

July 29, 2016

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending March 31, 2017**  
**<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 8, 2016  
 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, 2017**  
**(from April 1, 2016 to June 30, 2016)**

**(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 three months ended								
June 30, 2016	39,989	(2.8)	979	(58.1)	431	(87.0)	159	(93.9)
June 30, 2015	41,138	19.4	2,339	61.9	3,315	86.4	2,625	89.1

(Note) Comprehensive income  
 For the first three months ended June 30, 2016: ¥(8,223) million [–%]  
 For the first three months ended June 30, 2015: ¥6,565 million [182.0%]

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
June 30, 2016	1.24	–
June 30, 2015	20.18	–

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2016	281,124	198,488	69.8
March 31, 2016	294,525	211,296	70.9

(Reference) Equity  
 As of June 30, 2016 ¥196,209 million  
 As of March 31, 2016 ¥208,705 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, 2016	–	–	–	26.00	26.00
Fiscal year ending March 31, 2017	–				
Fiscal year ending March 31, 2017 (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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2016	80,000	(9.7)	2,500	(61.8)	2,500	(67.0)	1,500	(72.6)	11.72
Fiscal year ending March 31, 2017	170,000	(5.1)	9,000	(31.5)	10,000	(31.7)	7,000	(37.0)	54.72

(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: None

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, 2016	139,628,721 shares
As of March 31, 2016	139,628,721 shares

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

As of June 30, 2016	11,830,567 shares
As of March 31, 2016	10,954,280 shares

c. Average number of outstanding shares during the period

As of June 30, 2016	128,243,517 shares
As of June 30, 2015	130,110,619 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, 2016	As of June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	54,595	52,830
Notes and accounts receivable - trade	38,424	33,879
Securities	7,893	7,373
Merchandise and finished goods	30,705	27,150
Work in process	10,215	11,591
Raw materials and supplies	15,716	14,488
Deferred tax assets	5,070	4,856
Other	8,677	8,427
Allowance for doubtful accounts	Δ1,125	Δ957
Total current assets	170,173	159,642
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,115	41,555
Accumulated depreciation	Δ22,608	Δ22,381
Buildings and structures, net	17,507	19,173
Machinery, equipment and vehicles	23,541	22,794
Accumulated depreciation	Δ18,845	Δ18,320
Machinery, equipment and vehicles, net	4,696	4,473
Land	10,119	9,900
Construction in progress	3,118	2,091
Other	26,224	25,263
Accumulated depreciation	Δ19,356	Δ18,724
Other, net	6,868	6,539
Total property, plant and equipment	42,310	42,178
Intangible assets		
Goodwill	4,995	4,803
Other	5,790	5,095
Total intangible assets	10,786	9,899
Investments and other assets		
Investment securities	65,745	63,977
Long-term loans receivable	9	9
Deferred tax assets	1,116	1,078
Net defined benefit asset	23	21
Other	4,482	4,433
Allowance for doubtful accounts	Δ120	Δ115
Total investments and other assets	71,256	69,405
Total non-current assets	124,352	121,482
Total assets	294,525	281,124

(Millions of yen)

	As of March 31,2016	As of June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,797	15,731
Short-term loans payable	5,049	11,364
Current portion of long-term loans payable	3,066	3,055
Income taxes payable	382	443
Deferred tax liabilities	183	22
Provision for bonuses	2,472	1,155
Provision for product warranties	1,828	1,723
Provision for loss on order received	2	4
Provision for environmental measures	236	236
Other	18,443	17,512
Total current liabilities	49,463	51,249
Non-current liabilities		
Long-term loans payable	6,397	6,722
Deferred tax liabilities	4,325	4,790
Provision for directors' retirement benefits	756	777
Provision for directors' stock payment	102	105
Net defined benefit liability	14,946	12,360
Asset retirement obligations	203	204
Other	7,032	6,426
Total non-current liabilities	33,765	31,386
<b>Total liabilities</b>	<b>83,228</b>	<b>82,636</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,672	27,672
Retained earnings	151,856	148,662
Treasury shares	Δ16,027	Δ17,180
Total shareholders' equity	183,057	178,710
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,072	30,364
Deferred gains or losses on hedges	—	Δ0
Foreign currency translation adjustment	4,375	Δ4,719
Remeasurements of defined benefit plans	Δ9,800	Δ8,145
Total accumulated other comprehensive income	25,647	17,498
Non-controlling interests	2,590	2,278
<b>Total net assets</b>	<b>211,296</b>	<b>198,488</b>
<b>Total liabilities and net assets</b>	<b>294,525</b>	<b>281,124</b>

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

(Millions of yen)

	First three months ended June 30, 2015	First three months ended June 30, 2016
Net sales	41,138	39,989
Cost of sales	24,931	25,591
Gross profit	16,206	14,398
Selling, general and administrative expenses	13,867	13,419
Operating income	2,339	979
Non-operating income		
Interest income	183	184
Dividend income	556	601
Foreign exchange gains	133	—
Realized and unrealized profit on trading securities, net	109	—
Other	109	80
Total non-operating income	1,092	865
Non-operating expenses		
Interest expenses	60	66
Foreign exchange losses	—	923
Realized and unrealized loss on trading securities, net	—	409
Share of loss of entities accounted for using equity method	3	0
Other	51	12
Total non-operating expenses	115	1,412
Ordinary income	3,315	431
Extraordinary income		
Gain on sales of non-current assets	1,075	9
Gain on sales of investment securities	—	141
Gain on liquidation of subsidiaries and associates	37	—
Gain on bargain purchase	579	—
Total extraordinary income	1,692	151
Extraordinary losses		
Loss on retirement of non-current assets	28	26
Loss on sales of non-current assets	0	17
Office transfer expenses	—	85
Total extraordinary losses	29	129
Profit before income taxes	4,979	453
Income taxes - current	641	349
Income taxes - deferred	1,690	△23
Total income taxes	2,331	326
Profit	2,647	127
Profit (loss) attributable to non-controlling interests	21	△31
Profit attributable to owners of parent	2,625	159

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	First three months ended June 30, 2015	First three months ended June 30, 2016
Profit	2,647	127
Other comprehensive income		
Valuation difference on available-for-sale securities	1,435	Δ708
Deferred gains or losses on hedges	Δ0	Δ0
Foreign currency translation adjustment	2,328	Δ9,297
Remeasurements of defined benefit plans, net of tax	154	1,654
Share of other comprehensive income of entities accounted for using equity method	0	—
Total other comprehensive income	3,917	Δ8,351
Comprehensive income	6,565	Δ8,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,523	Δ7,989
Comprehensive income attributable to non- controlling interests	42	Δ234

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended 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.

II. First three months of the fiscal year ending March 31, 2017 (from April 1, 2016 to June 30, 2016)

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	18,196	21,207	39,403	585	39,989	–	39,989
Inter-segment sales or transfer among segment	426	40	466	0	467	(467)	–
Total	18,623	21,247	39,870	586	40,457	(467)	39,989
Segment profit (loss)	1,747	(764)	982	(19)	963	15	979

(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.