

Translation



May 9, 2014

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 <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: Shiro Sugata, President and Chief Executive Officer  
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Scheduled date of ordinary general meeting of shareholders: June 26, 2014  
Scheduled date to commence dividend payments: June 27, 2014  
Scheduled date to file Securities Report: June 26, 2014  
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, 2014 (from April 1, 2013 to March 31, 2014)

#### (1) Consolidated operating results

(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	%
March 31, 2014	157,800	10.0	12,110	59.7	15,904	50.9	10,770	50.5
March 31, 2013	143,461	(4.4)	7,582	(29.1)	10,539	(19.6)	7,155	(18.2)

(Note) Comprehensive income

For the fiscal year ended March 31, 2014: ¥23,027 million [30.4%]

For the fiscal year ended March 31, 2013: ¥17,665 million [98.6%]

Fiscal year ended	Net income per share	Diluted net income per share	Net income/ equity	Ordinary income/ total assets	Operating income/ net sales
	Yen	Yen	%	%	%
March 31, 2014	82.19	—	6.0	6.6	7.7
March 31, 2013	54.57	—	4.3	4.7	5.3

(Reference) Equity in earnings (losses) of affiliates

For the fiscal year ended March 31, 2014: ¥(36) million

For the fiscal year ended March 31, 2013: ¥(16) million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2014	255,338	191,246	73.5	1,440.94
March 31, 2013	228,657	176,784	75.9	1,324.13

(Reference) Equity

As of March 31, 2014: ¥187,785 million

As of March 31, 2013: ¥173,629 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
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2014	10,622	(4,476)	(6,670)	45,342
March 31, 2013	14,443	(8,649)	(7,092)	43,261

### 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, 2013	–	–	–	22.00	22.00	2,884	40.3	1.7
Fiscal year ended March 31, 2014	–	–	–	26.00	26.00	3,388	31.6	1.9
Fiscal year ending March 31, 2015 (Forecast)	–	–	–	24.00	24.00		28.6	

(Note) Details of the cash dividends for the fiscal year ended March 31, 2014: Regular dividends 22.00 yen, Commemorative dividends 4.00 yen

### 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
First six months ending September 30, 2014	78,000	3.0	5,500	(5.9)	6,600	(15.0)	5,000	(3.1)	38.20
Fiscal year ending March 31, 2015	170,000	7.7	14,000	15.6	16,000	0.6	11,000	2.1	84.03

\* 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: Yes

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, 2014	139,628,721 shares
As of March 31, 2013	139,628,721 shares

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

As of March 31, 2014	9,307,753 shares
As of March 31, 2013	8,501,642 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2014	131,040,952 shares
For the fiscal year ended March 31, 2013	131,128,123 shares

(Reference) Non-consolidated operating results

**Non-consolidated performance for the fiscal year ended March 31, 2014  
(from April 1, 2013 to March 31, 2014)**

**(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, 2014	48,838	18.0	3,301	154.4	6,109	13.1	4,224	(30.4)
March 31, 2013	41,387	(5.7)	1,297	(18.0)	5,399	19.0	6,066	—

Fiscal year ended	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
March 31, 2014	32.24	—	—	—
March 31, 2013	46.26	—	—	—

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

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2014	145,702	118,754	81.5	911.25
March 31, 2013	132,845	111,725	84.1	852.04

(Reference) Equity

As of March 31, 2014: ¥118,754 million

As of March 31, 2013: ¥111,725 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, 2013	As of March 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	42,136	46,146
Notes and accounts receivable – trade	34,565	39,853
Short-term investment securities	14,140	12,724
Merchandise and finished goods	21,757	24,321
Work in process	5,817	5,836
Raw materials and supplies	10,405	11,691
Deferred tax assets	5,042	5,678
Other	7,497	7,449
Allowance for doubtful accounts	(717)	(697)
<b>Total current assets</b>	<b>140,646</b>	<b>153,004</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	37,546	39,362
Accumulated depreciation	(19,743)	(21,265)
Buildings and structures, net	17,802	18,097
Machinery, equipment and vehicles	22,521	23,318
Accumulated depreciation	(18,775)	(19,527)
Machinery, equipment and vehicles, net	3,745	3,791
Land	9,057	9,266
Construction in progress	1,220	1,421
Other	20,492	23,814
Accumulated depreciation	(15,542)	(17,264)
Other, net	4,949	6,549
<b>Total property, plant and equipment</b>	<b>36,776</b>	<b>39,126</b>
Intangible assets	2,863	4,159
<b>Investments and other assets</b>		
Investment securities	45,384	54,883
Long-term loans receivable	26	21
Deferred tax assets	636	1,177
Other	2,453	3,080
Allowance for doubtful accounts	(129)	(114)
<b>Total investments and other assets</b>	<b>48,371</b>	<b>59,048</b>
<b>Total non-current assets</b>	<b>88,011</b>	<b>102,334</b>
<b>Total assets</b>	<b>228,657</b>	<b>255,338</b>

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	16,610	16,757
Short-term loans payable	1,904	1,669
Current portion of long-term loans payable	4,732	3,255
Income taxes payable	1,927	3,381
Deferred tax liabilities	146	83
Provision for bonuses	2,581	2,641
Provision for product warranties	1,549	1,695
Provision for loss on order received	17	0
Other	8,481	10,472
Total current liabilities	37,950	39,957
Non-current liabilities		
Long-term loans payable	2,791	3,334
Deferred tax liabilities	1,089	2,347
Provision for retirement benefits	2,441	—
Net defined benefit liability	—	10,687
Provision for directors' retirement benefits	253	538
Asset retirement obligations	211	216
Other	7,136	7,010
Total non-current liabilities	13,922	24,134
Total liabilities	51,873	64,091
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,371
Retained earnings	126,912	134,798
Treasury stock	(12,231)	(13,244)
Total shareholders' equity	162,609	169,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,666	21,407
Deferred earnings (losses) on hedges	(23)	(7)
Foreign currency translation adjustment	(3,623)	1,590
Remeasurements of defined benefit plans	—	(4,687)
Total accumulated other comprehensive income	11,019	18,302
Minority interests	3,155	3,461
Total net assets	176,784	191,246
Total liabilities and net assets	228,657	255,338

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	143,461	157,800
Cost of sales	95,196	101,809
Gross profit	48,264	55,991
Selling, general and administrative expenses	40,682	43,881
Operating income	7,582	12,110
Non-operating income		
Interest income	452	605
Dividend income	964	969
Gain on trading securities	405	271
Foreign exchange gains	255	1,678
Gain on sales of investment securities	901	166
Other	564	686
Total non-operating income	3,544	4,377
Non-operating expenses		
Interest expenses	211	214
Equity in losses of affiliates	16	36
Loss on investments in partnership	72	31
Provision of allowance for doubtful accounts	119	—
Commission fee	—	69
Other	167	231
Total non-operating expenses	587	583
Ordinary income	10,539	15,904
Extraordinary income		
Gain on sales of non-current assets	6	15
Gain on sales of investment securities	50	1,921
Total extraordinary income	57	1,936
Extraordinary losses		
Loss on retirement of non-current assets	86	81
Loss on sales of non-current assets	77	4
Impairment loss	69	419
Loss on valuation of investment securities	243	1,162
Loss on liquidation of business	4,042	168
Loss on sales of stocks of subsidiaries and affiliates	—	4
Loss on step acquisitions	—	5
Loss on valuation of membership	0	28
Loss on sales of membership	—	3
Special retirement expenses	—	447
Other	24	—
Total extraordinary losses	4,545	2,325
Income before income taxes and minority interests	6,050	15,515
Income taxes – current	4,591	5,379
Income taxes – deferred	(5,516)	(714)
Total income taxes	(924)	4,665
Income before minority interests	6,975	10,850
Minority interests in income (loss)	(179)	79
Net income	7,155	10,770

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	6,975	10,850
Other comprehensive income		
Valuation difference on available-for-sale securities	2,040	6,740
Deferred earnings (losses) on hedges	(23)	16
Foreign currency translation adjustment	8,662	5,414
Share of other comprehensive income of affiliates accounted for using equity method	10	6
Total other comprehensive income	10,689	12,177
Comprehensive income	17,665	23,027
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,650	22,741
Comprehensive income attributable to minority interests	14	286

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(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	122,642	(12,228)	158,341
Changes of items during period					
Dividends of surplus			(2,884)		(2,884)
Net income			7,155		7,155
Purchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,270	(2)	4,268
Balance at end of current period	19,556	28,371	126,912	(12,231)	162,609

	Accumulated other comprehensive income					Minority 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	12,628	—	(12,103)	—	524	3,183	162,048
Changes of items during period							
Dividends of surplus							(2,884)
Net income							7,155
Purchase of treasury stock							(2)
Net changes of items other than shareholders' equity	2,038	(23)	8,480	—	10,495	(27)	10,467
Total changes of items during period	2,038	(23)	8,480	—	10,495	(27)	14,736
Balance at end of current period	14,666	(23)	(3,623)	—	11,019	3,155	176,784



Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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	126,912	(12,231)	162,609
Changes of items during period					
Dividends of surplus			(2,884)		(2,884)
Net income			10,770		10,770
Purchase of treasury stock				(1,012)	(1,012)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	7,886	(1,012)	6,873
Balance at end of current period	19,556	28,371	134,798	(13,244)	169,482

	Accumulated other comprehensive income					Minority 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	14,666	(23)	(3,623)	—	11,019	3,155	176,784
Changes of items during period							
Dividends of surplus							(2,884)
Net income							10,770
Purchase of treasury stock							(1,012)
Net changes of items other than shareholders' equity	6,740	16	5,213	(4,687)	7,283	305	7,589
Total changes of items during period	6,740	16	5,213	(4,687)	7,283	305	14,462
Balance at end of current period	21,407	(7)	1,590	(4,687)	18,302	3,461	191,246

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	6,050	15,515
Depreciation and amortization	6,741	5,021
Impairment loss	69	419
Loss on liquidation of business	4,042	168
Interest and dividend income	(1,417)	(1,574)
Interest expenses	211	214
Loss (gain) on trading securities	(405)	(271)
Loss (gain) on investments in partnership	72	31
Equity in losses (earnings) of affiliates	16	36
Loss (gain) on sales of non-current assets	71	(10)
Loss on retirement of non-current assets	86	81
Loss (gain) on sales of investment securities	(952)	(2,087)
Loss (gain) on valuation of investment securities	243	1,162
Decrease (increase) in notes and accounts receivable – trade	5,282	(3,287)
Decrease (increase) in inventories	5,067	(1,110)
Increase (decrease) in notes and accounts payable – trade	(2,705)	(365)
Other, net	(3,503)	(947)
Subtotal	18,972	12,995
Interest and dividend income received	1,384	1,606
Interest expenses paid	(210)	(218)
Income taxes (paid) refund	(5,702)	(3,761)
Net cash provided by (used in) operating activities	14,443	10,622
Cash flows from investing activities		
Payments into time deposits	(17,915)	(13,006)
Proceeds from withdrawal of time deposits	16,529	14,221
Payments of short-term loans receivable	(14)	(55)
Collection of short-term loans receivable	75	39
Purchase of short-term investment securities	(4,768)	(1,318)
Proceeds from sales and redemption of securities	7,345	2,660
Purchase of property, plant and equipment	(6,435)	(5,041)
Proceeds from sales of property, plant and equipment	1,383	184
Purchase of intangible assets	(709)	(289)
Purchase of investment securities	(6,850)	(3,181)

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Proceeds from sales and redemption of investment securities	2,719	3,434
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(54)	—
Purchase of investments in newly consolidated subsidiaries.	—	315
Proceeds from sales of shares of subsidiaries and affiliates	—	57
Payments from acquisition of shares of subsidiaries and affiliates	—	(42)
Payments of long-term loans receivable	(16)	(157)
Collection of long-term loans receivable	11	0
Payments for transfer of business	—	(2,371)
Other, net	51	73
Net cash provided by (used in) investing activities	(8,649)	(4,476)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(2,729)	(742)
Proceeds from long-term loans payable	—	3,075
Repayments of long-term loans payable	(1,432)	(5,080)
Purchase of treasury stocks	(2)	(1,012)
Cash dividends paid	(2,885)	(2,884)
Cash dividends paid to minority shareholders	(41)	(25)
Net cash provided by (used in) financing activities	(7,092)	(6,670)
Effect of exchange rate change on cash and cash equivalents	2,975	2,604
Net increase (decrease) in cash and cash equivalents	1,676	2,080
Cash and cash equivalents at beginning of period	41,585	43,261
Cash and cash equivalents at end of period	43,261	45,342

## **(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.

(Depreciation Method for Property, Plant and Equipment)

Previously, the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method as the depreciation method for property, plant and equipment (although the straight-line method was adopted for buildings and structures acquired after April 1, 1998 (excluding accompanying facilities)). However, from the first quarter of the fiscal year ended March 31, 2014, the depreciation method was changed primarily to the straight-line method.

Accompanying this change, compared to the previous method used, segment profit for the Light Sources business, the Equipment business, and Others business for the current fiscal year increased by ¥497 million, ¥234 million, and ¥13 million, respectively.

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

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(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	54,332	85,859	140,192	3,269	143,461	—	143,461
Inter-segment sales or transfer among segments	319	67	387	29	417	(417)	—
Total	54,652	85,927	140,579	3,299	143,879	(417)	143,461
Segment profit	6,197	1,158	7,356	109	7,465	116	7,582
Segment assets	76,515	93,693	170,208	30,993	201,202	27,455	228,657
Other line items							
Depreciation and amortization	2,509	4,197	6,707	34	6,741	—	6,741
Amortization of goodwill	24	176	200	0	201	—	201
Investments in equity- method affiliates	—	125	125	—	125	—	125
Increase in property, plant and equipment and intangible fixed assets	3,140	4,455	7,595	180	7,776	—	7,776

(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 the following:
  - (1) The total adjustment in segment profit of ¥116 million includes ¥120 million in eliminations of inter-segment transactions.
  - (2) The total adjustment in segment assets of ¥27,455 million includes elimination of a loss of ¥15,441 million in inter-segment credits or debts and corporate assets of ¥42,933 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 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, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light Sources	Equipment	Total				
<b>Sales</b>							
Sales to outside customers	63,586	91,191	154,778	3,021	157,800	-	157,800
Inter-segment sales or transfer among segments	605	51	656	26	683	(683)	-
<b>Total</b>	<b>64,192</b>	<b>91,243</b>	<b>155,435</b>	<b>3,048</b>	<b>158,483</b>	<b>(683)</b>	<b>157,800</b>
<b>Segment profit</b>	<b>9,389</b>	<b>2,537</b>	<b>11,927</b>	<b>77</b>	<b>12,004</b>	<b>105</b>	<b>12,110</b>
<b>Segment assets</b>	<b>89,966</b>	<b>100,530</b>	<b>190,497</b>	<b>36,081</b>	<b>226,579</b>	<b>28,759</b>	<b>255,338</b>
<b>Other line items</b>							
Depreciation and amortization	1,867	3,121	4,988	32	5,021	-	5,021
Amortization of goodwill	80	227	307	-	307	-	307
Investments in equity- method affiliates	38	37	75	-	75	-	75
Increase in property, plant and equipment and intangible fixed assets	2,066	5,549	7,616	270	7,886	-	7,886

(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 the following:
  - (1) The total adjustment in segment profit of ¥105 million includes ¥143 million in eliminations of inter-segment transactions.
  - (2) The total adjustment in segment assets of ¥28,759 million includes elimination of a loss of ¥18,455 million in inter-segment credits or debts and corporate assets of ¥47,234 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 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.