

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2013
<Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp>
 Representative: Shiro Sugata, President and Chief Executive Officer
 Inquiries: Kazuhisa Kamiyama, General Manager, Accounting & Finance Department
 TEL: +81-3-3242-1811 (from overseas)

Scheduled date to file Quarterly Securities Report: August 10, 2012
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly earnings performance review: Yes (for analysts)

(Millions of yen rounded down to the nearest million yen)

1. Consolidated performance for the first three months of the fiscal year ending March 31, 2013 (from April 1, 2012 to June 30, 2012)

(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, 2012	35,980	1.1	1,908	(30.2)	1,181	(68.8)	503	(85.3)
June 30, 2011	35,596	4.4	2,734	(31.0)	3,786	1.5	3,429	27.3

(Note) Comprehensive income (loss)
 For the first three months ended June 30, 2012: ¥(4,318) million [-%]
 For the first three months ended June 30, 2011: ¥2,810 million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
June 30, 2012	3.84	—
June 30, 2011	25.68	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2012	210,553	154,817	72.1
March 31, 2012	224,412	162,048	70.8

(Reference) Equity
 As of June 30, 2012: ¥151,786 million
 As of March 31, 2012: ¥158,865 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, 2012	–	–	–	22.00	22.00
Fiscal year ending March 31, 2013	–				
Fiscal year ending March 31, 2013 (Forecast)		–	–	22.00	22.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(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, 2012	80,000	6.5	4,500	(30.8)	5,500	(19.7)	4,000	(12.4)	30.50
Fiscal year ending March 31, 2013	165,000	9.9	12,000	12.2	14,500	10.6	10,000	14.3	76.26

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 restatement of prior period financial statements after error corrections
 - 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: Yes
 - d. Restatement of prior period financial statements after error corrections: 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, 2012	139,628,721 shares
As of March 31, 2012	139,628,721 shares

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

As of June 30, 2012	8,499,380 shares
As of March 31, 2012	8,499,147 shares

c. Average number of shares during the period

For the first three months ended June 30, 2012	131,129,456 shares
For the first three months ended June 30, 2011	133,541,924 shares

* Indication regarding execution of audit procedures

This quarterly earnings report is not subject to 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. Please refer to page 3 of Attached document for matters regarding earnings forecasts.

[Attached document]

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1. Qualitative information on the quarterly results

(1) Qualitative information on consolidated operating results

In the first three months of the fiscal year ending March 31, 2013, the global economy remained on a modest recovery track, although the European debt crisis and other factors led to a widening slowdown. The Japanese economy experienced a gradual recovery, supported primarily by post-earthquake reconstruction demand. However, the outlook for the Japanese economy remains uncertain due mainly to the yen's appreciation and power supply issues, in addition to the global economic slowdown.

Under these economic conditions, the USHIO Group continued to actively execute R&D investments in new technologies and products for the future. At the same time, the USHIO Group remained focused on making Group-wide efforts to improve its business results by raising productivity, lowering manufacturing costs, reducing expenses, building and expanding global production and sales systems, and promoting production in optimal locations.

As a result, in the first three months, consolidated net sales rose by 1.1% year on year to ¥35,980 million. However, operating income decreased by 30.2% year on year to ¥1,908 million, while ordinary income declined by 68.8% year on year to ¥1,181 million. Net income was down by 85.3% year on year to ¥503 million.

Business results for each segment were as follows:

(Light Sources Business)

In the light sources business, sales of xenon lamps for cinema projectors remained strong on the back of greater penetration of digital cinema projectors. On the other hand, sales of ultraviolet lamps for lithography were soft, despite a gradual recovery trend in the capacity utilization rate for facilities at LCD panel and semiconductor manufacturers. Replacement demand for these lamps was also weak. Sales of halogen lamps increased year on year, centered on sales related to office appliances. The USHIO Group promoted product development in such areas as achieving longer replacement cycles, and high luminance and high efficiency for various lamps, while actively conducting R&D activities focused on solid-state light source products, namely light-emitting diodes (LEDs) and laser diodes (LDs).

As a result, sales in the light sources business decreased by 2.5% year on year to ¥13,212 million. Segment profit was down by 25.8% year on year to ¥1,481 million.

(Equipment Business)

In the equipment business, the visual image equipment field saw a decline in sales volume of digital cinema projectors, partly reflecting progress with the penetration of these projectors in developed countries. However, in non-cinema fields, demand in various regions held firm. In the optical equipment field, the markets for smartphones and tablet PCs steadily expanded, but sales related to LCD panels and semiconductors, LEDs, and other electronic components remained weak, although increasing in year-on-year terms. This weakness reflected continued moves to curtail or postpone capital expenditures given that demand for LCD TVs and PCs remained lackluster. In this business, the USHIO Group actively executed R&D investment directed at new technologies and products which could lead to strong business results in the future.

As a result, equipment business sales were ¥21,923 million, an increase of 2.2% year on year. Segment profit decreased by 44.1% year on year to ¥371 million.

(Other Businesses)

In industrial machinery products categorized under other businesses, capital expenditure demand in the packaging machinery market and the injection molding market grew steadily.

As a result, sales in other businesses rose by 34.1% year on year to ¥951 million. Segment profit increased by 25.7% year on year to ¥26 million.

(2) Qualitative information on consolidated financial position

Total assets were ¥210,553 million as of June 30, 2012, a decrease of ¥13,858 million from the previous fiscal year-end. The main factors behind this decline were decreases in notes and accounts receivable-trade and in merchandise and finished goods accompanying lower business volume, and a decline in investment securities reflecting weakened stock prices.

Total liabilities were ¥55,735 million as of June 30, 2012, a decrease of ¥6,628 million from the previous fiscal year-end. The main factors behind this decrease were a decline in notes and accounts payable-trade accompanying lower business volume, a decrease in provision for bonuses due to bonus payments, and decreased deferred tax liabilities resulting from a reduction in the tax component of unrealized gains on investment securities due to weakened stock prices.

Net assets totaled ¥154,817 million as of June 30, 2012, a decrease of ¥7,230 million from the previous fiscal year-end. The main factors behind this decrease were a decrease in valuation difference on available-for-sale securities due to lower unrealized gains on investment securities held, a decline in foreign currency translation adjustment due to the yen's appreciation, and decreased retained earnings due to dividend payments.

(3) Qualitative information on consolidated earnings forecasts

The USHIO Group has made no changes to its first-half and full-year consolidated earnings forecasts for the fiscal year ending March 31, 2013 announced on May 9, 2012. Please be advised that these earnings forecasts represent forward-looking statements based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

2. Matters concerning summary information (Notes)

(1) Changes in significant subsidiaries during the first three months

None

(2) Adoption of a specific accounting procedure for the preparation of quarterly financial statements

None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies

(Change in depreciation method)

In accordance with the revision of the Corporation Tax Act, from the first quarter under review, the Company and its domestic consolidated subsidiaries have adopted a new depreciation method for property, plant and equipment acquired on or after April 1, 2012 based on the revised Corporation Tax Act.

This change had an immaterial impact on operating income, ordinary income and income before income taxes and minority interests for the first quarter.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Assets		
Current assets		
Cash and deposits	41,692	41,687
Notes and accounts receivable-trade	37,582	33,594
Short-term investment securities	12,043	9,931
Merchandise and finished goods	22,207	19,333
Work in process	8,314	8,694
Raw materials and supplies	9,918	8,558
Deferred tax assets	5,065	4,960
Other	6,819	7,783
Allowance for doubtful accounts	(523)	(460)
Total current assets	143,120	134,082
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	34,968	34,676
Accumulated depreciation	(18,187)	(18,183)
Buildings and structures, net	16,780	16,493
Machinery, equipment and vehicles	23,450	23,282
Accumulated depreciation	(18,646)	(18,751)
Machinery, equipment and vehicles, net	4,803	4,530
Land	8,885	8,786
Construction in progress	941	1,031
Other	23,152	20,278
Accumulated depreciation	(16,736)	(15,024)
Other, net	6,415	5,253
Total property, plant and equipment	37,827	36,096
Intangible assets	3,900	3,705
Investments and other assets		
Investment securities	36,905	33,742
Long-term loans receivable	23	20
Deferred tax assets	541	592
Other	2,220	2,439
Allowance for doubtful accounts	(126)	(126)
Total investments and other assets	39,564	36,669
Total noncurrent assets	81,292	76,470
Total assets	224,412	210,553

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,477	17,531
Short-term loans payable	4,383	3,870
Current portion of long-term loans payable	1,042	897
Income taxes payable	3,049	1,629
Deferred tax liabilities	150	67
Provision for bonuses	2,662	1,414
Provision for product warranties	1,897	1,836
Provision for loss on order received	–	56
Other	8,971	9,917
Total current liabilities	40,634	37,221
Noncurrent liabilities		
Long-term loans payable	7,439	7,205
Deferred tax liabilities	5,954	4,195
Provision for retirement benefits	1,764	1,935
Provision for directors' retirement benefits	379	361
Asset retirement obligations	206	207
Other	5,984	4,608
Total noncurrent liabilities	21,729	18,514
Total liabilities	62,364	55,735
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,371
Retained earnings	122,642	120,261
Treasury stock	(12,228)	(12,228)
Total shareholders' equity	158,341	155,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,628	10,018
Foreign currency translation adjustment	(12,103)	(14,191)
Total accumulated other comprehensive income	524	(4,173)
Minority interests		
	3,183	3,031
Total net assets	162,048	154,817
Total liabilities and net assets	224,412	210,553

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income (cumulative)

(Millions of yen)

	First three months ended June 30, 2011	First three months ended June 30, 2012
Net sales	35,596	35,980
Cost of sales	23,853	24,222
Gross profit	11,743	11,758
Selling, general and administrative expenses	9,008	9,849
Operating income	2,734	1,908
Non-operating income		
Interest income	66	75
Dividends income	349	346
Realized and unrealized profit on trading securities, net	9	–
Equity in earnings of affiliates	54	1
Gain on sales of investment securities	728	6
Other	125	82
Total non-operating income	1,334	512
Non-operating expenses		
Interest expenses	59	52
Foreign exchange losses	157	870
Realized and unrealized loss on trading securities, net	–	179
Other	66	136
Total non-operating expenses	283	1,239
Ordinary income	3,786	1,181
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of investment securities	2,972	–
Total extraordinary income	2,972	1
Extraordinary loss		
Loss on retirement of noncurrent assets	20	1
Impairment loss	437	–
Loss on valuation of investment securities	83	121
Loss on liquidation of business	314	–
Total extraordinary losses	855	122
Income before income taxes and minority interests	5,903	1,060
Income taxes-current	2,840	1,067
Income taxes-deferred	(425)	(454)
Total income taxes	2,414	612
Income before minority interests	3,488	447
Minority interests in income (loss)	59	(56)
Net income	3,429	503

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First three months ended June 30, 2011	First three months ended June 30, 2012
Income before minority interests	3,488	447
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	251	(2,610)
Foreign currency translation adjustment	(941)	(2,155)
Share of other comprehensive income of associates accounted for using equity method	12	—
Total other comprehensive income (loss)	(678)	(4,766)
Comprehensive income (loss)	2,810	(4,318)
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	2,754	(4,193)
Comprehensive income (loss) attributable to minority interests	55	(124)

(3) Notes on premise of going concern

No items to report

(4) Segment information

(Segment information)

I First three months of the fiscal year ended March 31, 2012 (from April 1, 2011 to June 30, 2011)

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	13,501	21,420	34,921	675	35,596	–	35,596
Inter-segment sales or transfer among segments	43	36	80	34	114	(114)	–
Total	13,545	21,456	35,002	709	35,711	(114)	35,596
Segment profit	1,997	665	2,663	21	2,684	50	2,734

(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, 2013 (from April 1, 2012 to June 30, 2012)

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	13,128	21,904	35,033	947	35,980	–	35,980
Inter-segment sales or transfer among segments	83	19	103	3	106	(106)	–
Total	13,212	21,923	35,136	951	36,087	(106)	35,980
Segment profit	1,481	371	1,853	26	1,879	28	1,908

(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.

(5) Notes on significant changes in shareholders' equity

No items to report