

January 31, 2017

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2017
<under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp>
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Scheduled date to file Quarterly Securities Report: February 8, 2017
 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, 2017
(from April 1, 2016 to December 31, 2016)

(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, 2016	124,989	(7.1)	5,733	(45.4)	8,069	(38.2)	6,087	(36.2)
December 31, 2015	134,551	17.2	10,491	64.4	13,059	42.1	9,547	17.0

(Note) Comprehensive income
 For the first nine months ended December 31, 2016: ¥9,682 million [4.1%]
 For the first nine months ended December 31, 2015: ¥9,304 million [(66.1)%]

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
December 31, 2016	47.58	–
December 31, 2015	73.70	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2016	311,421	216,461	68.7
March 31, 2016	294,525	211,296	70.9

(Reference) Equity
 As of December 31, 2016: ¥213,958 million
 As of March 31, 2016: ¥208,705 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, 2016	–	–	–	26.00	26.00
Fiscal year ending March 31, 2017	–				
Fiscal year ending March 31, 2017 (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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	170,000	(5.1)	9,000	(31.5)	10,000	(31.7)	7,000	(37.0)	54.72

(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: None
 - 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, 2016	139,628,721 shares
As of March 31, 2016	139,628,721 shares

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

As of December 31, 2016	11,867,249 shares
As of March 31, 2016	10,954,280 shares

c. Average number of outstanding shares during the period

As of December 31, 2016	127,958,739 shares
As of December 31, 2015	129,539,961 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.

*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on January 31, 2017.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	54,595	64,601
Notes and accounts receivable-trade	38,424	39,266
Securities	7,893	9,065
Merchandise and finished goods	30,705	28,941
Work in process	10,215	13,166
Raw materials and supplies	15,716	13,799
Deferred tax assets	5,070	4,063
Other	8,677	10,137
Allowance for doubtful accounts	△1,125	△1,076
Total current assets	170,173	181,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,115	43,422
Accumulated depreciation	△22,608	△23,679
Buildings and structures, net	17,507	19,743
Machinery, equipment and vehicles	23,541	24,100
Accumulated depreciation	△18,845	△19,335
Machinery, equipment and vehicles, net	4,696	4,765
Land	10,119	9,707
Construction in progress	3,118	2,770
Other	26,224	28,555
Accumulated depreciation	△19,356	△20,947
Other, net	6,868	7,607
Total property, plant and equipment	42,310	44,594
Intangible assets		
Goodwill	4,995	4,216
Other	5,790	5,446
Total intangible assets	10,786	9,662
Investments and other assets		
Investment securities	65,745	69,164
Long-term loans receivable	9	11
Deferred tax assets	1,116	1,484
Net defined benefit asset	23	24
Other	4,482	4,628
Allowance for doubtful accounts	△120	△112
Total investments and other assets	71,256	75,201
Total non-current assets	124,352	129,458
Total assets	294,525	311,421

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,797	17,463
Short-term loans payable	5,049	5,607
Current portion of long-term loans payable	3,066	4,957
Income taxes payable	382	758
Deferred tax liabilities	183	77
Provision for bonuses	2,472	1,091
Provision for product warranties	1,828	2,146
Provision for loss on order received	2	16
Provision for environmental measures	236	—
Other	18,443	20,815
Total current liabilities	49,463	52,935
Non-current liabilities		
Long-term loans payable	6,397	16,659
Deferred tax liabilities	4,325	5,390
Provision for directors' retirement benefits	756	626
Provision for directors' stock payment	102	111
Net defined benefit liability	14,946	12,006
Asset retirement obligations	203	206
Other	7,032	7,023
Total non-current liabilities	33,765	42,024
Total liabilities	83,228	94,960
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,672	27,670
Retained earnings	151,856	154,590
Treasury shares	△16,027	△17,215
Total shareholders' equity	183,057	184,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,072	31,015
Deferred gains or losses on hedges	—	△27
Foreign currency translation adjustment	4,375	6,081
Remeasurements of defined benefit plans	△9,800	△7,712
Total accumulated other comprehensive income	25,647	29,356
Non-controlling interests	2,590	2,502
Total net assets	211,296	216,461
Total liabilities and net assets	294,525	311,421

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

(Millions of yen)

	First nine months ended December 31, 2015	First nine months ended December 31, 2016
Net sales	134,551	124,989
Cost of sales	82,640	81,045
Gross profit	51,910	43,943
Selling, general and administrative expenses	41,419	38,210
Operating income	10,491	5,733
Non-operating income		
Interest income	563	550
Dividend income	1,167	1,277
Foreign exchange gains	763	—
Realized and unrealized profit on trading securities, net	114	399
Gain on specified money in trust	66	350
Other	231	347
Total non-operating income	2,908	2,927
Non-operating expenses		
Interest expenses	184	222
Foreign exchange losses	—	312
Share of loss of entities accounted for using equity method	10	6
Other	143	48
Total non-operating expenses	339	590
Ordinary income	13,059	8,069
Extraordinary income		
Gain on sales of non-current assets	1,079	417
Gain on sales of investment securities	279	1,481
Gain on liquidation of subsidiaries and associates	37	—
Gain on bargain purchase	579	—
Total extraordinary income	1,975	1,899
Extraordinary losses		
Loss on retirement of non-current assets	68	56
Loss on sales of non-current assets	1	20
Loss on sales of investment securities	—	7
Special retirement expenses	46	10
Office transfer expenses	304	134
Business structure improvement expenses	—	554
Total extraordinary losses	421	784
Profit before income taxes	14,613	9,184
Income taxes-current	2,821	2,100
Income taxes-deferred	2,133	1,097
Total income taxes	4,954	3,198
Profit	9,659	5,985
Profit or loss attributable to non-controlling interests	112	△101
Profit attributable to owners of parent	9,547	6,087

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First nine months ended December 31, 2015	First nine months ended December 31, 2016
Profit	9,659	5,985
Other comprehensive income		
Valuation difference on available-for-sale securities,	1,967	Δ57
Deferred gains or losses on hedges	Δ0	Δ27
Foreign currency translation adjustment	Δ2,791	1,694
Remeasurements of defined benefit plans	470	2,087
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	Δ354	3,697
Comprehensive income	9,304	9,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,282	9,796
Comprehensive income attributable to non- controlling interests	22	Δ113

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended 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	1,621	10,328	51	10,379	111	10,491

(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, 2017 (from April 1, 2016 to December 31, 2016)

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	53,597	68,900	122,497	2,491	124,989	-	124,989
Inter-segment sales or transfer among segment	1,377	128	1,505	9	1,514	(1,514)	-
Total	54,974	69,028	124,002	2,501	126,503	(1,514)	124,989
Segment profit (loss)	5,484	(47)	5,437	1	5,438	294	5,733

(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.