

Translation



May 11, 2015

**Consolidated Financial Results**  
**for the Fiscal Year Ended March 31, 2015**  
**<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 26, 2015  
Scheduled date to commence dividend payments: June 29, 2015  
Scheduled date to file Securities Report: June 26, 2015  
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, 2015**  
**(from April 1, 2014 to March 31, 2015)**

**(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, 2015	159,365	1.0	10,357	(14.5)	13,708	(13.8)	11,279	4.7
March 31, 2014	157,800	10.0	12,110	59.7	15,904	50.9	10,770	50.5

(Note) Comprehensive income  
For the fiscal year ended March 31, 2015: ¥30,462 million [32.3%]  
For the fiscal year ended March 31, 2014: ¥23,027 million [30.4%]

	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, 2015	86.40	—	5.6	5.0	6.5
March 31, 2014	82.19	—	6.0	6.6	7.7

(Reference) Equity in earnings (losses) of affiliates  
For the fiscal year ended March 31, 2015: ¥(43) million  
For the fiscal year ended March 31, 2014: ¥(36) 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, 2015	294,542	218,723	73.3	1,653.88
March 31, 2014	255,338	191,246	73.5	1,440.94

(Reference) Equity  
As of March 31, 2015: ¥215,924 million  
As of March 31, 2014: ¥187,785 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, 2015	9,876	(3,710)	1,210	56,989
March 31, 2014	10,622	(4,476)	(6,670)	45,342

### 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, 2014	–	–	–	26.00	26.00	3,388	31.6	1.9
Fiscal year ended March 31, 2015	–	–	–	24.00	24.00	3,139	27.8	1.5
Fiscal year ending March 31, 2016 (Forecast)	–	–	–	26.00	26.00		28.3	

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(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, 2015	85,000	14.3	6,000	49.6	7,000	36.0	6,000	33.6	45.96
Fiscal year ending March 31, 2016	180,000	12.9	13,000	25.5	15,000	9.4	12,000	6.4	91.91

\* 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, 2015	139,628,721 shares
As of March 31, 2014	139,628,721 shares

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

As of March 31, 2015	9,072,215 shares
As of March 31, 2014	9,307,753 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2015	130,545,078 shares
For the fiscal year ended March 31, 2014	131,040,952 shares

(Reference) Non-consolidated operating results

**Non-consolidated performance for the fiscal year ended March 31, 2015  
(from April 1, 2014 to March 31, 2015)**

**(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, 2015	48,026	(1.7)	1,467	(55.6)	3,911	(36.0)	3,526	(16.5)
March 31, 2014	48,838	18.0	3,301	154.4	6,109	13.1	4,224	(30.4)

	Net income per share		Diluted net income per share	
Fiscal year ended	Yen		Yen	
March 31, 2015	27.00		—	
March 31, 2014	32.24		—	

**(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, 2015	157,811	129,242	81.9	988.02
March 31, 2014	145,702	118,754	81.5	911.25

(Reference) Equity

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

As of March 31, 2014: ¥118,754 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, 2014	As of March 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	46,146	60,765
Notes and accounts receivable - trade	39,853	39,796
Securities	12,724	13,503
Merchandise and finished goods	24,321	28,997
Work in process	5,836	7,888
Raw materials and supplies	11,691	15,361
Deferred tax assets	5,678	6,016
Other	7,449	7,740
Allowance for doubtful accounts	(697)	(1,295)
<b>Total current assets</b>	<b>153,004</b>	<b>178,774</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	39,362	39,863
Accumulated depreciation	(21,265)	(21,862)
Buildings and structures, net	18,097	18,000
Machinery, equipment and vehicles	23,318	23,005
Accumulated depreciation	(19,527)	(18,986)
Machinery, equipment and vehicles, net	3,791	4,019
Land	9,266	9,670
Construction in progress	1,421	1,214
Other	23,814	26,379
Accumulated depreciation	(17,264)	(19,270)
Other, net	6,549	7,108
<b>Total property, plant and equipment</b>	<b>39,126</b>	<b>40,014</b>
<b>Intangible assets</b>		
Goodwill	2,082	3,477
Other	2,076	3,621
<b>Total intangible assets</b>	<b>4,159</b>	<b>7,098</b>
<b>Investments and other assets</b>		
Investment securities	54,883	63,250
Long-term loans receivable	21	22
Deferred tax assets	1,177	1,071
Net defined benefit asset	—	18
Other	3,080	4,412
Allowance for doubtful accounts	(114)	(119)
<b>Total investments and other assets</b>	<b>59,048</b>	<b>68,655</b>
<b>Total non-current assets</b>	<b>102,334</b>	<b>115,767</b>
<b>Total assets</b>	<b>255,338</b>	<b>294,542</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,757	17,786
Short-term loans payable	1,669	4,272
Current portion of long-term loans payable	3,255	1,361
Income taxes payable	3,381	1,801
Deferred tax liabilities	83	79
Provision for bonuses	2,641	2,654
Provision for product warranties	1,695	1,755
Provision for loss on order received	0	73
Other	10,472	15,100
Total current liabilities	39,957	44,886
Non-current liabilities		
Long-term loans payable	3,334	8,430
Deferred tax liabilities	2,347	5,792
Net defined benefit liability	10,687	9,170
Provision for directors' retirement benefits	538	545
Asset retirement obligations	216	206
Other	7,010	6,786
Total non-current liabilities	24,134	30,932
Total liabilities	64,091	75,818
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,301
Retained earnings	134,798	143,883
Treasury shares	(13,244)	(12,850)
Total shareholders' equity	169,482	178,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,407	29,892
Deferred gains or losses on hedges	△7	0
Foreign currency translation adjustment	1,590	12,425
Remeasurements of defined benefit plans	(4,687)	(5,285)
Total accumulated other comprehensive income	18,302	37,033
Minority interests	3,461	2,798
Total net assets	191,246	218,723
<b>Total liabilities and net assets</b>	<b>255,338</b>	<b>294,542</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	157,800	159,365
Cost of sales	101,809	98,030
Gross profit	55,991	61,335
Selling, general and administrative expenses	43,881	50,977
Operating income	12,110	10,357
Non-operating income		
Interest income	605	808
Dividend income	969	1,011
Realized and unrealized profit on trading securities, net	271	445
Foreign exchange gains	1,678	757
Gain on sales of investment securities	166	—
Other	686	721
Total non-operating income	4,377	3,744
Non-operating expenses		
Interest expenses	214	193
Share of loss of entities accounted for using equity method	36	43
Loss on investments in partnership	31	—
Commission fee	69	—
Other	231	156
Total non-operating expenses	583	393
Ordinary income	15,904	13,708
Extraordinary income		
Gain on sales of non-current assets	15	77
Gain on sales of investment securities	1,921	3,296
Gain on bargain purchase	—	277
Total extraordinary income	1,936	3,650
Extraordinary losses		
Loss on retirement of non-current assets	81	69
Loss on sales of non-current assets	4	50
Impairment loss	419	1,521
Loss on valuation of investment securities	1,162	86
Loss on liquidation of business	168	—
Loss on sales of shares of subsidiaries and associates	4	—
Loss on step acquisitions	5	—
Loss on valuation of membership	28	—
Loss on sales of membership	3	—
Special retirement expenses	447	84
Total extraordinary losses	2,325	1,813
Income before income taxes and minority interests	15,515	15,545
Income taxes - current	5,379	3,342
Income taxes - deferred	(714)	660
Total income taxes	4,665	4,002
Income before minority interests	10,850	11,542
Minority interests in income	79	263
Net income	10,770	11,279

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	10,850	11,542
Other comprehensive income		
Valuation difference on available-for-sale securities	6,740	8,485
Deferred gains or losses on hedges	16	7
Foreign currency translation adjustment	5,414	11,020
	—	(597)
Share of other comprehensive income of affiliates accounted for using equity method	6	2
Total other comprehensive income	12,177	18,919
Comprehensive income	23,027	30,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,741	30,009
Comprehensive income attributable to minority interests	286	452

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

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
Cumulative effects of changes in accounting policies					
Restated balance	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 shares				(1,012)	(1,012)
Increase by share exchanges					
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
Cumulative effects of changes in accounting policies							
Restated balance	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 shares							(1,012)
Increase by share exchanges							
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

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)
Net income			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					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	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)
Net income							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

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

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	15,515	15,545
Depreciation	5,021	5,919
Impairment loss	419	1,521
Loss on liquidation of business	168	—
Increase (decrease) in net defined benefit liability	—	(1,070)
Interest and dividend income	(1,574)	(1,819)
Interest expenses	214	193
Profit / Loss on sale / revaluation of available-for-sale securities	(271)	(445)
Loss (gain) on investments in partnership	31	—
Share of (profit) loss of entities accounted for using equity method	36	43
Loss (gain) on sales of non-current assets	(10)	(26)
Loss on retirement of non-current assets	81	69
Loss (gain) on sales of investment securities	(2,087)	(3,296)
Loss (gain) on valuation of investment securities	1,162	86
Decrease (increase) in notes and accounts receivable - trade	(3,287)	3,412
Decrease (increase) in inventories	(1,110)	(6,574)
Increase (decrease) in notes and accounts payable - trade	(365)	(69)
Other, net	(947)	13
Subtotal	12,995	13,475
Interest and dividend income received	1,606	1,866
Interest expenses paid	(218)	(193)
Income taxes (paid) refund	(3,761)	(5,271)
Net cash provided by (used in) operating activities	10,622	9,876
<b>Cash flows from investing activities</b>		
Payments into time deposits	(13,006)	(12,975)
Proceeds from withdrawal of time deposits	14,221	13,005
Payments of short-term loans receivable	(55)	(142)
Collection of short-term loans receivable	39	129
Purchase of securities	(1,318)	(1,240)
Proceeds from sales and redemption of securities	2,660	4,063
Purchase of property, plant and equipment	(5,041)	(4,092)
Proceeds from sales of property, plant and equipment	184	336
Purchase of intangible assets	(289)	(405)
Purchase of investment securities	(3,181)	(2,619)
Proceeds from sales and redemption of investment securities	3,434	4,931
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,815)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	315	—

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Proceeds from sales of shares of subsidiaries and associates	57	—
Purchase of shares of subsidiaries and associates	(42)	—
Payments of long-term loans receivable	(157)	(28)
Collection of long-term loans receivable	0	0
Payments for transfer of business	(2,371)	(2,588)
Other, net	73	(269)
Net cash provided by (used in) investing activities	(4,476)	(3,710)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(742)	2,600
Proceeds from long-term loans payable	3,075	5,941
Repayments of long-term loans payable	(5,080)	(3,482)
Purchase of treasury shares	(1,012)	(432)
Cash dividends paid	(2,884)	(3,388)
Cash dividends paid to minority shareholders	(25)	(28)
Net cash provided by (used in) financing activities	(6,670)	1,210
Effect of exchange rate change on cash and cash equivalents	2,604	4,270
Net increase (decrease) in cash and cash equivalents	2,080	11,646
Cash and cash equivalents at beginning of period	43,261	45,342
Cash and cash equivalents at end of period	45,342	56,989

## (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, 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				
Sales							
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)	—
Total	64,192	91,243	155,435	3,048	158,483	(683)	157,800
Segment profit	9,389	2,537	11,927	77	12,004	105	12,110
Segment assets	89,966	100,530	190,497	36,081	226,579	28,759	255,338
Other line items							
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)

- 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 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.

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)

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 ¥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 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.