

Translation



July 28, 2017

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending March 31, 2018**  
**<under Japanese GAAP>**

Company name: **USHIO INC.**  
Listing: First Section of the Tokyo Stock Exchange  
Stock code: 6925  
URL: <http://www.ushio.co.jp/en/>  
Representative: Kenji Hamashima, President and Chief Executive Officer  
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Scheduled date to file Securities Report: August 9, 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 three months of the fiscal year ending March 31, 2018**  
**(from April 1, 2017 to June 30, 2017)**

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2017	41,720	4.3	2,813	187.4	3,937	811.8	6,556	—
June 30, 2016	39,989	(2.8)	979	(58.1)	431	(87.0)	159	(93.9)

(Note) Comprehensive income (losses)  
For the first three months ended June 30, 2017: ¥10,483 million [—%]  
For the first three months ended June 30, 2016: ¥(8,223) million [—%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2017	51.32	—
June 30, 2016	1.24	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2017	311,374	220,445	70.6
March 31, 2017	308,430	213,289	68.9

(Reference) Equity  
As of June 30, 2017: ¥219,858 million  
As of March 31, 2017: ¥212,645 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, 2017	–	–	–	26.00	26.00
Fiscal year ended March 31, 2018	–				
Fiscal year ending March 31, 2018 (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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2017	87,000	5.4	4,500	43.4	5,500	78.4	8,500	359.0	66.53
Fiscal year ending March 31, 2018	180,000	4.1	10,000	16.2	11,500	4.5	11,000	56.2	86.10

### \* 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: None
- 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 June 30, 2017	139,628,721 shares
As of March 31, 2017	139,628,721 shares

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

As of June 30, 2017	11,866,682 shares
As of March 31, 2017	11,867,972 shares

c. Average number of shares during the period

As of June 30, 2017	127,760,980 shares
As of June 30, 2016	128,243,517 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.

\*This Consolidated Financial Review is outside the scope of the audit procedures under the Financial Instruments and Exchange Act.

\* 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 July 28, 2017.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	63,963	63,986
Notes and accounts receivable - trade	42,349	40,941
Securities	8,342	7,540
Merchandise and finished goods	28,369	27,622
Work in process	10,301	12,137
Raw materials and supplies	13,750	14,073
Deferred tax assets	4,789	3,851
Other	9,577	10,213
Allowance for doubtful accounts	Δ1,110	Δ1,130
Total current assets	180,334	179,236
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,515	42,801
Accumulated depreciation	Δ23,742	Δ23,413
Buildings and structures, net	19,773	19,388
Machinery, equipment and vehicles	22,935	23,355
Accumulated depreciation	Δ18,110	Δ18,487
Machinery, equipment and vehicles, net	4,824	4,867
Land	9,577	9,359
Construction in progress	2,753	2,742
Other	29,913	30,881
Accumulated depreciation	Δ22,031	Δ22,742
Other, net	7,881	8,139
Total property, plant and equipment	44,809	44,496
Intangible assets		
Goodwill	3,788	3,688
Other	5,434	5,299
Total intangible assets	9,223	8,987
Investments and other assets		
Investment securities	67,923	69,210
Long-term loans receivable	21	23
Deferred tax assets	1,033	1,053
Net defined benefit asset	30	3,419
Other	5,166	5,052
Allowance for doubtful accounts	Δ112	Δ105
Total investments and other assets	74,062	78,653
Total non-current assets	128,096	132,138
Total assets	308,430	311,374

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,859	16,810
Short-term loans payable	5,763	6,749
Current portion of long-term loans payable	4,701	4,682
Income taxes payable	1,163	670
Deferred tax liabilities	92	54
Provision for bonuses	2,050	1,067
Provision for product warranties	2,100	2,236
Provision for loss on order received	31	57
Other	21,830	22,172
Total current liabilities	54,592	54,501
Non-current liabilities		
Long-term loans payable	17,307	17,118
Deferred tax liabilities	6,459	10,041
Provision for directors' retirement benefits	553	555
Provision for directors' stock payment	123	140
Net defined benefit liability	9,960	2,918
Asset retirement obligations	229	231
Other	5,914	5,422
Total non-current liabilities	40,548	36,426
Total liabilities	95,141	90,928
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,772	27,772
Retained earnings	155,545	158,772
Treasury shares	△17,216	△17,214
Total shareholders' equity	185,658	188,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,407	30,949
Deferred gains or losses on hedges	△26	△29
Foreign currency translation adjustment	3,135	3,745
Remeasurements of defined benefit plans	△6,529	△3,694
Total accumulated other comprehensive income	26,987	30,970
Non-controlling interests	643	587
Total net assets	213,289	220,445
Total liabilities and net assets	308,430	311,374

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	39,989	41,720
Cost of sales	25,591	26,140
Gross profit	14,398	15,580
Selling, general and administrative expenses	13,419	12,766
Operating profit	979	2,813
Non-operating income		
Interest income	184	292
Dividend income	601	693
Realized and unrealized profit on trading securities, net	—	174
Gain on specified money in trust	—	48
Other	80	110
Total non-operating income	865	1,319
Non-operating expenses		
Interest expenses	66	118
Foreign exchange losses	923	59
Realized and unrealized loss on trading securities, net	409	—
Share of loss of entities accounted for using equity method	0	2
Other	12	15
Total non-operating expenses	1,412	195
Ordinary profit	431	3,937
Extraordinary income		
Gain on sales of non-current assets	9	158
Gain on sales of investment securities	141	19
Gain on transfer of benefit obligation relating to employees' pension fund	—	6,024
Total extraordinary income	151	6,202
Extraordinary losses		
Loss on retirement of non-current assets	26	4
Loss on sales of non-current assets	17	—
Loss on sales of investment securities	—	5
Special retirement expenses	—	33
Office transfer expenses	85	—
Total extraordinary losses	129	43
Profit before income taxes	453	10,095
Income taxes - current	349	646
Income taxes - deferred	△23	2,957
Total income taxes	326	3,604
Profit	127	6,491
Loss attributable to non-controlling interests	△31	△64
Profit attributable to owners of parent	159	6,556

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	127	6,491
Other comprehensive income		
Valuation difference on available-for-sale securities	△708	542
Deferred gains or losses on hedges	△0	△3
Foreign currency translation adjustment	△9,297	615
Remeasurements of defined benefit plans, net of tax	1,654	2,834
Share of other comprehensive income of entities accounted for using equity method	—	2
Total other comprehensive income	△8,351	3,992
Comprehensive income	△8,223	10,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△7,989	10,540
Comprehensive income attributable to non- controlling interests	△234	△56

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2017 (from April 1, 2016 to June 30, 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	18,196	21,207	39,403	585	39,989	-	39,989
Inter-segment sales or transfer among segment	426	40	466	0	467	(467)	-
Total	18,623	21,247	39,870	586	40,457	(467)	39,989
Segment profit (loss)	1,747	(764)	982	(19)	963	15	979

- (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, 2018 (from April 1, 2017 to June 30, 2017)

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	18,294	22,563	40,857	863	41,720	-	41,720
Inter-segment sales or transfer among segment	591	26	618	9	628	(628)	-
Total	18,886	22,589	41,475	872	42,348	(628)	41,720
Segment profit	2,636	33	2,670	65	2,736	77	2,813

- (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.