

October 30, 2015

**Consolidated Financial Results**  
**for the First Six 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: November 9, 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 six months of the fiscal year ending March 31, 2016**  
**(from April 1, 2015 to September 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 six months ended								
September 30, 2016	88,616	19.2	6,540	63.1	7,572	47.1	5,466	21.7
September 30, 2015	74,361	(1.8)	4,009	(31.4)	5,148	(33.7)	4,492	(12.9)

(Note) Comprehensive income

For the first six months ended September 30, 2016: ¥(2,675) million [(77.5)%]

For the first six months ended September 30, 2015: ¥11,909 million [(3.7)%]

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
First six months ended				
September 30, 2016	42.14	–	–	–
September 30, 2015	34.48	–	–	–

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2015	291,187	215,310	73.1
March 31, 2015	294,542	218,723	73.3

(Reference) Equity

As of September 30, 2015: ¥212,898 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
Fiscal year ending March 31, 2016	180,000	12.9	13,000	25.5	15,000	9.4	12,000	6.4	92.71

(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 September 30, 2016	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 September 30, 2016	10,520,097 shares
As of March 31, 2015	9,072,215 shares

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

As of September 30, 2016	129,725,112 shares
As of September 30, 2015	130,296,176 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 September 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	60,765	62,603
Notes and accounts receivable - trade	39,796	38,104
Securities	13,503	9,969
Merchandise and finished goods	28,997	30,279
Work in process	7,888	9,988
Raw materials and supplies	15,361	15,331
Deferred tax assets	6,016	4,705
Other	7,740	7,415
Allowance for doubtful accounts	Δ1,295	Δ1,475
<b>Total current assets</b>	<b>178,774</b>	<b>176,922</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	39,863	40,324
Accumulated depreciation	Δ21,862	Δ22,668
Buildings and structures, net	18,000	17,656
Machinery, equipment and vehicles	23,005	23,644
Accumulated depreciation	Δ18,986	Δ19,391
Machinery, equipment and vehicles, net	4,019	4,252
Land	9,670	10,404
Construction in progress	1,214	1,700
Other	26,379	26,644
Accumulated depreciation	Δ19,270	Δ19,817
Other, net	7,108	6,827
<b>Total property, plant and equipment</b>	<b>40,014</b>	<b>40,841</b>
<b>Intangible assets</b>		
Goodwill	3,477	3,036
Other	3,621	3,410
<b>Total intangible assets</b>	<b>7,098</b>	<b>6,447</b>
<b>Investments and other assets</b>		
Investment securities	63,250	61,241
Long-term loans receivable	22	14
Deferred tax assets	1,071	945
Net defined benefit asset	18	23
Other	4,412	4,873
Allowance for doubtful accounts	Δ119	Δ121
<b>Total investments and other assets</b>	<b>68,655</b>	<b>66,976</b>
<b>Total non-current assets</b>	<b>115,767</b>	<b>114,265</b>
<b>Total assets</b>	<b>294,542</b>	<b>291,187</b>

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,786	17,292
Short-term loans payable	4,272	6,679
Current portion of long-term loans payable	1,361	664
Income taxes payable	1,801	1,127
Deferred tax liabilities	79	121
Provision for bonuses	2,654	2,412
Provision for product warranties	1,755	1,838
Provision for loss on order received	73	23
Other	15,100	15,922
<b>Total current liabilities</b>	<b>44,886</b>	<b>46,084</b>
<b>Non-current liabilities</b>		
Long-term loans payable	8,430	8,124
Deferred tax liabilities	5,792	6,073
Net defined benefit liability	9,170	8,456
Provision for directors' retirement benefits	545	767
Asset retirement obligations	206	208
Other	6,786	6,162
<b>Total non-current liabilities</b>	<b>30,932</b>	<b>29,792</b>
<b>Total liabilities</b>	<b>75,818</b>	<b>75,877</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,556	19,556
Capital surplus	28,301	28,181
Retained earnings	143,883	146,216
Treasury shares	△12,850	△15,361
<b>Total shareholders' equity</b>	<b>178,891</b>	<b>178,592</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	29,892	28,943
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	12,425	10,331
Remeasurements of defined benefit plans	△5,285	△4,969
<b>Total accumulated other comprehensive income</b>	<b>37,033</b>	<b>34,306</b>
<b>Non-controlling interests</b>	<b>2,798</b>	<b>2,411</b>
<b>Total net assets</b>	<b>218,723</b>	<b>215,310</b>
<b>Total liabilities and net assets</b>	<b>294,542</b>	<b>291,187</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, 2014	First six months ended September 30, 2015
Net sales	74,361	88,616
Cost of sales	46,564	54,336
Gross profit	27,797	34,249
Selling, general and administrative expenses	23,787	27,709
Operating income	4,009	6,540
Non-operating income		
Interest income	324	372
Dividend income	549	589
Foreign exchange gains	—	318
Realized and unrealized profit on trading securities, net	276	—
Other	279	213
Total non-operating income	1,429	1,494
Non-operating expenses		
Interest expenses	94	125
Foreign exchange losses	46	—
Share of loss of entities accounted for using equity method	25	9
Realized and unrealized loss on trading securities, net	—	202
Other	124	125
Total non-operating expenses	290	462
Ordinary income	5,148	7,572
Extraordinary income		
Gain on sales of non-current assets	52	1,077
Gain on sales of investment securities	1,028	—
Gain on liquidation of subsidiaries and associates	—	37
Gain on bargain purchase	277	579
Total extraordinary income	1,358	1,694
Extraordinary losses		
Loss on retirement of non-current assets	18	57
Loss on sales of non-current assets	35	0
Impairment loss	481	—
Office transfer expenses	—	40
Total extraordinary losses	535	98
Income before income taxes and minority interests	5,971	9,168
Income taxes - current	1,447	1,715
Income taxes - deferred	△91	1,916
Total income taxes	1,355	3,631
Profit	4,616	5,536
Profit attributable to non-controlling interests	124	69
Profit attributable to owners of parent	4,492	5,466

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
Profit	4,616	5,536
Other comprehensive income		
Valuation difference on available-for-sale securities	1,840	Δ948
Deferred gains or losses on hedges	4	Δ0
Foreign currency translation adjustment	5,181	Δ2,226
Remeasurements of defined benefit plans, net of tax	265	315
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	7,293	Δ2,860
Comprehensive income	11,909	2,675
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,670	2,739
Comprehensive income attributable to non- controlling interests	239	Δ63

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	5,971	9,168
Depreciation	2,780	3,147
Impairment loss	481	—
Interest and dividend income	△873	△962
Interest expenses	94	125
Profit / Loss on sale / revaluation of available-for-sale securities	△276	202
Share of (profit) loss of entities accounted for using equity method	25	9
Loss (gain) on sales of non-current assets	△16	△1,077
Loss on retirement of non-current assets	18	57
Loss (gain) on sales of investment securities	△1,028	—
Decrease (increase) in notes and accounts receivable - trade	3,410	2,260
Decrease (increase) in inventories	△1,771	△3,882
Increase (decrease) in notes and accounts payable - trade	△1,817	△1,040
Other, net	△932	△406
Subtotal	6,064	7,602
Interest and dividend income received	924	1,015
Interest expenses paid	△94	△132
Income taxes (paid) refund	△3,675	△2,586
Net cash provided by (used in) operating activities	3,218	5,898
<b>Cash flows from investing activities</b>		
Payments into time deposits	△7,716	△7,354
Proceeds from withdrawal of time deposits	7,212	8,764
Payments of short-term loans receivable	△57	△112
Collection of short-term loans receivable	43	92
Purchase of securities	△318	△2,194
Proceeds from sales and redemption of securities	3,090	2,858
Purchase of property, plant and equipment	△1,621	△2,982
Proceeds from sales of property, plant and equipment	115	1,388
Purchase of intangible assets	△169	△130
Purchase of investment securities	△2,026	△1,197
Proceeds from sales and redemption of investment securities	1,447	76
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△88	△375
Payments of long-term loans receivable	△19	△5
Collection of long-term loans receivable	0	218
Payments for transfer of business	△84	—
Other, net	206	149
Net cash provided by (used in) investing activities	13	△806

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	Δ191	1,706
Proceeds from long-term loans payable	2,637	—
Repayments of long-term loans payable	Δ2,307	Δ1,007
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	Δ415
Purchase of treasury shares	Δ428	Δ2,511
Cash dividends paid	Δ3,386	Δ3,132
Dividends paid to non-controlling interests	Δ28	Δ28
Net cash provided by (used in) financing activities	Δ3,704	Δ5,388
Effect of exchange rate change on cash and cash equivalents	1,127	Δ679
Net increase (decrease) in cash and cash equivalents	653	Δ975
Cash and cash equivalents at beginning of period	45,342	56,989
Cash and cash equivalents at end of period	45,996	56,013

(4) Notes regarding the consolidated financial statements

(Segment information)

I. First six months of the fiscal year ended 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.

II. First six months of the fiscal year ending March 31, 2016 (from April 1, 2015 to September 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	39,175	47,915	87,090	1,525	88,616	-	88,616
Inter-segment sales or transfer among segment	543	27	570	11	581	(581)	-
Total	39,719	47,942	87,661	1,536	89,197	(581)	88,616
Segment profit	5,978	508	6,486	27	6,514	25	6,540

(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.