

October 31, 2013

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2014 <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 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 with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated performance for the first six months of the fiscal year ending March 31, 2014 (from April 1, 2013 to September 30, 2013)

#### (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 six months ended September 30, 2013	75,754	6.2	5,845	52.3	7,763	142.3	5,158	295.9
September 30, 2012	71,314	(5.0)	3,837	(41.0)	3,203	(53.2)	1,303	(71.5)

(Note) Comprehensive income (loss)

For the first six months ended September 30, 2013: ¥12,361 million [—%]

For the first six months ended September 30, 2012: ¥(3,736) million [—%]

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2013	39.34	—
September 30, 2012	9.94	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2013	238,040	186,276	76.9
March 31, 2013	228,657	176,784	75.9

(Reference) Equity

As of September 30, 2013: ¥183,025 million

As of March 31, 2013: ¥173,629 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, 2013	–	–	–	22.00	22.00
Fiscal year ending March 31, 2014	–	–			
Fiscal year ending March 31, 2014 (Forecast)			–	22.00	22.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2014	160,000	11.5	12,500	64.9	14,500	37.6	10,000	39.8	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 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: Yes

c. Changes in accounting estimates: None

d. Restatements: None

(Note)

Subject to Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Financial Statements, etc.

(4) Number of issued shares (common stock)

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

As of September 30, 2013	139,628,721 shares
As of March 31, 2013	139,628,721 shares

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

As of September 30, 2013	8,503,916 shares
As of March 31, 2013	8,501,642 shares

c. Average number of shares during the period

For the first six months ended September 30, 2013	131,125,870 shares
For the first six months ended September 30, 2012	131,128,878 shares

\* Indication regarding execution of the quarterly review 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.

## Consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	42,136	42,551
Notes and accounts receivable – trade	34,565	35,059
Short-term investment securities	14,140	14,576
Merchandise and finished goods	21,757	22,054
Work in process	5,817	6,667
Raw materials and supplies	10,405	9,679
Deferred tax assets	5,042	5,302
Other	7,497	7,227
Allowance for doubtful accounts	(717)	(625)
Total current assets	140,646	142,493
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	37,546	38,577
Accumulated depreciation	(19,743)	(20,642)
Buildings and structures, net	17,802	17,934
Machinery, equipment and vehicles	22,521	22,824
Accumulated depreciation	(18,775)	(19,036)
Machinery, equipment and vehicles, net	3,745	3,788
Land	9,057	9,140
Construction in progress	1,220	1,328
Other	20,492	22,033
Accumulated depreciation	(15,542)	(16,410)
Other, net	4,949	5,622
Total property, plant and equipment	36,776	37,814
Intangible assets	2,863	3,286
Investments and other assets		
Investment securities	45,384	51,159
Long-term loans receivable	26	7
Deferred tax assets	636	940
Other	2,453	2,461
Allowance for doubtful accounts	(129)	(123)
Total investments and other assets	48,371	54,445
Total noncurrent assets	88,011	95,546
Total assets	228,657	238,040

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	16,610	13,987
Short-term loans payable	1,904	1,752
Current portion of long-term loans payable	4,732	5,269
Income taxes payable	1,927	1,613
Deferred tax liabilities	146	52
Provision for bonuses	2,581	2,505
Provision for product warranties	1,549	1,602
Provision for loss on orders received	17	8
Other	8,481	10,014
Total current liabilities	37,950	36,805
Noncurrent liabilities		
Long-term loans payable	2,791	2,031
Deferred tax liabilities	1,089	3,649
Provision for retirement benefits	2,441	2,662
Provision for directors' retirement benefits	253	501
Asset retirement obligations	211	213
Other	7,136	5,900
Total noncurrent liabilities	13,922	14,958
Total liabilities	51,873	51,763
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	28,371	28,371
Retained earnings	126,912	129,186
Treasury stock	(12,231)	(12,233)
Total shareholders' equity	162,609	164,880
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,666	19,159
Deferred gains (losses) on hedges	(23)	5
Foreign currency translation adjustment	(3,623)	(1,019)
Total accumulated other comprehensive income	11,019	18,145
Minority interests	3,155	3,250
Total net assets	176,784	186,276
Total liabilities and net assets	228,657	238,040

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

Consolidated statements of income (cumulative)

(Millions of yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Net sales	71,314	75,754
Cost of sales	47,984	49,107
Gross profit	23,329	26,646
Selling, general and administrative expenses	19,492	20,800
Operating income	3,837	5,845
Non-operating income		
Interest income	185	282
Dividends income	491	520
Foreign exchange gains	—	589
Gain on trading securities	—	162
Equity in earnings of affiliates	12	—
Gain on sales of investment securities	6	146
Other	166	431
Total non-operating income	861	2,134
Non-operating expenses		
Interest expenses	94	148
Foreign exchange losses	843	—
Loss on trading securities	322	—
Equity in losses of affiliates	—	14
Other	234	52
Total non-operating expenses	1,494	216
Ordinary income	3,203	7,763
Extraordinary income		
Gain on sales of noncurrent assets	2	3
Gain on sales of investment securities	15	355
Total extraordinary income	17	358
Extraordinary loss		
Loss on retirement of noncurrent assets	7	41
Loss on sales of noncurrent assets	13	0
Impairment loss	—	15
Loss on valuation of investment securities	376	945
Loss on sales of stocks of subsidiaries and affiliates	—	4
Loss on step acquisitions	—	5
Loss on valuation of membership	—	2
Special extra retirement payments and related expenses	—	39
Other	0	—
Total extraordinary losses	397	1,054
Income before income taxes and minority interests	2,824	7,067
Income taxes – current	1,655	2,440
Income taxes – deferred	(101)	(497)
Total income taxes	1,553	1,943
Income before minority interests	1,270	5,124
Minority interests in income	(32)	(34)
Net income	1,303	5,158

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Income before minority interests	1,270	5,124
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(2,238)	4,492
Deferred gains on hedges	—	28
Foreign currency translation adjustment	(2,769)	2,711
Share of other comprehensive income of associates accounted for using equity method	—	3
Total other comprehensive income (loss)	(5,007)	7,237
Comprehensive income (loss)	(3,736)	12,361
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(3,653)	12,283
Comprehensive income (loss) attributable to minority interests	(83)	77

**(3) Consolidated statements of cash flows**

(Millions of yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,824	7,067
Depreciation and amortization	3,289	2,394
Impairment loss	—	15
Interest and dividends income	(676)	(802)
Interest expenses	94	148
Loss (gain) on trading securities	322	(162)
Equity in (earnings) losses of affiliates	(12)	14
Loss (gain) on sales of noncurrent assets	10	(3)
Loss on retirement of noncurrent assets	7	41
Loss on sales of investment securities	(21)	(502)
Loss (gain) on valuation of investment securities	376	945
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	4
Loss on valuation of membership	—	2
Loss (gain) on step acquisitions	—	5
Payments for special extra retirement payments	—	39
Decrease (increase) in notes and accounts receivable – trade	3,691	676
Decrease (increase) in inventories	3,552	822
Increase (decrease) in notes and accounts payable – trade	(2,530)	(2,969)
Other, net	(621)	(607)
Subtotal	10,306	7,132
Interest and dividends income received	652	834
Interest expenses paid	(74)	(149)
Income taxes (paid) refund	(2,990)	(2,676)
Net cash provided by (used in) operating activities	7,893	5,141
Net cash provided by (used in) investing activities		
Payments into time deposits	(9,508)	(5,886)
Proceeds from withdrawal of time deposits	7,531	8,031
Payments of short-term loans receivable	(2)	(5)
Collection of short-term loans receivable	42	22
Purchase of short-term investment securities	(3,538)	(556)
Proceeds from sales and redemption of short-term investment securities	2,117	1,659
Purchase of property, plant and equipment	(3,258)	(2,393)
Proceeds from sales of property, plant and equipment	1,031	57
Purchase of intangible assets	(87)	(140)
Purchase of investment securities	(2,787)	(1,520)
Proceeds from sales and redemption of investment securities	52	981
Proceeds from purchase of investments in subsidiaries	—	315
Proceeds from sales of stocks of subsidiaries and affiliates	—	57
Payments of long-term loans receivable	(8)	(134)
Collection of long-term loans receivable	5	0
Other, net	23	84
Net cash provided by (used in) investing activities	(8,387)	570



(Millions of yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,239)	(652)
Proceeds from long-term loans payable	—	750
Repayment of long-term loans payable	(2,378)	(1,888)
Purchase of treasury stock	(1)	(2)
Cash dividends paid	(2,883)	(2,882)
Cash dividends paid to minority shareholders	(37)	(24)
Net cash provided by (used in) financing activities	(6,540)	(4,701)
Effect of exchange rate change on cash and cash equivalents	(1,084)	1,114
Net increase (decrease) in cash and cash equivalents	(8,119)	2,125
Cash and cash equivalents at beginning of period	41,585	43,261
Cash and cash equivalents at end of period	33,465	45,387

#### (4) Notes regarding the consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in shareholders' equity)

No items to report

(Segment information)

I First six months of the fiscal year ended March 31, 2013 (from April 1, 2012 to September 30, 2012)

Information concerning net sales and profit/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	26,404	43,225	69,630	1,684	71,314	—	71,314
Inter-segment sales or transfer among segment	163	35	199	8	207	(207)	—
Total	26,568	43,261	69,829	1,692	71,522	(207)	71,314
Segment profit	3,237	478	3,716	56	3,773	64	3,837

(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 six months of the fiscal year ending March 31, 2014 (from April 1, 2013 to September 30, 2013)

1. Information concerning net sales and profit/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	30,333	44,127	74,461	1,292	75,754	—	75,754
Inter-segment sales or transfer among segment	315	24	340	10	351	(351)	—
Total	30,649	44,152	74,801	1,303	76,105	(351)	75,754
Segment profit	3,685	2,050	5,736	44	5,781	64	5,845

(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.

2. Items Regarding Changes in Reporting Segments (Change in depreciation method for property, plant and equipment)

Previously, the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method as the depreciation method for property, plant and equipment (however, the straight-line method was adopted for buildings and structures acquired after April 1, 1998 (excluding accompanying facilities)). However, from the first quarter of the fiscal year ending March 31, 2014, the depreciation method has been changed primarily to the straight-line method.

Accompanying this change, compared to the previous method used, segment profit for the light sources business, the equipment business and others business for the first six months of the current fiscal year increased by ¥217 million, ¥81 million and ¥5 million, respectively.