

October 31, 2014

**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2015**  
**<under Japanese GAAP>**

Company name: **USHIO INC.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6925  
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Scheduled date to file Quarterly Securities Report: November 7, 2014  
 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 six months of the fiscal year ending March 31, 2015**  
**(from April 1, 2014 to September 30, 2014)**

**(1) Consolidated operating results (cumulative)** (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	%
First six months ended								
September 30, 2014	74,361	(1.8)	4,009	(31.4)	5,148	(33.7)	4,492	(12.9)
September 30, 2013	75,754	6.2	5,845	52.3	7,763	142.3	5,158	295.9

(Note) Comprehensive income  
 For the first six months ended September 30, 2014: ¥11,909 million [(3.7)%]  
 For the first six months ended September 30, 2013: ¥12,361million [–%]

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2014	34.48	–
September 30, 2013	39.34	–

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2014	260,349	200,173	75.9
March 31, 2014	255,338	191,246	73.5

(Reference) Equity  
 As of September 30, 2014 ¥197,588 million  
 As of March 31, 2014 ¥187,785 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, 2014	–	–	–	26.00	26.00
Fiscal year ending March 31, 2015	–				
Fiscal year ending March 31, 2015 (Forecast)		–	–	24.00	24.00

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

## 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
Fiscal year ending March 31, 2015	160,000	1.4	11,000	(9.2)	13,000	(18.3)	10,000	(7.2)	76.68

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

### \* 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 September 30, 2014	139,628,721 shares
As of March 31, 2014	139,628,721 shares

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

As of September 30, 2014	9,069,609 shares
As of March 31, 2014	9,307,753 shares

#### c. Average number of outstanding shares during the period

As of September 30, 2014	130,296,176 shares
As of September 30, 2013	131,125,870 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, 2014	As of September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	46,146	49,751
Notes and accounts receivable - trade	39,853	37,765
Securities	12,724	10,252
Merchandise and finished goods	24,321	25,703
Work in process	5,836	5,878
Raw materials and supplies	11,691	13,135
Deferred tax assets	5,678	5,403
Other	7,449	7,498
Allowance for doubtful accounts	(697)	(659)
Total current assets	153,004	154,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,362	40,178
Accumulated depreciation	(21,265)	(22,142)
Buildings and structures, net	18,097	18,035
Machinery, equipment and vehicles	23,318	23,004
Accumulated depreciation	(19,527)	(19,486)
Machinery, equipment and vehicles, net	3,791	3,517
Land	9,266	9,499
Construction in progress	1,421	1,339
Other	23,814	25,217
Accumulated depreciation	(17,264)	(18,521)
Other, net	6,549	6,696
Total property, plant and equipment	39,126	39,088
Intangible assets	4,159	4,069
Investments and other assets		
Investment securities	54,883	58,131
Long-term loans receivable	21	25
Net defined benefit asset	—	1
Deferred tax assets	1,177	1,019
Other	3,080	3,408
Allowance for doubtful accounts	(114)	(124)
Total investments and other assets	59,048	62,462
Total non-current assets	102,334	105,620
Total assets	255,338	260,349

(Millions of yen)

	As of March 31,2014	As of September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,757	15,354
Short-term loans payable	1,669	1,474
Current portion of long-term loans payable	3,255	1,976
Income taxes payable	3,381	1,333
Deferred tax liabilities	83	39
Provision for bonuses	2,641	2,069
Provision for product warranties	1,695	1,686
Provision for loss on order received	0	20
Other	10,472	11,364
Total current liabilities	39,957	35,318
Non-current liabilities		
Long-term loans payable	3,334	5,107
Deferred tax liabilities	2,347	3,534
Net defined benefit liability	10,687	8,647
Provision for directors' retirement benefits	538	577
Asset retirement obligations	216	204
Other	7,010	6,787
Total non-current liabilities	24,134	24,857
<b>Total liabilities</b>	<b>64,091</b>	<b>60,175</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,301
Retained earnings	134,798	137,096
Treasury shares	(13,244)	(12,846)
Total shareholders' equity	169,482	172,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,407	23,247
Deferred gains or losses on hedges	(7)	(2)
Foreign currency translation adjustment	1,590	6,658
Remeasurements of defined benefit plans	(4,687)	(4,422)
Total accumulated other comprehensive income	18,302	25,481
Minority interests	3,461	2,584
<b>Total net assets</b>	<b>191,246</b>	<b>200,173</b>
<b>Total liabilities and net assets</b>	<b>255,338</b>	<b>260,349</b>

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

(Millions of yen)

	First six months ended September 30, 2013	First six months ended September 30, 2014
Net sales	75,754	74,361
Cost of sales	49,107	46,564
Gross profit	26,646	27,797
Selling, general and administrative expenses	20,800	23,787
Operating income	5,845	4,009
Non-operating income		
Interest income	282	324
Dividend income	520	549
Foreign exchange gains	589	—
Realized and unrealized profit on trading securities, net	162	276
Gain on sales of investment securities	146	—
Other	431	279
Total non-operating income	2,134	1,429
Non-operating expenses		
Interest expenses	148	94
Foreign exchange losses	—	46
Share of loss of entities accounted for using equity method	14	25
Other	52	124
Total non-operating expenses	216	290
Ordinary income	7,763	5,148
Extraordinary income		
Gain on sales of non-current assets	3	52
Gain on sales of investment securities	355	1,028
Gain on bargain purchase	—	277
Total extraordinary income	358	1,358
Extraordinary losses		
Loss on retirement of non-current assets	41	18
Loss on sales of non-current assets	0	35
Impairment loss	15	481
Loss on valuation of investment securities	945	—
Loss on sales of shares of subsidiaries and associates	4	—
Loss on step acquisitions	5	—
Loss on valuation of membership	2	—
Special extra retirement payments and related expenses	39	—
Total extraordinary losses	1,054	535
Income before income taxes and minority interests	7,067	5,971
Income taxes - current	2,440	1,447
Income taxes - deferred	(497)	(91)
Total income taxes	1,943	1,355
Income before minority interests	5,124	4,616
Minority interests in income (loss)	(34)	124
Net income	5,158	4,492

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	First six months ended September 30, 2013	First six months ended September 30, 2014
Income before minority interests	5,124	4,616
Other comprehensive income		
Valuation difference on available-for-sale securities	4,492	1,840
Deferred gains or losses on hedges	28	4
Foreign currency translation adjustment	2,711	5,181
Remeasurements of defined benefit plans, net of tax	—	265
Share of other comprehensive income of entities accounted for using equity method	3	1
Total other comprehensive income	7,237	7,293
Comprehensive income	12,361	11,909
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,283	11,670
Comprehensive income attributable to minority interests	77	239

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

(Millions of yen)

	First six months ended September 30, 2013	First six months ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	7,067	5,971
Depreciation	2,394	2,780
Impairment loss	15	481
Interest and dividend income	(802)	(873)
Interest expenses	148	94
Profit / Loss on sale / revaluation of available-for-sale securities	(162)	(276)
Share of (profit) loss of entities accounted for using equity method	14	25
Loss (gain) on sales of non-current assets	(3)	(16)
Loss on retirement of non-current assets	41	18
Loss (gain) on sales of investment securities	(502)	(1,028)
Loss (gain) on valuation of investment securities	945	-
Decrease (increase) in notes and accounts receivable – trade	676	3,410
Decrease (increase) in inventories	822	(1,771)
Increase (decrease) in notes and accounts payable – trade	(2,969)	(1,817)
Other, net	(555)	(932)
<b>Subtotal</b>	<b>7,132</b>	<b>6,064</b>
Interest and dividend income received	834	924
Interest expenses paid	(149)	(94)
Income taxes (paid) refund	(2,676)	(3,675)
<b>Net cash provided by (used in) operating activities</b>	<b>5,141</b>	<b>3,218</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(5,886)	(7,716)
Proceeds from withdrawal of time deposits	8,031	7,212
Payments of short-term loans receivable	(5)	(57)
Collection of short-term loans receivable	22	43
Purchase of securities	(556)	(318)
Proceeds from sales and redemption of securities	1,659	3,090
Purchase of property, plant and equipment	(2,393)	(1,621)
Proceeds from sales of property, plant and equipment	57	115
Purchase of intangible assets	(140)	(169)
Purchase of investment securities	(1,520)	(2,026)
Proceeds from sales and redemption of investment securities	981	1,447
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	315	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(88)
Proceeds from sales of shares of subsidiaries and associates	57	-
Payments of long-term loans receivable	(134)	(19)
Collection of long-term loans receivable	0	0
Payments for transfer of business	-	(84)
Other, net	84	206
<b>Net cash provided by (used in) investing activities</b>	<b>570</b>	<b>13</b>

(Millions of yen)

	First six months ended September 30, 2013	First six months ended September 30, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(652)	(191)
Proceeds from long-term loans payable	750	2,637
Repayments of long-term loans payable	(1,888)	(2,307)
Purchase of treasury shares	(2)	(428)
Cash dividends paid	(2,882)	(3,386)
Cash dividends paid to minority shareholders	(24)	(28)
Net cash provided by (used in) financing activities	(4,701)	(3,704)
Effect of exchange rate change on cash and cash equivalents	1,114	1,127
Net increase (decrease) in cash and cash equivalents	2,125	653
Cash and cash equivalents at beginning of period	43,261	45,342
Cash and cash equivalents at end of period	45,387	45,996



#### (4) Notes regarding the consolidated financial statements

(Segment information)

##### I. First six months of the fiscal year ended March 31, 2014 (from April 1, 2013 to September 30, 2013)

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	30,333	44,127	74,461	1,292	75,754	-	75,754
Inter-segment sales or transfer among segment	315	24	340	10	351	(351)	-
Total	30,649	44,152	74,801	1,303	76,105	(351)	75,754
Segment profit	3,685	2,050	5,736	44	5,781	64	5,845

(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 six months of the fiscal year ending March 31, 2015 (from April 1, 2014 to September 30, 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	34,077	38,751	72,829	1,532	74,361	-	74,361
Inter-segment sales or transfer among segment	415	38	454	15	469	(469)	-
Total	34,493	38,790	73,283	1,547	74,831	(469)	74,361
Segment profit (loss)	4,364	(464)	3,899	40	3,940	69	4,009

(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.