

Translation



July 31, 2018

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending March 31, 2019**  
**<under Japanese GAAP>**

Company name: **USHIO INC.**  
Listing: First Section of the Tokyo Stock Exchange  
Stock code: 6925  
URL: <http://www.ushio.co.jp/en/>  
Representative: Kenji Hamashima, President and Chief Executive Officer  
Inquiries: Hideaki Takizawa, General Manager, Accounting & Finance Department  
TEL: +81-3-5657-1000 (from overseas)

Scheduled date to file Securities Report: August 9, 2018  
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, 2019**  
**(from April 1, 2018 to June 30, 2018)**

**(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	%
First three months ended June 30, 2018	39,951	(4.2)	2,540	(9.7)	3,957	0.5	2,257	(65.6)
June 30, 2017	41,720	4.3	2,813	187.4	3,937	811.8	6,556	—

(Note) Comprehensive income  
For the first three months ended June 30, 2018: ¥ 6,616 million [(36.9)%]  
For the first three months ended June 30, 2017: ¥10,483 million [—%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2018	17.67	—
June 30, 2017	51.32	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2018	313,520	218,596	69.7
March 31, 2018	305,303	215,306	70.4

(Reference) Equity  
As of June 30, 2018 : ¥ 218,372 million  
As of March 31, 2018: ¥ 215,077 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, 2018	—	—	—	26.00	26.00
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		—	—	30.00	30.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	180,000	3.7	12,500	23.1	14,000	16.2	11,500	4.5	90.01

(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 a 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 stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2018	139,628,721 shares
As of March 31, 2018	139,628,721 shares

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

As of June 30, 2018	11,864,496 shares
As of March 31, 2018	11,866,293 shares

c. Average number of shares during the period

As of June 30, 2018	127,762,793 shares
As of June 30, 2017	127,760,980 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury shares.

\* This Consolidated Financial Review is not subject to audit procedures by Certified Public Accountants or audit firm.

\* 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.

\*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on July 31, 2018.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	74,725	72,235
Notes and accounts receivable - trade	42,255	39,901
Securities	4,851	6,663
Merchandise and finished goods	25,717	27,496
Work in process	13,624	15,947
Raw materials and supplies	14,920	15,690
Other	10,436	9,998
Allowance for doubtful accounts	△1,590	△1,322
<b>Total current assets</b>	<b>184,940</b>	<b>186,610</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,045	44,374
Accumulated depreciation	△23,845	△24,207
Buildings and structures, net	18,199	20,167
Machinery, equipment and vehicles	22,823	23,182
Accumulated depreciation	△18,764	△19,074
Machinery, equipment and vehicles, net	4,058	4,107
Land	8,534	8,574
Construction in progress	2,439	1,305
Other	31,869	32,743
Accumulated depreciation	△23,524	△24,192
Other, net	8,345	8,551
<b>Total property, plant and equipment</b>	<b>41,578</b>	<b>42,706</b>
Intangible assets		
Goodwill	2,358	2,616
Other	3,952	3,847
<b>Total intangible assets</b>	<b>6,311</b>	<b>6,464</b>
Investments and other assets		
Investment securities	63,819	68,200
Long-term loans receivable	170	183
Deferred tax assets	1,883	2,775
Net defined benefit asset	3,780	3,806
Other	2,922	2,877
Allowance for doubtful accounts	△103	△103
<b>Total investments and other assets</b>	<b>72,473</b>	<b>77,739</b>
<b>Total non-current assets</b>	<b>120,362</b>	<b>126,909</b>
<b>Total assets</b>	<b>305,303</b>	<b>313,520</b>

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,414	22,018
Short-term loans payable	6,950	7,769
Current portion of long-term loans payable	1,884	1,934
Income taxes payable	873	760
Provision for bonuses	2,185	1,122
Provision for product warranties	2,194	2,155
Provision for loss on order received	48	13
Other	18,622	21,131
Total current liabilities	54,174	56,905
Non-current liabilities		
Long-term loans payable	17,989	18,282
Deferred tax liabilities	8,975	10,752
Provision for directors' retirement benefits	335	341
Provision for directors' stock payment	189	199
Net defined benefit liability	2,918	3,003
Asset retirement obligations	237	238
Other	5,176	5,200
Total non-current liabilities	35,822	38,018
Total liabilities	89,997	94,923
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,771	27,771
Retained earnings	163,217	162,146
Treasury shares	△17,212	△17,209
Total shareholders' equity	193,332	192,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,247	26,406
Deferred gains or losses on hedges	△15	△14
Foreign currency translation adjustment	984	3,075
Remeasurements of defined benefit plans	△3,471	△3,359
Total accumulated other comprehensive income	21,744	26,108
Non-controlling interests	229	224
Total net assets	215,306	218,596
Total liabilities and net assets	305,303	313,520

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	41,720	39,951
Cost of sales	26,140	25,060
Gross profit	15,580	14,890
Selling, general and administrative expenses	12,766	12,350
Operating profit	2,813	2,540
Non-operating income		
Interest income	292	401
Dividend income	693	685
Foreign exchange gains	—	370
Realized and unrealized profit on trading securities, net	174	35
Gain on specified money in trust	48	8
Other	110	33
Total non-operating income	1,319	1,533
Non-operating expenses		
Interest expenses	118	87
Foreign exchange losses	59	—
Share of loss of entities accounted for using equity method	2	5
Other	15	23
Total non-operating expenses	195	116
Ordinary profit	3,937	3,957
Extraordinary income		
Gain on sales of non-current assets	158	62
Gain on sales of investment securities	19	—
Gain on transfer of benefit obligation relating to employees' pension fund	6,024	—
Total extraordinary income	6,202	62
Extraordinary losses		
Loss on retirement of non-current assets	4	31
Loss on sales of non-current assets	—	8
Loss on sales of investment securities	5	—
Special retirement expenses	33	—
Loss on revision of retirement benefit plan	—	40
Business structure improvement expenses	—	670
Total extraordinary losses	43	751
Profit before income taxes	10,095	3,268
Income taxes - current	646	1,174
Income taxes - deferred	2,957	△150
Total income taxes	3,604	1,023
Profit	6,491	2,244
Loss attributable to non-controlling interests	△64	△13
Profit attributable to owners of parent	6,556	2,257

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	6,491	2,244
Other comprehensive income		
Valuation difference on available-for-sale securities	542	2,158
Deferred gains or losses on hedges	△3	0
Foreign currency translation adjustment	615	2,098
Remeasurements of defined benefit plans, net of tax	2,834	112
Share of other comprehensive income of entities accounted for using equity method	2	1
Total other comprehensive income	3,992	4,371
Comprehensive income	10,483	6,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,540	6,621
Comprehensive income attributable to non-controlling interests	△56	△4

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2018 (from April 1, 2017 to June 30, 2017)

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	18,294	22,563	40,857	863	41,720	—	41,720
Inter-segment sales or transfer among segment	591	26	618	9	628	(628)	—
Total	18,886	22,589	41,475	872	42,348	(628)	41,720
Segment profit	2,636	33	2,670	65	2,736	77	2,813

(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 three months of the fiscal year ending March 31, 2019 (from April 1, 2018 to June 30, 2018)

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	17,327	21,830	39,157	793	39,951	—	39,951
Inter-segment sales or transfer among segment	120	15	136	5	142	(142)	—
Total	17,448	21,846	39,294	799	40,093	(142)	39,951
Segment profit	2,562	8	2,571	24	2,595	(54)	2,540

(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.