

Consolidated Financial Results
for the First Nine 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
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Scheduled date to file Quarterly Securities Report: February 8, 2013
 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 nine months of the fiscal year ending March 31, 2013 (from April 1, 2012 to December 31, 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 nine months ended								
December 31, 2012	105,787	(4.4)	5,411	(40.0)	6,312	(38.5)	3,080	(56.9)
December 31, 2011	110,683	3.3	9,024	(16.8)	10,261	(19.0)	7,151	(16.3)

(Note) Comprehensive income (loss)

For the first nine months ended December 31, 2012: ¥5,923 million [619.0%]

For the first nine months ended December 31, 2011: ¥823 million [(59.4)%]

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
December 31, 2012	23.49	–
December 31, 2011	54.05	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2012	219,338	165,047	73.8
March 31, 2012	224,412	162,048	70.8

(Reference) Equity

As of December 31, 2012: ¥161,862 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
Fiscal year ending March 31, 2013	145,000	(3.4)	8,000	(25.2)	10,000	(23.7)	5,500	(37.1)	41.94

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 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 December 31, 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 December 31, 2012	8,501,277 shares
As of March 31, 2012	8,499,147 shares

- c. Average number of shares during the period

For the first nine months ended December 31, 2012	131,128,433 shares
For the first nine months ended December 31, 2011	132,323,589 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 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 quarters of the fiscal year ending March 31, 2013 (the nine-month period from April 1 to December 31, 2012), the global economy remained on a modest recovery track on the whole, despite the economic slowdown in China in addition to the lingering European debt crisis. The Japanese economy showed signs of strength, supported mainly by post-earthquake reconstruction demand. However, the Japanese economy remained uncertain due mainly to the yen's appreciation as well as widening concerns about a global economic slowdown and other factors.

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 performance 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, for the first three quarters, consolidated net sales decreased by 4.4% year on year to ¥105,787 million and operating income decreased by 40.0% year on year to ¥5,411 million, while ordinary income declined by 38.5% year on year to ¥6,312 million. Net income was down by 56.9% year on year to ¥3,080 million.

Business results for each segment are as follows:

(Light Sources Business)

In the light sources business, sales of xenon lamps for cinema projectors increased steadily on the back of greater penetration of digital cinema projectors. On the other hand, sales of ultraviolet lamps for lithography were soft because of low capacity utilization rates for facilities of LCD panel and semiconductor manufacturers; however these rates showed signs of a slow recovery. Replacement demand for these lamps was also weak. Sales of halogen lamps increased year on year, centered on sales related to office automation. The USHIO Group promoted product development in such areas as achieving longer replacement cycles, 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 increased by 1.9% year on year to ¥39,964 million. Segment profit was down by 26.4% year on year to ¥4,254 million.

(Equipment Business)

In the equipment business, the visual image equipment field saw a decline in sales, reflecting the advanced degree of penetration of digital cinema 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. This weakness reflected continued market trends to curtail or postpone capital expenditures given the protracted sluggishness in demand for LCD TVs and PCs. In this business, the USHIO Group actively executed R&D investment directed at new technologies and products that will lead to business expansion and improvement in the future.

As a result, equipment business sales were ¥63,635 million, a decrease of 8.2% year on year. Segment profit decreased by 71.7% year on year to ¥854 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 firmly overall; however, there were signs of a slowdown in demand related to electronic components.

As a result, sales in other businesses rose 1.3% year on year to ¥2,448 million, while segment profit declined 8.1% year on year to ¥86 million.

(2) Qualitative information on consolidated financial position

Total assets were ¥219,338 million as of December 31, 2012, a decrease of ¥5,073 million from the previous fiscal year-end. The main factors behind this decline were decreases in notes and accounts receivable – trade and merchandise and finished goods accompanying lower business volume. Meanwhile, investment securities increased reflecting purchases of bonds.

Total liabilities were ¥54,291 million as of December 31, 2012, a decrease of ¥8,072 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, and decreases in short-term loans payable due to repayment of bank loans.

Net assets totaled ¥165,047 million as of December 31, 2012, an increase of ¥2,998 million from the previous fiscal year-end. The main factor behind this rise was an increase in foreign currency translation adjustment due to the yen's depreciation toward the end of the third quarter.

(3) Qualitative information on consolidated earnings forecasts

The USHIO Group has made no changes to its full-year consolidated earnings forecasts for the fiscal year ending March 31, 2013 announced on October 31, 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 results may differ substantially due to various factors.

2. Matters concerning summary information (Notes)

(1) Changes in significant subsidiaries during the period

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

In accordance with amendments to the Corporation Tax Act, from the first quarter of the fiscal year 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 amended Corporation Tax Act.

This change had a negligible impact on operating income, ordinary income and income before income taxes and minority interests for the first three quarters of the fiscal year under review.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	41,692	41,794
Notes and accounts receivable – trade	37,582	31,894
Short-term investment securities	12,043	9,892
Merchandise and finished goods	22,207	20,157
Work in process	8,314	7,222
Raw materials and supplies	9,918	10,076
Deferred tax assets	5,065	4,511
Other	6,819	8,616
Allowance for doubtful accounts	(523)	(675)
Total current assets	143,120	133,490
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	34,968	36,985
Accumulated depreciation	(18,187)	(19,284)
Buildings and structures, net	16,780	17,701
Machinery, equipment and vehicles	23,450	24,037
Accumulated depreciation	(18,646)	(19,604)
Machinery, equipment and vehicles, net	4,803	4,432
Land	8,885	8,984
Construction in progress	941	979
Other	23,152	20,987
Accumulated depreciation	(16,736)	(15,950)
Other, net	6,415	5,036
Total property, plant and equipment	37,827	37,134
Intangible assets	3,900	3,881
Investments and other assets		
Investment securities	36,905	41,738
Long-term loans receivable	23	26
Deferred tax assets	541	797
Other	2,220	2,401
Allowance for doubtful accounts	(126)	(131)
Total investments and other assets	39,564	44,832
Total noncurrent assets	81,292	85,848
Total assets	224,412	219,338

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable – trade	18,477	15,448
Short-term loans payable	4,383	1,979
Current portion of long-term loans payable	1,042	4,616
Income taxes payable	3,049	2,037
Deferred tax liabilities	150	125
Provision for bonuses	2,662	1,470
Provision for product warranties	1,897	1,800
Provision for loss on order received	–	8
Other	8,971	10,517
Total current liabilities	40,634	38,004
Noncurrent liabilities		
Long-term loans payable	7,439	2,783
Deferred tax liabilities	5,954	5,577
Provision for retirement benefits	1,764	2,301
Provision for directors' retirement benefits	379	197
Asset retirement obligations	206	210
Other	5,984	5,216
Total noncurrent liabilities	21,729	16,287
Total liabilities	62,364	54,291
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,371
Retained earnings	122,642	122,837
Treasury stock	(12,228)	(12,230)
Total shareholders' equity	158,341	158,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,628	12,246
Foreign currency translation adjustment	(12,103)	(8,918)
Total accumulated other comprehensive income	524	3,327
Minority interests		
	3,183	3,185
Total net assets	162,048	165,047
Total liabilities and net assets	224,412	219,338

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

(Millions of yen)

	First nine months ended December 31, 2011	First nine months ended December 31, 2012
Net sales	110,683	105,787
Cost of sales	73,823	70,631
Gross profit	36,860	35,155
Selling, general and administrative expenses	27,836	29,743
Operating income	9,024	5,411
Non-operating income		
Interest income	205	269
Dividends income	807	814
Realized and unrealized profit on trading securities, net	–	92
Equity in earnings of affiliates	92	2
Gain on sales of investment securities	1,371	6
Other	244	335
Total non-operating income	2,721	1,521
Non-operating expenses		
Interest expenses	166	133
Foreign exchange losses	836	68
Realized and unrealized loss on trading securities, net	211	–
Other	270	418
Total non-operating expenses	1,484	620
Ordinary income	10,261	6,312
Extraordinary income		
Gain on sales of noncurrent assets	1	5
Gain on sales of investment securities	2,972	15
Total extraordinary income	2,973	20
Extraordinary loss		
Loss on retirement of noncurrent assets	99	65
Loss on sales of noncurrent assets	0	14
Impairment loss	437	30
Loss on sales of investment securities	407	–
Loss on valuation of investment securities	1,005	435
Loss on liquidation of business	318	–
Other	87	0
Total extraordinary losses	2,355	546
Income before income taxes and minority interests	10,878	5,786
Income taxes – current	4,943	2,486
Income taxes – deferred	(1,458)	306
Total income taxes	3,485	2,793
Income before minority interests	7,393	2,992
Minority interests in income (loss)	241	(87)
Net income	7,151	3,080

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First nine months ended December 31, 2011	First nine months ended December 31, 2012
Income before minority interests	7,393	2,992
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,441)	(382)
Foreign currency translation adjustment	(4,140)	3,312
Share of other comprehensive income of associates accounted for using equity method	11	—
Total other comprehensive income	(6,569)	2,930
Comprehensive income	823	5,923
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	705	5,883
Comprehensive income attributable to minority interests	118	39

(3) Notes on premise of going concern

None

(4) Notes on significant changes in shareholders' equity

None

(5) Segment information

(Segment information)

**I First nine months of the fiscal year ended March 31, 2012
(from April 1, 2011 to December 31, 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	39,129	69,207	108,336	2,347	110,683	-	110,683
Inter-segment sales or transfer among segments	80	111	192	70	262	(262)	-
Total	39,209	69,318	108,528	2,417	110,945	(262)	110,683
Segment profit	5,779	3,019	8,799	94	8,893	130	9,024

- (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 nine months of the fiscal year ending March 31, 2013
(from April 1, 2012 to December 31, 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	39,761	63,586	103,347	2,439	105,787	-	105,787
Inter-segment sales or transfer among segments	202	48	251	8	260	(260)	-
Total	39,964	63,635	103,599	2,448	106,048	(260)	105,787
Segment profit	4,254	854	5,108	86	5,195	216	5,411

- (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.