equivalents at beginning of period	45,342	56,989
Cash and cash equivalents at end of period	56,989	47,813

## (5) Notes regarding the consolidated financial statements

### (Segment Information)

#### 1. Overview of Reporting Segments

The Company's reporting segments reflect the basic business units that comprise the Company for which separate financial data are available, with businesses evaluated by the Board of Directors. To facilitate decisions regarding the distribution of management resources and the evaluation of business performance, reporting segments are subject to periodic review.

The Company has adopted a business division system based on similarities in product type, sales markets, and other relevant factors. Business activities are conducted on a global basis, guided by comprehensive domestic and overseas strategies established for businesses involving the development, manufacture and sale of Group products, along with related services.

Accordingly, the Company's segments are separated along product or market lines, with "Light Sources" and "Equipment" as the two reporting segments.

The "Light Sources" segment is involved in the production and sale primarily of halogen and discharge lamps.

The "Equipment" segment is involved in the production and sale primarily of optical and imaging equipment.

#### 2. Methods for Calculation of Monetary Figures for Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Profit figures for reporting segments are based on operating income.

Inter-segment revenues or transfers are based on prevailing market prices.

#### 3. Monetary Information Concerning Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	71,948	84,033	155,982	3,383	159,365	—	159,365
Inter-segment sales or transfer among segments	1,065	155	1,221	28	1,249	(1,249)	—
Total	73,014	84,188	157,203	3,411	160,614	(1,249)	159,365
Segment profit (loss)	10,074	(36)	10,037	175	10,212	144	10,357
Segment assets	103,671	107,526	211,198	46,132	257,330	37,211	294,542
Other line items							
Depreciation and amortization	2,074	3,808	5,883	35	5,919	—	5,919
Amortization of goodwill	277	403	680	—	680	—	680
Investments in equity- method affiliates	34	2	36	—	36	—	36
Increase in property, plant and equipment and intangible fixed assets	3,560	6,753	10,314	584	10,898	—	10,898

(Notes)

- The "Others" classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
- "Adjustment" refers to the following:
  - (1) The total adjustment in segment profit (loss) of ¥144 million includes ¥157 million in eliminations of inter-segment transactions.

- (2) The total adjustment in segment assets of ¥37,211 million includes elimination of a loss of ¥19,260 million in inter-segment credits or debts and corporate assets of ¥55,893 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
3. Segment profit (loss) is adjusted with operating income in the consolidated statements of income.
4. The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	77,231	98,724	175,956	3,164	179,121	—	179,121
Inter-segment sales or transfer among segments	1,343	103	1,447	53	1,500	(1,500)	—
Total	78,574	98,828	177,403	3,218	180,622	(1,500)	179,121
Segment profit	10,976	1,726	12,703	181	12,885	245	13,130
Segment assets	102,972	113,513	216,486	39,026	255,513	39,012	294,525
Other line items							
Depreciation and amortization	2,146	4,311	6,457	38	6,495	—	6,495
Amortization of goodwill	375	628	1,003	—	1,003	—	1,003
Investments in equity- method affiliates	21	2	23	—	23	—	23
Increase in property, plant and equipment and intangible fixed assets	3,458	7,062	10,520	479	11,000	—	11,000

(Notes)

- The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
- “Adjustment” refers to the following:
  - The total adjustment in segment profit of ¥245 million includes ¥173 million in eliminations of inter-segment transactions.
  - The total adjustment in segment assets of ¥39,012 million includes elimination of a loss of ¥16,297 million in inter-segment credits or debts and corporate assets of ¥55,370 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
- Segment profit is adjusted with operating income in the consolidated statements of income.
- The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.