

July 31, 2015

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2016
<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: August 7, 2015
 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, 2016
(from April 1, 2015 to June 30, 2015)

(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 three months ended								
June 30, 2015	41,138	19.4	2,339	61.9	3,315	86.4	2,625	89.1
June 30, 2014	34,461	(2.8)	1,445	(36.7)	1,779	(49.2)	1,388	(54.5)

(Note) Comprehensive income
 For the first three months ended June 30, 2015: ¥6,565 million [182.0%]
 For the first three months ended June 30, 2014: ¥2,328 million [(74.7)%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
First three months ended				
June 30, 2015	20.18		–	
June 30, 2014	10.66		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2015	296,793	219,723	73.2
March 31, 2015	294,542	218,723	73.3

(Reference) Equity
 As of June 30, 2015: ¥217,192 million
 As of March 31, 2015: ¥215,924 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, 2015	–	–	–	24.00	24.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (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, 2016 (from April 1, 2015 to March 31, 2016)

(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
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

(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: 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 June 30, 2015	139,628,721 shares
As of March 31, 2015	139,628,721 shares

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

As of June 30, 2015	10,212,213 shares
As of March 31, 2015	9,072,215 shares

c. Average number of outstanding shares during the period

As of June 30, 2015	130,110,619 shares
As of June 30, 2014	130,302,882 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, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	60,765	61,282
Notes and accounts receivable - trade	39,796	38,062
Securities	13,503	8,762
Merchandise and finished goods	28,997	31,751
Work in process	7,888	9,201
Raw materials and supplies	15,361	16,289
Deferred tax assets	6,016	4,497
Other	7,740	8,292
Allowance for doubtful accounts	Δ1,295	Δ1,421
Total current assets	178,774	176,719
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,863	40,777
Accumulated depreciation	Δ21,862	Δ22,612
Buildings and structures, net	18,000	18,165
Machinery, equipment and vehicles	23,005	23,828
Accumulated depreciation	Δ18,986	Δ19,440
Machinery, equipment and vehicles, net	4,019	4,388
Land	9,670	10,494
Construction in progress	1,214	1,562
Other	26,379	26,810
Accumulated depreciation	Δ19,270	Δ19,871
Other, net	7,108	6,938
Total property, plant and equipment	40,014	41,548
Intangible assets		
Goodwill	3,477	3,288
Other	3,621	3,546
Total intangible assets	7,098	6,835
Investments and other assets		
Investment securities	63,250	65,147
Long-term loans receivable	22	25
Deferred tax assets	1,071	1,067
Net defined benefit asset	18	625
Other	4,412	4,946
Allowance for doubtful accounts	Δ119	Δ121
Total investments and other assets	68,655	71,690
Total non-current assets	115,767	120,073
Total assets	294,542	296,793

(Millions of yen)

	As of March 31,2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,786	18,107
Short-term loans payable	4,272	5,310
Current portion of long-term loans payable	1,361	1,325
Income taxes payable	1,801	782
Deferred tax liabilities	79	101
Provision for bonuses	2,654	1,137
Provision for product warranties	1,755	1,907
Provision for loss on order received	73	1
Other	15,100	16,357
Total current liabilities	44,886	45,032
Non-current liabilities		
Long-term loans payable	8,430	8,357
Deferred tax liabilities	5,792	6,708
Net defined benefit liability	9,170	9,639
Provision for directors' retirement benefits	545	577
Asset retirement obligations	206	207
Other	6,786	6,548
Total non-current liabilities	30,932	32,038
Total liabilities	75,818	77,070
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,301	28,181
Retained earnings	143,883	143,375
Treasury shares	△12,850	△14,852
Total shareholders' equity	178,891	176,261
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,892	31,328
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	12,425	14,733
Remeasurements of defined benefit plans	△5,285	△5,131
Total accumulated other comprehensive income	37,033	40,931
Non-controlling interests	2,798	2,530
Total net assets	218,723	219,723
Total liabilities and net assets	294,542	296,793

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

(Millions of yen)

	First three months ended June 30, 2014	First three months ended June 30, 2015
Net sales	34,461	41,138
Cost of sales	21,012	24,931
Gross profit	13,448	16,206
Selling, general and administrative expenses	12,003	13,867
Operating income	1,445	2,339
Non-operating income		
Interest income	132	183
Dividend income	464	556
Foreign exchange gains	—	133
Realized and unrealized profit on trading securities, net	160	109
Other	171	109
Total non-operating income	929	1,092
Non-operating expenses		
Interest expenses	50	60
Foreign exchange losses	460	—
Share of loss of entities accounted for using equity method	8	3
Other	76	51
Total non-operating expenses	595	115
Ordinary income	1,779	3,315
Extraordinary income		
Gain on sales of non-current assets	3	1,075
Gain on sales of investment securities	245	—
Gain on liquidation of subsidiaries and associates	—	37
Gain on bargain purchase	—	579
Total extraordinary income	248	1,692
Extraordinary losses		
Loss on retirement of non-current assets	3	28
Loss on sales of non-current assets	0	0
Total extraordinary losses	4	29
Income before income taxes and minority interests	2,022	4,979
Income taxes - current	295	641
Income taxes - deferred	273	1,690
Total income taxes	568	2,331
Profit	1,454	2,647
Profit attributable to non-controlling interests	65	21
Profit attributable to owners of parent	1,388	2,625

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First three months ended June 30, 2014	First three months ended June 30, 2015
Profit	1,454	2,647
Other comprehensive income		
Valuation difference on available-for-sale securities	1,081	1,435
Deferred gains or losses on hedges	6	Δ0
Foreign currency translation adjustment	Δ346	2,328
Remeasurements of defined benefit plans, net of tax	132	154
Share of other comprehensive income of entities accounted for using equity method	Δ0	0
Total other comprehensive income	874	3,917
Comprehensive income	2,328	6,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,209	6,523
Comprehensive income attributable to non- controlling interests	119	42

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2015 (from April 1, 2014 to June 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	16,963	16,800	33,764	696	34,461	–	34,461
Inter-segment sales or transfer among segment	228	26	255	7	262	(262)	–
Total	17,191	16,827	34,019	704	34,723	(262)	34,461
Segment profit (loss)	2,054	(593)	1,460	0	1,460	(14)	1,445

(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, 2016 (from April 1, 2015 to June 30, 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	19,269	21,219	40,488	649	41,138	–	41,138
Inter-segment sales or transfer among segment	330	31	362	3	365	(365)	–
Total	19,600	21,250	40,851	652	41,503	(365)	41,138
Segment profit (loss)	2,549	(183)	2,366	(24)	2,341	(1)	2,339

(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.