

Lighting Edge Technologies

USHIO

ANNUAL REPORT 2005

Year ended March 31, 2005

LIGHT UP THE FUTURE

PROFILE

Ushio Inc. began operations as a manufacturer of industrial light sources in 1964. Since that time, the Company has continued to contribute to innovation in manufacturing technology through the development of new and advanced light sources, optical technology and applications by providing lighting units, devices and systems. As a group of companies engaged in the creation of products and services related to light, and using these to provide “light solutions,” the Ushio Group is strengthening its competitive position and intrinsic value in global markets.

The Ushio Group’s primary business domains are electronics, visual image equipment, office automation (OA) equipment and illumination. The Group aspires to become the world’s leading firm in IT, nanotechnology, biotechnology and other cutting-edge, high-tech fields. With this in mind, we have taken our basic marketing strategy a step further and are currently focusing our operations on pinpointing the needs of individual customers rather than the market in general, thereby enabling a more precise and thorough response.

ELECTRONICS

VISUAL IMAGE EQUIPMENT

OA EQUIPMENT

ILLUMINATION

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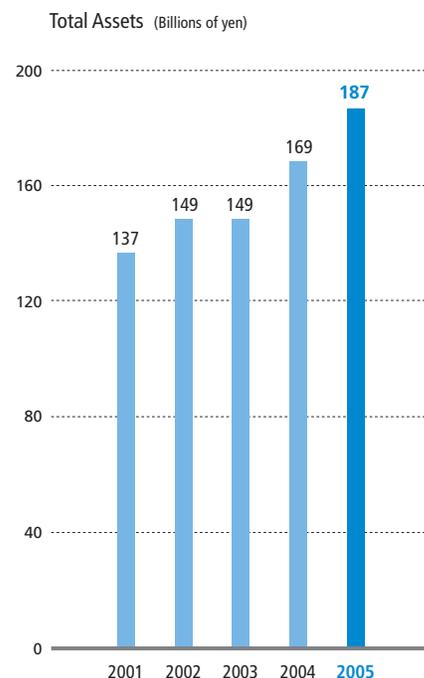
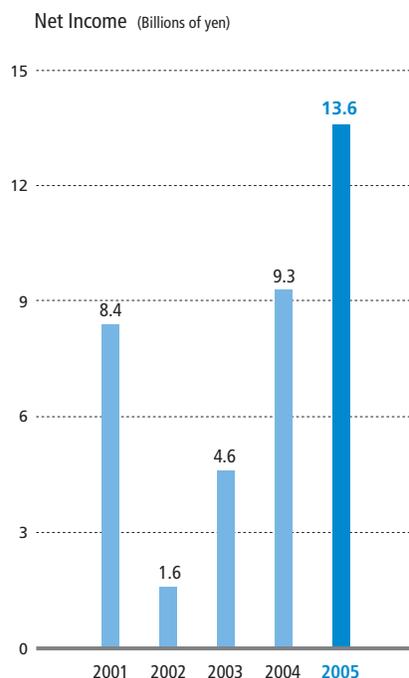
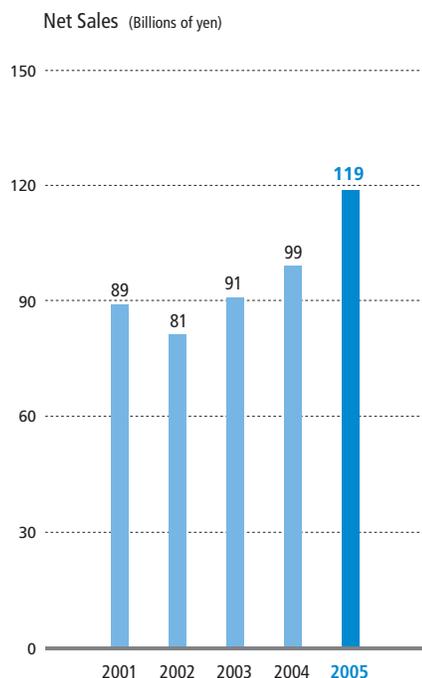
The plans, strategies and other statements related to the outlook for future results in this annual report reflect the assumptions and beliefs of management based on currently available information. However, it should be noted that there is a possibility for actual results to differ significantly owing to such factors as changing social and economic conditions.

CONSOLIDATED FINANCIAL HIGHLIGHTS

USHIO INC. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
FOR THE YEAR:				
NET SALES	¥ 119,159	¥ 99,081	¥ 91,937	\$1,109,591
OPERATING INCOME	20,189	15,006	12,190	187,997
NET INCOME	13,634	9,346	4,651	126,958
AT YEAR-END:				
TOTAL ASSETS	187,251	169,771	149,390	1,743,654
TOTAL SHAREHOLDERS' EQUITY, NET	129,303	117,726	105,582	1,204,051
PER SHARE OF COMMON STOCK (YEN AND U.S. DOLLARS):				
NET INCOME	¥ 98.89	¥ 67.36	¥ 33.14	\$ 0.92
CASH DIVIDENDS	20.00	20.00	13.00	0.19
NET ASSETS	935.80	853.40	764.94	8.71

Note: Fiscal 2005 yen amounts have been translated into U.S. dollar amounts at ¥107.39=US\$1.00, the exchange rate prevailing on March 31, 2005.



Off to a New Start as We Carve Out a Future through “Lighting Innovation”

Since celebrating our 40th anniversary in March 2004, Ushio Inc. experienced its “revitalization,” and subsequently established a new Management Philosophy. Based on four core principles announced upon the Company’s initial establishment, the new philosophy incorporates elements that must be addressed in the current age, such as corporate social responsibility (CSR).

Having pursued the possibilities of light since its founding, Ushio has continued to develop products and devices that provide the functionality and properties of light, evolving from a maker of lamps into a “light solutions” company.

Today, our products are widely employed in cutting-edge industry fields as well as the science and technology arena both as a lighting source and energy source. Our efforts to date have produced countless products that have captured the top global share in addition to earning a sterling reputation for quality.

In order to expand the potential applications of light further, we are also aggressively promoting research and development in next-generation semiconductor systems and digital projection and imaging systems via a wide range of collaborations with leading companies and research institutes. Concurrently, we are exploring new business fields such as biotechnology, medical science and microelectromechanical systems (MEMS).

We are surveying future prospects and optimal business models to ensure that the core development center exists

within the Harima Division, which has carried out sweeping renovations since last year and has already tangibly achieved encouraging results.

Amid an ever-accelerating pace of change, we are operating within an age in which light technology is playing an ever-more critical role in leading-edge fields and in which innovations in light technology directly impact the functionality of advanced products. We will continue to pursue the development of state-of-the-art technologies along with efficient production processes to contribute to the growth of an affluent society, industries and lifestyles through “light innovations,” thereby raising the corporate value of the Ushio Group. Concurrently, we will actively pursue environmental preservation and CSR as we endeavor to continue being a Company that measures up to stakeholders’ expectations.

We ask for your continued understanding and support.



Jiro Ushio
Chairman and Ushio Group
Representative



Shiro Sugata
President and Chief
Executive Officer

Ushio Group Management Philosophy

1

Build both a prosperous Company and prosperous employees.

2

Deliver products and services that are competitive in the global market.

3

Contribute to society through superior products and innovative research and development.

4

Expand profits, corporate responsibility and competitiveness through open and free-thinking business operations.

Displaying the True Power of Ushio in New Fields of "Light" to Ensure Sustainable Growth

President Shiro Sugata discusses Ushio's medium-term vision.

On March 1, 2005, Mr. Shiro Sugata, formerly Representative Director and Corporate Executive Vice President, was appointed President and Chief Executive Officer. Having celebrated its 40th anniversary in 2004, Ushio experienced its subsequent "revitalization" through the launch of new management via reforms in its operational strategy and organizational structure in preparation for future growth. Newly appointed President Shiro Sugata outlines the measures that were enacted within the Ushio Group in the fiscal year under review.



President and Chief Executive Officer

Shiro Sugata

Born in Kobe in 1949. Graduated from Kyoto University, Department of Science in 1972 and entered Ushio Inc. the same year. Appointed Deputy General Manager of Halogen Technology Division of the Harima Plant in 1985; appointed President of BLV LICHT- UND VAKUUMTECHNIK GmbH, a group company in Germany, in 1993; appointed General Manager of Research and Development Center in 1994; concurrently appointed as General Manager of the Business Development Department and New Market Development Department in 1999; appointed Director and Corporate Senior Vice President in 2000 and Director, General Manager of Lamp Division II in 2001, and thereafter appointed to Director, Lamp Company President (present post) in 2003 and Director and Corporate Executive Vice President in 2004. Later in 2004, Mr. Sugata became Representative Director and Corporate Executive Vice President, and was appointed President and Chief Executive Officer of Ushio Inc. in March 2005.

Aspirations

A Level of Growth Appropriate to Ushio's "Revitalization"

First of all, I would like to extend my gratitude to shareholders and investors for their considerable support and encouragement. It is a sobering experience to assume the reigns from former President Akihiro Tanaka, who achieved 10 years of solid performance as exemplified by record sales and income once again in the fiscal year under review. In taking on the weighty duties of President in the Ushio Group's subsequent period of "revitalization," I aim to maximize corporate value through the aggressive promotion of a new strategy geared toward sustainable growth.

In fiscal 2005, which represents a major starting point, we achieved record sales and operating income to mark a truly auspicious start to our "revitalization." This is the result of the comprehensive abilities of all of the divisions within the entire Group cultivated over many years, including development of technologies that meet market needs, expansion of operations that are generating increased demand and building an expanded production structure.

Based on these favorable results, cash dividends increased ¥5.00 for a total of ¥20.00 per share for the fiscal period. Further, in order to respond to the expectations of individual investors, we revised our stock trading unit from 1,000 to 100 shares.

Medium-term Vision
New Strategy for Solidifying the
Future Earnings Base

The Ushio Group drafted the Medium-term Vision in 2004 as a foundation for generating future earnings. As quantifiable goals, we are targeting operating income of ¥25.0 billion and ROE of more than 10% by fiscal 2007, which is the last year of the Medium-term Vision.

The strength of the Ushio Group lies in having numerous products that have secured the top share as a result of customizing advanced products through close collaboration with leading customers around the world. The major concept of the Medium-term Vision is to provide high-

quality products and services and expand the domain of lighting applications by further deepening our trust-based relationships with these customers. As advances in high technology continue in such areas as IT and nanotechnology, demand has grown even stronger for new light sources, lighting devices and systems. The Ushio Group is determined to apply its accumulated proprietary technology and expertise to develop new fields of business.

Core Businesses
Sources of "Stability and Growth"

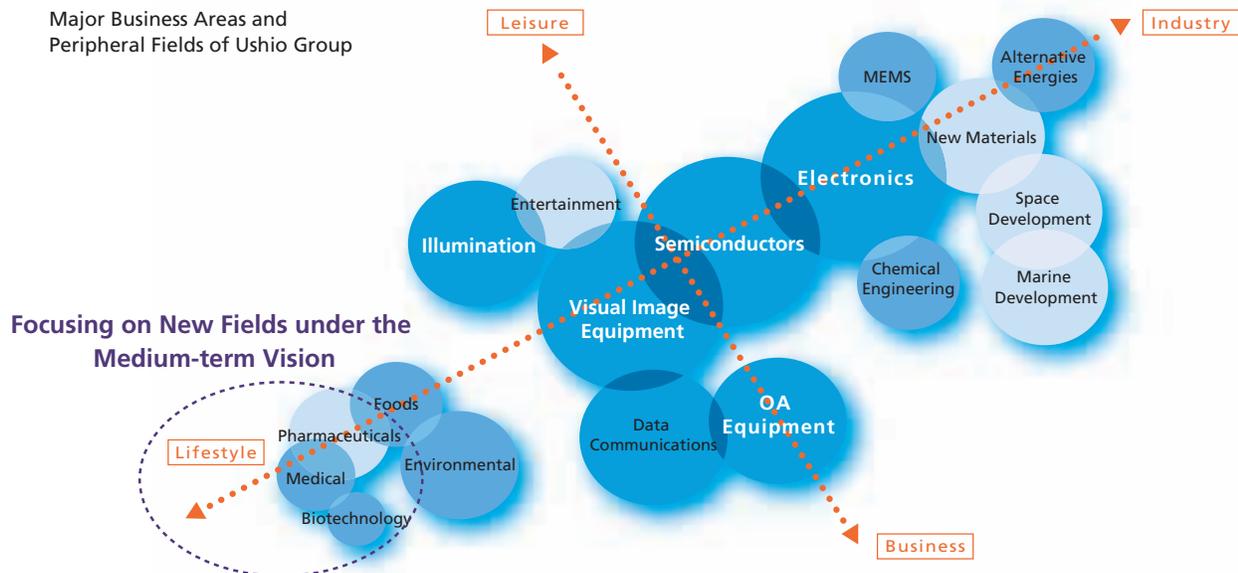
From the latter half of the 1990s, the Ushio Group has been focusing on "photolithography," "high-density mounting" and "digital projection and imaging" as its core businesses.

Since that time, the electronics and the digital projection and imaging fields have expanded significantly, with the steady development of Ushio products in these fields becoming a major source of "stability and growth."

In the electronics field, growth has been recorded in semiconductor photolithography light sources, liquid crystal panel exposure system light sources and optical devices as well as light sources and optical devices for high-density mounting. In the projection and imaging field as well, sales remained steady for light sources for data projectors and various large projection systems.

The projection and imaging field shows signs of a very promising future as witnessed by expanded share of light sources for data projectors and market cultivation of large projection systems. Currently, this field represents 35% of net sales and is likely to reach 45% by fiscal 2007.

We are expanding the lighting field through collaboration.



New Business Scope
Focusing on “Quality of Life (QOL)”

New businesses and new products are the stepping stones to future growth. The Ushio Group has chosen to develop technologies in the areas of lighting units, optical devices and light systems centered around industrial light sources. Application of these light technologies to new fields of growth is also a major goal of the Medium-term Vision.

New fields where demand currently exists include lifestyle, medical, biotechnology and environmental sectors—all of which signify promising areas linked to promoting a better “Quality of Life (QOL).”

In the biotechnology and medical fields, for instance, analysis and diagnostic systems and treatment systems using light are increasingly becoming a reality. As one example of a pioneering product, we jointly developed the world’s first compact liver function testing system that incorporates a biochip with ROHM CO., LTD. in December 2004.

We must pursue “seeds” oriented development that produces new markets through the creation of innovative light applications, as well as “needs” oriented development that creates and provides light applications demanded by users. By accelerating the pace of these two forms of development, we intend to provide pioneering products and services that only Ushio can produce. Moreover, we aim to concentrate further on nurturing alliances in various industries, investing in R&D and hiring and training personnel.

We will expand growth fields in promising areas where QOL is rising.

Business Operations for the Current Term
“Accelerated Management” and
“Groupwide Optimization”

Fiscal 2005 is an extremely critical year for achieving the goals of the Medium-term Vision. Currently, we are in an adjustment phase characterized by a slowdown in the growth rate of the Asian economy, chiefly in China, and a delayed economic recovery in the United States and Europe. However, since capital investment sentiment among liquid crystal-related customers remains steady and demand for data projectors is expanding, forecasts call for a recovery in the second half of the fiscal year.

The Ushio Group will strive to ensure stable results by maintaining its sense of urgency in reorganizing development, production and marketing structures, accelerating management and optimizing the entire Group, as well as redoubling its efforts to capitalize on the coming recovery.

In placing a top priority on quality, we aim to augment and expand our operational base by means of providing timely products and services, reducing production costs, reinforcing overseas production and marketing structures and promoting new product development in the high-tech and other growth fields.

In the term ahead, we ask for your continued understanding and support.



Key Concept for the Medium-Term Vision—Strategy for Projection and Imaging Business

AIMING TO BE A “HIGH-END PROJECTION SOLUTIONS PROVIDER”

The Ushio Groups’ Medium-term Vision calls for raising the portion of net sales of the projection and imaging business from 35% to 45% by fiscal 2007. Since the projection and imaging market is expected to grow dramatically amid progress in digitalization and IT, Ushio is promoting aggressive business operation targeted at becoming a “High-end Projection Solutions Provider.”

Business Outline—Unifying Four Digital Projection Technologies

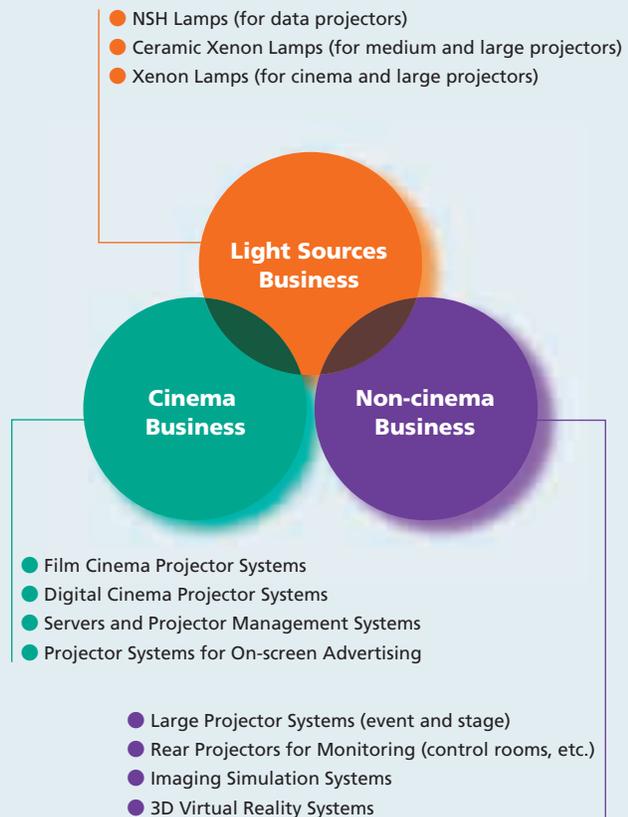
The Ushio Group’s projection and imaging business is expanding on a global scale in the areas of lamps, cinema and non-cinema including industrial fields.

Since developing xenon short-arc lamps for cinema projectors in 1957, Ushio has been offering the world light sources for projection and imaging. In order to build off of this track record and address advances in digitalization within the projection and imaging business as well as promote broad-based expansion, Ushio acquired U.S.-based Christie, Inc., a film projection system manufacturer with a worldwide presence, in 1992. In 1999, Ushio acquired the digital imaging division of Canada-based Electrohome Limited and spun it off into the subsidiary Christie Digital Systems, Inc. (CDS). In 2000, Ushio entered a supply contract with U.S.-based Texas Instruments Incorporated (TI) for optical devices (Digital Micromirror Device™ (DMDs) and Digital Light Processing (DLPs) devices for cinema use) essential to digital cinema projectors. Through these efforts, the Ushio Group is the only Group to assemble and possess the four technologies essential to the digital projection and imaging business, specifically, light sources, cinema projectors, digital imaging technologies and optical devices.

Based on these advantages, the Ushio Group aims to become a “High-end Projection

Solutions Provider” that offers comprehensive support in system solutions, services and maintenance centered around large, high-end projection systems.

Ushio’s Projection and Imaging Business



■ Light Sources

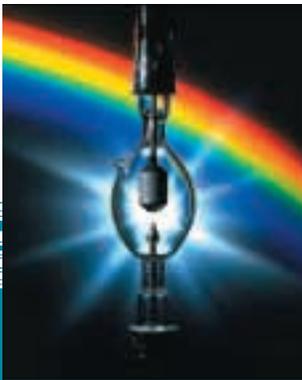
The Ushio Group commercializes and provides to the world a wide array of lamps essential to projection and imaging systems.

The most remarkable growth is being seen in data projector lamps. Global demand for data projectors, which display the images and data from computers on a screen for conferences and presentations, is forecast to expand from 3.5 million units in fiscal 2004 to 5 million units by fiscal 2006 (Source: Company data).

The Ushio Group has secured the top global share of 35% for data projector lamps by participating from the planning stage involving new product development of top projector manufacturers as well as by concentrating on providing the most suitable lamps. In lamps for cinema projectors and large projector systems, for instance, the Group pursued development of xenon short-arc lamps that offer a bright, sharp visual display. Lamps for cinema projectors attaining a 55% global share reflect the success of these efforts.

The Ushio Group is expanding its lineup of lamps in response to increasing demand and

applications for projectors. As one measure in achieving this objective, the Group entered into a capital participation agreement in 2004 with VaConics Lighting, Inc., a U.S.-based manufacturer of ceramic xenon lamps for medium and large projectors, and collaborates in production and marketing activities. In doing so, Ushio has formed a structure that can assure top share by expanding the lineup of light sources for projection equipment, and in turn, meet the entire range of needs among equipment manufacturers from small data projectors (100W-class) to large cinema projectors and projection systems (15kW-class).



Xenon Short-arc Lamp Light Source for Cinema Projectors and Large Projectors

A high-intensity point-source lamp filled with xenon gas. With a spectrum closer to natural sunlight than that of any other artificial light source, these lamps are unique in offering superb color representation, high luminance, long life and ease of maintenance. Ushio offers a wide lineup ranging from the world's largest 15kW to 1kW lamps.



NSH Lamp Light Source for Data Projectors (High-intensity Discharge Lamp)

A next-generation short-arc lamp featuring high luminance and long life. Employed widely as a light source for various products from data projectors to small projectors, these lamps are among the most promising products in the future.



**Ceramic Xenon Lamps with Internal Mirrors
—Light Source for Medium and Large Projectors—**

A highly stable lamp that is highly compact, efficient and releases heat superbly through use of a ceramic-metal grafting. Employed widely in industrial projectors and other devices on account of excellent color representation.

■ Cinema

The number of theater screens in the world is said to total roughly 70,000. Beginning with the United States, which represents 36,000 or nearly half of this figure, as well as Europe and Japan, theaters known as multiplexes that boast multiple screens are becoming commonplace. The number of multiplexes, which have approximately 10 screens, has risen dramatically as shopping malls and main streets undergo redevelopment, accompanied by a marked rise in the number of screens worldwide. While the number of screens declined at one time from a high of 7,500 to roughly 2,000 in Japan, the number has risen once more to around 3,000 on the back of the boom in multiplexes in the 1990s.

Of particular note in the cinema industry are the conversion from film to digital reels in

addition to advertising distribution services that employ networks. The merits of such digitalization are that films do not degrade, production costs are reduced and distribution costs are lowered due to the use of satellite. Satellite distribution will likely enable the expansion of markets through such new offerings as live broadcast of sports events and concerts in theaters.

While the Ushio Group has achieved a top world-class track record in film projectors, it is also a leader in the cinema industry as a result of commercializing high-definition digital cinema projectors and the on-screen advertising system "CineNET" in response to rapid advances in digitalization.



Xenon short-arc lamp light source for cinema projectors

Cinema Light Sources

Lamps have supported the evolution of cinema. The incandescent lamp was the light source for the kinematoscope invented in 1896 by Thomas Edison. Carbon arc lamps were used later on, and with the production of color movies in the 1950s, xenon lamps began to play an increasingly important role due to their high luminance and superb color representation.

Ushio developed the xenon short-arc lamp for cinema projectors in 1957, followed by the large 70mm xenon short-arc lamp for cinema in 1966. Afterward, Ushio developed xenon lamps with excellent characteristics and has been supplying these lamps worldwide.

Cinema Multiplexes

Appearing in the 1980s, multiplexes offer roughly 10 screens within one theater so that visitors can enjoy a wider choice of movies. Today, they have taken root worldwide as the mainstay format of the cinema industry.

In relation, multiplexes have greatly fueled market expansion for projectors and other equipment. As digitalization advances, such products are expected to evolve into key terminals for the large-scale movie amusement business not only through movies but also such offerings as live broadcasts of sports events and theater via digital satellite distribution.

Cinema Projectors

The Ushio Group develops and produces projectors and projector systems, with CDS capturing the top global market share of around 35% for cinema projectors. In the field of digital cinema projectors, CDS boasts roughly 70% of the global market share.

Ushio began developing digital cinema projectors through collaboration with TI and CDS, in which the latter started commercialization of the world's first digital cinema projector in the form of the DCP Series in 2000. In Japan, Xebex, Inc., a member of the Ushio Group, holds roughly 70% of the market share for cinema projectors and continues to make steady gains following the release of its first digital cinema projector in 2001.

A succession of famous digital movies have been released lately, including *Star Wars Episode 1: Phantom Menace*, *Tarzan*, *Toy Story 2* and *Harry Potter*, indicating a rising need for digital movies.

The Ushio Group is actively pursuing alliances with companies in the three cinema industry categories of production, distribution

and promotion in tandem with promoting the advance of digitalization.

*In June 2005, the Ushio Group launched a strategic plan to collaborate with a U.S.-based digital film distribution company in introducing its digital projection system to 2,500 screens in the United States and Canada over the course of two years.

"CineNET" On-screen Advertising System

Previews and theater advertisements broadcast in theaters or lobbies are also converting from film to digital reels. The Ushio Group has rapidly undertaken commercialization of "CineNET," a network-based on-screen advertising system, and subsequently has begun offering this system on 4,000 screens through a collaboration with CDS and a major promoter in the United States. In Japan, Xebex is also implementing introduction of "CineNET" in collaboration with cinema promotion companies and advertising agencies. This system is attracting wide attention from advertisers and the advertising industry as a new marketing method provided via a network as well as for its labor saving benefits in theaters.



On-screen Advertising System "CineNET"

A network-based image delivery and display system. The data for previews and theater advertisements is sent from the control center and then displayed using a special use projector. The system saves labor in the theater by offering remote control and maintenance of the showing schedule and devices.



Latest "CP2000" Digital Cinema Projector

A DLP Cinema* projector that reproduces digital data using a DMD developed by Texas Instruments.

DMDs feature millions of microscopic reflective mirrors that control refractive light with the touch of a button by altering the angle of the mirrors via electronic signals. They utilize a greater portion of light compared with liquid crystal and offer high definition, making them optimal for large-screen cinema projectors and large projection systems.

The "CP2000" is a digital cinema projector with next-generation specs that offers 2048 x 1080 pixel resolution.

*DLP Cinema is a trademark of Texas Instruments Incorporated.

■ Non-Cinema

The Ushio Group is also acquiring a proven track record worldwide in the non-cinema field by developing comprehensive support systems in the form of system solutions, service and maintenance chiefly for high-end large projector systems. These systems are being employed not only in such sectors as the entertainment and amusement fields but also in such industrial applications as simulation training systems and 3D virtual reality systems. Complete immersive 3D virtual reality systems, in particular, are forecast to become an expanding market as a new form of visual application.



DLP Projector for Large Projector Systems

A high-end model offering high-intensity and high definition for heavy use on stages and in concerts. Achieves a maximum 2048 x 1080 resolution through an onboard three-chip DMD engine, as well as intensity of up to 25,000 lumens with a 2-6kW xenon lamp to produce high-resolution, high-quality, large-scale images that meet professional needs.



Large-scale images for use in theme parks, events and concerts are becoming a staple of performances. Such large projectors as CDS' "Roadie" are employed widely in stages around the world, with 2005 seeing their widespread use in visual displays at The 2005 World Exposition, Aichi, Japan.

(Projection onto waterjet screen in the "Koi Pond" at the 2005 World Exposition, Aichi, Japan)

Provided courtesy of Oracle Laser Productions and Oracle Projects International

Large Projector Systems

The use of large projector systems in such performances as theme parks, stage and concerts has become increasingly common.

The Ushio Group is commercializing a wide range of large projector systems that employ front digital projectors based on high-intensity lamps, high-definition digital projection technologies and optical devices cultivated in the cinema business. The Group is also commercializing permanent projectors for use in museums and pavilions, as well as large projector systems for use in amusement parks, concert halls and sports facilities.

Projection Systems for Control Rooms

CDS is obtaining promising results with rear projector systems for monitoring. Based on a rear projector measuring between 50 and 70 inches in dimension, these systems offer smooth, seamless visual images, and are widely used in the United States, Europe and Asia. Such examples include Italian Railways, the Shanghai Expressway Control Center, KSTS (South Korean public broadcasting), railroad and traffic control centers, disaster centers and broadcasting control rooms.

Simulation Systems

CDS also has a proven track record in simula-

tion systems that mimic visual imagery and mechanical movements using a large projector system. This realistic simulation system is provided for such applications as operator training for airplanes, trains and automobiles, military training and geological exploration.

3D Virtual Reality Systems

These systems enable natural 3D imagery through use of large projector systems and special shutter goggles.

"Holo Stage," an advanced immersive virtual reality system employing five projectors, has been highly regarded for its ability to reproduce a visual environment roughly equivalent to a virtual world. With its introduction and growing use among leading automobile manufacturers, the system is being employed in design development to produce full-size 3D images of automobiles. Appliance manufacturers are also using the system in such applications as the design of home appliances tailored to specific interiors by reproducing living spaces. 3D virtual reality systems are also increasingly being used in earth sciences, medicine and meteorology in order to visualize situations that are typically not visible, with more widespread application anticipated in such fields as construction and design and entertainment.



Shanghai Expressway Control Center. A total of 12 units of CDS' GraphXMASTER CX50-100U display cubes are installed at the center.



Visual simulation system for air traffic control training

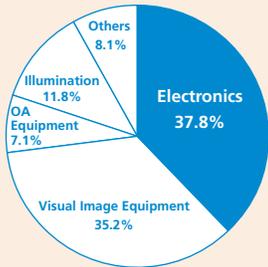


Immersive Virtual Reality System

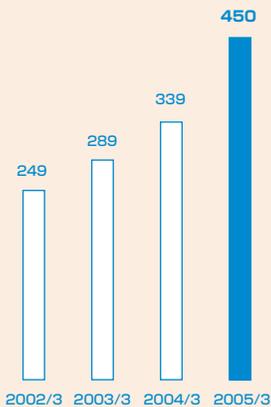
This system is increasingly being used in industry for such applications as design review of newly developed automobiles and design checks.

Ushio offers light sources and optical devices for development and production fields that handle increasingly high-density, high-performance electronics products, thereby contributing to technological innovation among corporate customers.

Contribution to Net Sales of the Electronics Business



Net Sales in the Electronics Business (¥100 million)



Liquid Crystal Production Fields as the Engine of Growth

The use of liquid crystal displays (LCDs) is expanding from PCs to televisions among digital home appliances. Amid this trend, Ushio’s liquid crystal manufacturing equipment-related business recorded a marked increase in sales. UV curing equipment that bonds LCDs and Excimer VUV/O₃ surface cleaning equipment for LCD glass substrates, as well as TAB exposure systems that connect LCDs with integrated circuit (IC) drivers, in particular, demonstrated rapid growth, which subsequently spurred growth in UV and excimer lamps used in these optical devices.

Aside from liquid crystal-related products, performance was also brisk for UV lamps for semiconductor photolithography, Spot Cure UV curing equipment used in DVD pickup lens and digital camera lens bonding, as well as printed circuit board manufacturing equipment. Net sales in the electronics field jumped 33% to ¥45.0 billion compared with the previous fiscal year.

Expanding “Number One, Only One” Products

Super-high-pressure UV lamps manufactured by Ushio have acquired a sterling reputation for their use as lithography lamps in exposure

systems for the microfabrication of circuit boards, including for semiconductors. The Company has an 80% share of the global semiconductor photolithography light source market, and an 80% share of the global market for liquid crystal panel exposure system light sources.

In optical devices for LCD manufacturing, Ushio boasts a global market share of 70% for UV curing equipment, 95% for excimer systems for LCD cleaning and 100% for TAB exposure systems.

For the coming fiscal term, Ushio has begun refining its light sources and optical devices for use in LCDs, for which development is accelerating in line with increasing screen sizes and greater resolution. Similarly, Ushio is entering the inspection field with the commercialization of the TAB External Inspection System in 2004. Applications of these technologies to such products as plasma displays and organic electroluminescent (EL) displays are expected.

In 2004, Ushio has released such new products as a spray coater (photo-resist coater) in the MEMS field, which is anticipated to be a next-generation market. Aggressive efforts are also being made to develop new business fields.



Super-high-pressure UV lamps and optical unit for LCD photolithography



UV curing equipment for bonding LCD crystal panels



TAB External Inspection System

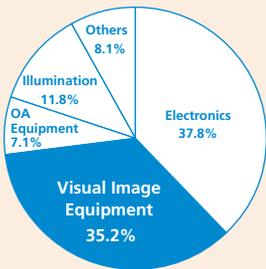


Spray coater (photo-resist coater) for MEMS

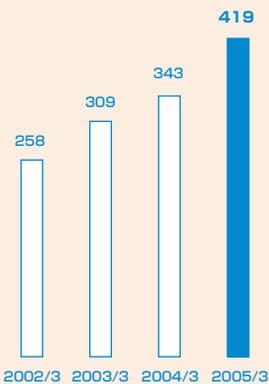
Visual Image Equipment

Ushio's light sources and equipment have established a strong presence in the projection and imaging field. Founded on digital technologies, Ushio aims to develop its solutions business model, including new projection systems, service and maintenance, to become a "High-end Projection Solutions Provider."

Contribution to Net Sales of the Visual Image Equipment Business



Net Sales in the Visual Image Equipment Business (¥100 million)



Dramatic Market Expansion for Lamps and Projection Equipment

The data projector market expanded to 3.5 million units, resulting in an increase in sales for NSH lamps and similar high-intensity discharge lamps employed in them.

In projection equipment, strong sales of large projector systems were recorded chiefly in the United States, and sales of cinema projectors rose in the United States and Europe on the back of the proliferation of theater multiplexes.

As a result, net sales in the Visual Image Equipment field increased 22% to ¥41.9 billion compared with the previous fiscal year.

Global Expansion Fueled by Advances in Digitalization

With their high output and excellent color reproduction, Ushio's high-intensity discharge lamps are used widely in data projectors, in which Ushio boasts a 35% share of the global market.

In projection equipment, Ushio offers a complete lineup of projectors, light sources and related equipment primarily via its U.S. subsidiary, Christie Digital Systems Inc., which is the core division of the projection and imaging business. Ushio's share of the global market is 35% for cinema projectors and 55%

for xenon projector lamps. Ushio was also quick to commercialize digital cinema projectors to meet the shift to digital equipment in movie theaters, and now holds a 70% share of this market worldwide.

Even before their application in cinema, the industrial applications for such large digital projection technologies had been steadily expanding from event projection and similar entertainment fields to projector systems for control rooms, simulation systems for driver education and 3D design review systems for use with automobile and home electric appliance design.

As new business fields, progress continues in such businesses as digitally distributed on-screen advertising services and monitoring systems for facilities and buildings.

The Ushio Group will work to promote its global business strategy through the digital projection and imaging business as one of its businesses with excellent future prospects.



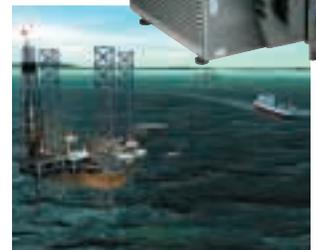
15kW xenon short-arc lamp for large projection equipment



High-intensity discharge lamp (NSH lamp) for data projectors



3D automobile design review

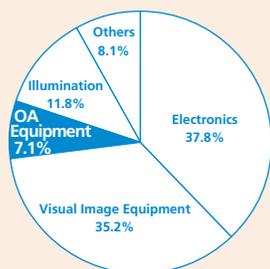


Simulation projection for marine resource development

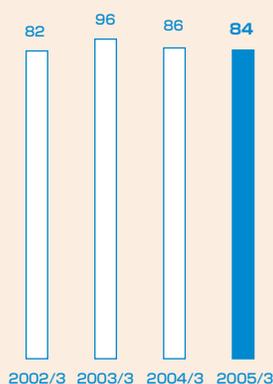
Office Automation (OA) Equipment

Ushio OA light sources have built a half-century track record since UV lamps for diazo (blueprint) copiers were developed. Today, Ushio provides lamps for a variety of devices ranging from large printers to copiers, laser printers and facsimile machines.

Contribution to Net Sales of the OA Equipment Business



Net Sales in the OA Equipment Business
(¥100 million)



Working to Raise Added Value and Reduce Costs

OA lamps are experiencing stable demand chiefly for copier and large printer markets.

The Ushio Group pursued a shift from halogen lamps to high value-added discharge lamps as well as thorough cost reduction through improvements in productivity.

In aggregate, net sales in the OA equipment field edged down 2% to ¥8.4 billion from the previous fiscal year.

Reinforcing a Manufacturing Structure Optimally Located Near Markets

Ushio's lamps have been increasingly used as light sources for copiers and printers and as toner fixing heat sources.

Within such applications, exposure light sources have shifted from halogen lamps to the highly energy-efficient xenon fluorescent lamps to address digitalization in OA equipment. Ushio supplies these lamps to Ricoh Co., Ltd., Fuji Xerox Co., Ltd. and Canon Inc. in addition to other large office equipment manufacturers, and with a 65% share of the market, is the world's top maker of xenon fluorescent lamps.

Ushio has resolved to provide an ever-wider array of lamps and light source units to

keep pace with the advances and diversification in office equipment.

Another major theme of the fiscal year has been the reduction of costs through reliance on a manufacturing structure optimally located near markets. As office equipment manufacturers have increasingly shifted production to China in recent years, Ushio established Ushio (Suzhou) Co., Ltd., a lamp factory in Suzhou, Jiangsu Province, China, in 2004, following the 2003 opening of Ushio Hong Kong, Ltd.'s Pan Yu Plant in Guangdong Province, China. The lamp factory in Suzhou went online in January 2005, and produces OA equipment lamps along with conducting post-processing for projector lamps.

With the inclusion of Ushio Philippines, Inc., the Ushio Group manufacturing bases operating in the OA field now total three. Together, these bases form an even more reliable production structure for users in terms of supply capacity, meeting delivery deadlines and risk response.



Xenon fluorescent lamp exposure unit for copiers



Toner fixing halogen lamp



Ushio (Suzhou) Co., Ltd. in Suzhou, China

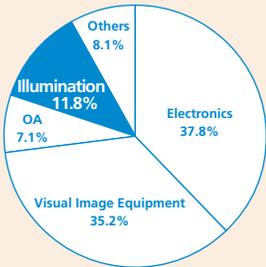


Ushio Hong Kong, Ltd.'s Pan Yu Plant in Guangdong, China

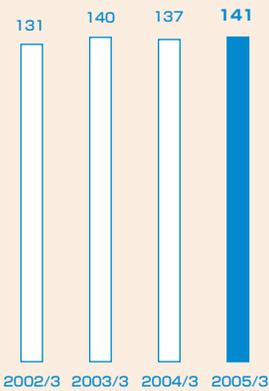
Illumination

The Ushio Group has a proven record in illumination systems for stages, studios and ceremonial halls, as well as illumination systems for retail and other commercial spaces, thereby contributing to performances that offer a novel atmosphere using light. The Company is also addressing a wide range of needs in such fields as halogen lamps for automobiles and aviation illumination.

Contribution to Net Sales of the Illumination Business



Net Sales in the Illumination Business (¥100 million)



Expanding Sales with New Products

The illumination field is a major pillar of business, representing 12% of consolidated net sales. This market is maturing on a global scale, and Ushio is improving performance by aggressively developing new products with superb functionality and refined design.

Net sales in the illumination field rose 3% to ¥14.1 billion compared with the previous fiscal year.

Focusing on Creating a Total Atmosphere through Light

Ushio offers comprehensive support in everything from light sources to illumination system designs and illumination equipment and other fixtures and fittings, chiefly via Ushio Lighting, Inc., which was newly formed following a merger between Ushio Lighting, Inc. and Ushio U-Tech, Inc. in April 2004.

In the development of light sources, Ushio has concentrated on developing light sources demanded by users through close collaboration with illumination designers. One product of such collaborations has been the "U-ONE" ceramic metal halide lamp with integrated ballast. This 24W lamp offers such energy-saving features as a brightness equivalent to a 100W halogen lamp due to better energy efficiency (Source: Company

comparison data), a useful life of 6,000 hours and reduced air-conditioning costs due to lower radiant heat. The "U-ONE" lamp has also been awarded the Good Design Award by the Japan Industrial Design Promotion Organization.

In addition, Ushio developed the shield beam halogen lamp for use on stage and in studios, where high-output, high-luminance flux and high-color temperature is required amid advances in high-definition technology. The Company also developed the "MRX-JR" reduced-glare halogen lamp.

In illumination for commercial facilities, Ushio's technologies have gained a strong reputation through wide application in the illumination systems of new shopping malls and artistic buildings built in relation with redevelopment efforts in central Tokyo.

Ushio aims to build a wide range of businesses through the development of light sources that meet such modern needs as energy conservation and enabling performances that create richer atmospheres.



Pin spots, a standard type of stage lighting



"DL-2" digital lighting system



"U-ONE" ceramic metal halide lamp with integrated ballast



"MRX-JR" reduced-glare halogen lamp

Proactive Capital Investment for Future Growth —Construction of Four New Buildings at Harima Division and Gotemba Division

To strengthen and expand domestic R&D and production bases, Ushio has pursued capital investment on an unprecedented scale, including the construction of new buildings between 2004 and 2005.

Based on the Harima Division Modernization Plan, which takes a long-term (10-20 year) perspective, Ushio aims to make the Harima Division—the principal lamp production facility—into an innovative plant that collaborates with customers, universities, research institutes and other partners, while training the next generation of personnel and strengthening its ties to the community. Two new buildings (Building A and Building B) were completed in December 2004. Building A, which functions as a research center, provides collaboration rooms for joint research and experimentation as well as presentation and

meeting spaces. Building B, which consolidates manufacturing space for lamps, is incorporated with new state-of-the-art facilities and employs a bright, open building design that provides a pleasant work environment for employees as well as customers and members of the community during visits.

The Harima Division is continuing construction on Building C, which will be utilized for expanded lamp production, with completion scheduled for November 2005.

Similarly, the Gotemba Division is pursuing construction of a new building that will contribute to augmented production of lamps and systems, with completion scheduled for August 2005.



Collaboration mall offers an open and bright design space.

Stock Trading Unit Revised from 1,000 to 100 Shares from June 2005

Ushio is constantly aware that ensuring returns to shareholders is a crucial management issue, and is consequently working to reinforce its financial structure and operational base to raise corporate value and offer a return on investment.

The trading unit for Company stock has traditionally been 1,000 shares, but there has been an increasing desire on the part of many to make investing easier for individual investors

under current stock prices. For that reason, we decreased the trading unit from 1,000 to 100 shares in June 2005 to expand the investor base chiefly with individual investors and raise the liquidity of Ushio stock in the market.

Ushio values communications with shareholders and is making a concerted effort to pursue shareholder-oriented management.

A Succession of Innovative Developments and Products to Create New Fields

■ JOINT DEVELOPMENT OF WORLD'S FIRST LIVER FUNCTION TESTING SYSTEM THAT INCORPORATES A BIOCHIP

Ushio jointly developed the world's first compact liver function testing system that incorporates a biochip with ROHM CO., LTD.

While conventional liver function testing takes several days to analyze blood using a large autoanalyzer, this new system combines ROHM's biochip, developed based on their semiconductor technologies, with Ushio's compact blood analysis device and is able to sample and process just a trace element of blood to generate results in just a few minutes. This blood analyzer employs a newly developed compact high-precision μ -lamp (micro lamp).

ROHM and Ushio will continue to collaborate in development and application research in preparation for commercialization in 2007.



Ushio blood analysis device



ROHM biochip

■ DEVELOPMENT OF MICRO TAS BONDING EQUIPMENT THAT USES VACUUM UV (VUV) FOR SURFACE PROCESSING FOR THE FIRST TIME IN THE WORLD

Ushio developed bonding equipment for micro TAS (total analysis system) that uses VUV for the first time in the world through collaboration with the University of Tokyo.

Micro TAS comes as a package system comprising microscopic circuits on glass and plastic substrates, micro pumps, micro reactors, analytic sensors and information processing and communications devices. Such materials as blood and chemicals can be tested and monitored with just a small sample, and are gaining attention in such fields as medicine, biotechnology and environmental monitoring.

Conventional micro TAS production generally entailed bonding a substrate to a silicon-rubber substrate, but often suffered from peeling. This device resolves that defect by processing the surface with an excimer lamp using VUV, enabling a more complete bonding. The first unit was delivered to the University of Tokyo's Institute of Industrial Science for testing and research.



Micro TAS bonding equipment

■ DEVELOPMENT OF MEMS-COMPATIBLE SPRAY COATER

Ushio developed a spray photo-resist coater suited for use in MEMS production, and introduced it into the market in December 2004.

MEMS is a multifunctional device comprised of miniature electronic and mechanical components fabricated on a tiny substrate. The MEMS manufacturing method is similar to those used in producing semiconductors, whose essential processes include the patterning of circuitry and components using photolithography. While semiconductor production generally entails spin coating a photo-resist onto a flat silicon wafer, stepped MEMS substrates require special coating technologies.

Based on the research performed by the Hane-Sasaki Laboratory (School of Engineering, Tohoku University), a device was jointly developed with Ushio that forms a uniform

photo-resist layer on a stepped substrate. Ushio has already commercialized a "Large Area Projection Exposure System" ideal for stepped substrate exposure, and aims to expand applications related to coating and exposure.



Uniform resist application on stepped substrates is achieved through use of Ushio's spray photo-resist coater.



Toward Realizing a Sustainable Society

Based on its Management Philosophy drafted in March 2005, the Ushio Group is pursuing a diverse array of economic, social and environmental activities to preserve harmony between society and the environment.

“Revitalization” —Establishing a New Management Philosophy

To commemorate its “revitalization” on its 40th anniversary, the Ushio Group launched a new business strategy and organizational reforms to return once more to the original aspirations and founding spirit of the founder. On March 1, 2005, Ushio drafted its new Management Philosophy. Based on the core policies announced upon its initial establishment, the new philosophy incorporates social elements requiring the Company’s attention in today’s modern era.

Ushio also wants to contribute to the realization of a sustainable society as a means of gaining acceptance from society as well as to meet stakeholder needs. This is being accomplished chiefly through the establishment of the “10 Guidelines for Business Activities” for employees as well as through promoting a solid financial structure and preservation of the global environment to achieve coexistence with society.

USHIO GROUP MANAGEMENT PHILOSOPHY

1. Build both a prosperous Company and prosperous employees.
2. Deliver products and services that are competitive in the global market.
3. Contribute to society through superior products and innovative research and development.
4. Expand profits, corporate responsibility and competitiveness through open and free-thinking business operations.

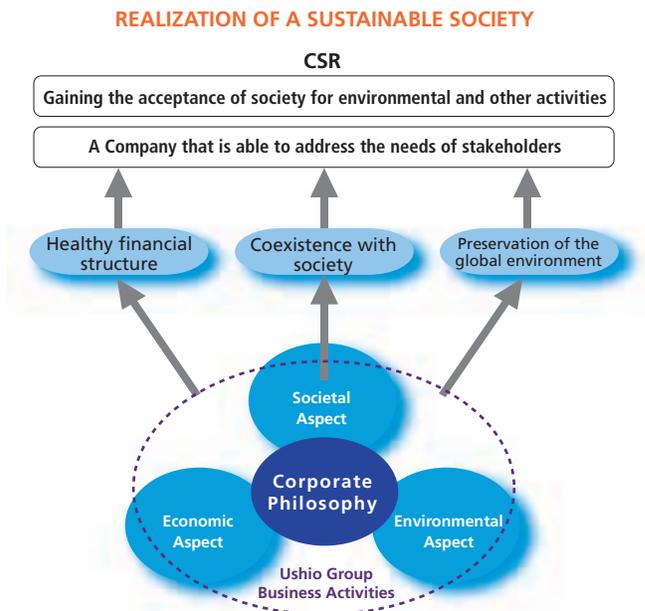
CSR —Efforts Covering a Broad Base of Perspectives

Corporate social responsibility (CSR) involves many topics encompassing such spheres as society, the environment, labor, human rights, quality, compliance, information security, risk management and corporate ethics. Ushio is pursuing wide-reaching economic, social and environmental measures to address all of these themes.

USHIO’S CSR POLICY

1. We will comply with laws, observe general non-legal rules and public decrees, and pursue business activities that are socially responsible.
2. We will contribute to the realization of a sustainable society through environmental preservation efforts.
3. We will promote communication with customers, shareholders and other stakeholders in our effort to gain the trust of society.
4. We will conduct highly transparent management operations with appropriate disclosure in our effort to gain the trust of society.
5. We will contribute to local communities and work to achieve a mutually beneficial coexistence with society.
6. We will respect the diversity of our employees, work to create a work atmosphere where they can thrive and tie the prosperity of the Group to the fulfillment of each employee.

Note: Corporate Social Responsibility (CSR)
CSR is defined as activities that are beneficial to society and the environment outside of the conventional areas of corporate activities, products and services, and that are valued by such stakeholders as shareholders, employees, customers, partner companies and the community.



Environmental Measures —Refining Environmental Management

In fiscal 2003, the Ushio Group formulated the Environmental Policy as well as the Environmental Action Plan to carry it through to 2006, and is currently working as a Group to carry out the tenets of the plan.

In fiscal 2004, given the importance of laying down a basic framework for environmental management, Ushio developed various training and educational guidelines regarding the environment and pursued disclosure in the form of publishing the *2004 Environmental Report* and posting information on the Company website. In tandem, the Company conducted such environmental preservation activities as green procurement, developing environmentally friendly products, global warming countermeasures, zero emissions and recycling, while also acquiring ISO 14001 certification for environmental management.

In fiscal 2005, Ushio worked to build a sustainable society by refining existing environmental management and under-

took efforts to further augment sustainable management strategies that take into account economic, social and environment factors.

GOALS OF THE ENVIRONMENTAL ACTION PLAN

Green Procurement	Green procurement of components exceeding 99% (FY05) 100% green procurement of office supplies (FY04)
Developing Environmentally Friendly Products	Developing environmentally friendly products in all mainstay product fields (FY06) Substitution of substances covered by the RoHS Directive* (Ongoing) (FY04)
Global Warming Countermeasures (Energy-saving Countermeasures)	Reducing CO ₂ emissions per unit of sales by over 10% to FY1990 level (FY06)
Zero Emissions	Achieve zero emissions (99% utilization rate) (FY05)
Development of Environmental Management Systems	Acquisition of environmental management system certification for all business sites (FY06)

*Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive, European Union

ISO 14001

—Acquisition of Certification for All Ushio Inc.'s Domestic Sites

In fiscal 2004, the Ushio Head Office, Gotemba Division, Tokyo Sales Headquarters and the Osaka Branch acquired ISO 14001 certification, marking the completion of certification for all Ushio Inc. facilities. Moreover, Group companies Nihon Denshi Gijutsu, Inc. and Tsukuba Ushio Electric, Inc. have also acquired certification, with plans calling for acquiring certification for all domestic facilities of the Group during fiscal 2005.

For the Group's overseas companies, we acquired certification for Taiwan Ushio Lighting, Inc., Ushio Philippines, Inc. and Ushio (Suzhou) Co., Ltd. in fiscal 2004, with plans to acquire certification for all other facilities worldwide during fiscal 2006.

Ushio aims to extend its environmental management system to include the Group's overseas plants by fiscal 2006 as outlined in the Environmental Action Plan.



OVERVIEW OF ISO 14001-CERTIFIED SITES (Includes ISO 9000 Series)

■ Ushio Inc. and Domestic Group Companies

Company Name (or division name)	ISO 14001	ISO 9000 Series
Harima Division	Oct. 1997	May 1993
Ushio Lighting, Inc.	Jan. 2003	Dec. 2000
System Company	Feb. 2004	-
Gotemba Division, Tokyo Sales Headquarters and Osaka Branch	Oct. 2004	-
Ushio Inc. Head Office	Dec. 2004	-
Nihon Denshi Gijutsu, Inc.	Aug. 2004	May 1999
Tsukuba Ushio Electric, Inc.	Apr. 2005	Jan. 2002
Gunma Ushio Electric, Inc.	Scheduled for Spring 2006	Mar. 2004

■ Overseas Group Companies

Company Name (or division name)	ISO 14001	ISO 9000 Series
Ushio Hong Kong Ltd.	Jan. 2004	Feb. 1998 (9002)
Taiwan Ushio Lighting, Inc.	Apr. 2004	Jul. 1997 (9002)
Ushio Philippines, Inc.	Jun. 2004	Dec. 2000 (9002)
BLV Licht-Und Vakuumtechnik GmbH	-	Dec. 1991 (9001)
Christie Digital Systems Canada, Inc.	-	Aug. 1995 (9001)
Ushio Taiwan, Inc.*	Scheduled for Spring 2006	1997 (9002)
Ushio (Suzhou) Co., Ltd.	Mar. 2005	Mar. 2005 (9001)

*Sales company

FIVE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL DATA

USHIO INC. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31

	Millions of yen				
	2005	2004	2003	2002	2001
FOR THE YEAR:					
Net sales	¥ 119,159	¥ 99,081	¥ 91,937	¥ 81,301	¥ 89,138
Net income	13,634	9,346	4,651	1,643	8,464
Capital expenditures	12,837	5,376	2,692	4,837	4,960
Depreciation and amortization	3,014	2,748	2,889	2,813	2,604
R&D expenses	4,174	3,358	3,355	3,557	3,683
AT YEAR-END:					
Total assets	187,251	169,771	149,390	149,669	137,758
Total shareholders' equity, net.	129,303	117,726	105,582	106,837	93,262
CASH FLOWS:					
Net cash provided by operating activities	12,408	7,969	13,394	7,305	12,332
Net cash used in investing activities	(6,473)	(9,490)	(5,524)	(7,496)	(5,660)
Net cash used in financing activities	(1,757)	(1,592)	(4,117)	(2,112)	(1,492)
PER SHARE OF COMMON STOCK (YEN):					
Net income	¥ 98.89	¥ 67.36	¥ 33.14	¥ 11.77	¥ 60.62
Cash dividends	20.00	20.00	13.00	13.00	15.00
Net assets	935.80	853.40	764.94	765.32	667.93
KEY FINANCIAL RATIOS:					
Return on equity (%)	11.0	8.4	4.4	1.6	9.4
Return on assets (%)	7.6	5.9	3.1	1.1	6.5
Asset turnover (times)	0.7	0.6	0.6	0.6	0.7
Return on sales (%)	11.4	9.4	5.1	2.0	9.5

Note: Return on equity = Net income / Average shareholders' equity X 100

Return on assets = Net income / Average total assets X 100

Asset turnover = Net sales / Average total assets

Return on sales = Net income / Net sales X 100

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OPERATING ENVIRONMENT AND MEASURES FOR THE TERM

During fiscal 2005, ended March 31, 2005, despite concerns over rising crude oil prices and surging raw materials prices, the domestic economy entered a generally mild recovery due to the effects of rising corporate earnings fueled by exports and subsequent increases in capital investment, as well as upward employment and salary trends.

Overseas, while the U.S. economy expanded on the back of brisk consumer spending and capital investment and the Asian economy continued to expand owing to increased consumption and exports centered around China, the European economy experienced lackluster exports amid high crude oil prices and appreciation of the euro in addition to a delayed recovery in consumer spending.

The Ushio Group responded to these circumstances by promoting and developing its digital projection and imaging business geared to meet the needs the IT era, its next-generation light sources business for semiconductor photolithography equipment, as well as its high-density mounting technology business centered around precision exposure systems for printed circuit board substrates in the electronics business as mainstay medium- to long-term businesses. The Company is creating a light solutions business for the future, while continuing to offer its customers a wide range of state-of-the-art light sources and lighting systems.

In the fiscal year under review, Ushio worked to provide comprehensive system services that use data projector-based networks and software while seeking to expand orders for step and repeat projection exposure systems for precision printed circuits. The Company is also aggressively making inroads into the Chinese market with the release of UV curing equipment for precision component bonding for electronic and optical components.

Similarly, Ushio made a wide range of investments for the future. The Company established a production base in Suzhou, China, for OA equipment lamps and post-processing for projector lamps. Construction and renovation of factories as a means of raising productivity at the Harima Division, which is the main lamp production base, was also completed. In addition, Ushio developed a structure supporting everything from light sources to light systems through reorganization of the domestic illumination and visual image equipment businesses.

GROUP COMPANIES

The Ushio Group is composed of the parent company (Ushio Inc.), 35 subsidiaries and three affiliates. The Group's core operations are the manufacture and sale of products that apply the special properties of light. The Ushio Group is also engaged in R&D related to its business operations and the development of other services and business activities.

RESULTS BY BUSINESS SEGMENT**Light Source Application Products**

Total sales in the light source application products segment rose 21.4% to ¥115,716 million. In the tube-style lamp product group, while demand waned for halogen lamps for OA equipment, demand increased for high intensity discharge lamps for data projectors, lamps for Excimer VUV/O₃ Cleaning systems for LCD panels, UV lamps for LCD exposure systems and xenon lamps for endoscopes.

In the optical systems product group, demand rose for large projection systems, UV curing equipment for precision component bonding, Excimer VUV/O₃ Cleaning systems for LCD panels and pre-

cision exposure systems for printed circuit board substrates.

As a result of the above, total sales increased 21.4% to ¥115,716 million, and operating income jumped 34.7% to ¥19,929 million.

Machinery for Industrial Uses and Other Business

As a result of a decrease in demand for injection molding equipment and food wrapping machinery, total sales edged down 5.3% to ¥3,609 million. Operating income increased 18.8% to ¥246 million.

RESULTS BY GEOGRAPHIC SEGMENT**Japan**

Although demand declined for halogen lamps for OA equipment, demand conversely increased for high-intensity discharge lamps for data projectors, UV curing equipment for precision component bonding, precision exposure systems for printed circuit board substrates, Excimer VUV/O₃ Cleaning systems for LCD panels, UV lamps for LCD exposure systems and xenon lamps for endoscopes. Consequently, total sales grew 23.3% to ¥81,449 million.

North America

In North America, the Company consolidated and expanded its total support system, which encompasses projectors, light sources and other equipment, as well as networking- and maintenance-related services, resulting in increased sales of large projection system equipment. Accordingly, total sales rose 7.1% to ¥28,071 million.

Europe

Brisk demand for xenon lamps for cinema projectors offset lackluster demand for lamps for stage lighting and general illumination, resulting in a 4.6% increase in total sales to ¥6,115 million.

Asia

Demand rose for high-intensity discharge lamps for data projectors, Excimer VUV/O₃ Cleaning systems for LCD panels, excimer lamps, UV lamps for LCD exposure systems, as well as UV curing equipment for precision component bonding. Combined with a favorable performance of precision exposure systems for printed circuit boards, total sales jumped 49.3% to ¥26,684 million.

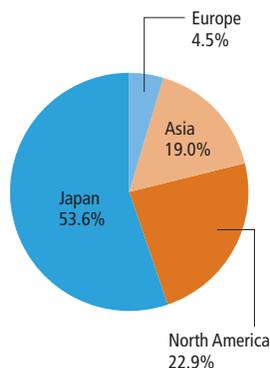
OVERSEAS SALES

Ushio's total overseas sales increased 27.3% to ¥62,176 million. Of this, North America accounted for ¥20,637 million, Europe ¥8,420 million, Asia ¥31,859 million, and other regions ¥1,260 million. Overseas sales made up 52.2% of consolidated net sales, up 2.9 percentage points from the previous fiscal year.

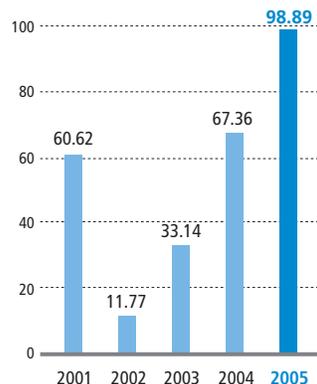
EARNINGS

Consolidated net sales rose 20.3% to ¥119,159 million. Operating income jumped 34.5% to ¥20,189 million following expanded sales based on an increase in business volume. Cost of sales rose 21.3% to ¥75,845 million. However, selling, general and administrative expenses were limited to a 7.4% increase at ¥23,125 million. The cost of sales ratio improved 0.6 percentage point to 63.7%, and the gross profit to net sales ratio was 36.3%. Income before income taxes and minority interests in earnings of affiliates increased 33.3% to ¥21,591 million on the back of an increase in operating income and dividend income, which stemmed from an increase in dividends on held marketable securities.

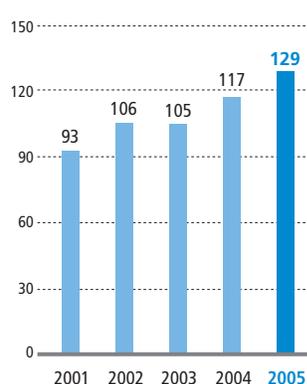
Proportion of Total Sales, by Geographic Segments



Net Income Per Share (Yen)



Total Shareholders' Equity, Net (Billions of yen)



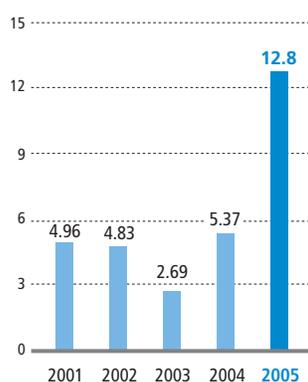
Return on Equity (%)



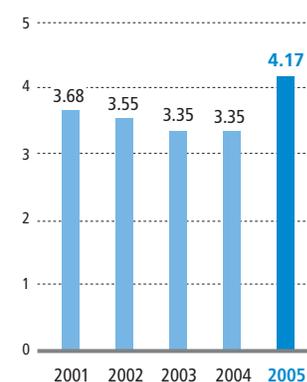
Return on Assets (%)



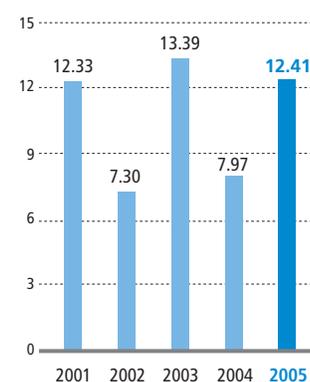
Capital Expenditures (Billions of yen)



R&D Expenses (Billions of yen)



Net Cash Provided by Operating Activities (Billions of yen)



Despite a loss on sales of fixed assets and impairment losses, net income jumped 45.9% to ¥13,634 million mainly attributable to an increase in sales. Return on assets improved 1.7 percentage points to 7.6%.

LIQUIDITY AND SOURCES OF FUNDS

Cash Flows

Income before incomes taxes and minority interests in earnings of affiliates rose 33.3% to ¥21,591 million, despite an 80.6% increase in income taxes paid to ¥7,503 million and a 113.6% jump in purchases of property, plant and equipment to ¥8,403 million. With the additional impact of proceeds from redemption and sale of short-term investments, cash and cash equivalents at end of the year increased 21.7% to ¥25,436 million.

Cash Flows from Operating Activities

Net cash provided by operating activities increased ¥4,439 million to ¥12,408 million. Key factors were ¥21,591 million in income before income taxes and minority interests in earnings of affiliates offset by an increase in notes and accounts receivable of ¥2,614 million in line with an increase in business volume, an increase in inventories of ¥5,034 million, as well as income taxes paid of ¥7,503 million.

Cash Flows from Investing Activities

Net cash used in investing activities declined ¥3,017 million to ¥6,473 million. Key factors were proceeds from redemption and

sale of short-term investments and an increase in investment securities offset by purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities rose ¥164 million to ¥1,757 million. The key factors were refinancing of loans and cash dividends paid.

FINANCIAL POSITION

Total assets rose 10.3% to ¥187,251 million. Cash and bank deposits jumped 59.0% to ¥24,636 million following an increase in sales. Notes and accounts receivable rose 9.7% to ¥35,622 million and inventories improved 34.7% to ¥22,431 million. As a result, total current assets increased 11.2% to ¥94,308 million.

Active capital investment produced a 25.9% boost in property, plant and equipment, net to ¥30,793 million.

Total investments and other assets edged up 2.8% to ¥62,150 million chiefly due to the effect of an 8.0% rise in investment securities to ¥56,190 million.

Notes and accounts payable rose 22.1% to ¥17,574 million due to an increase in business volume, and total current liabilities rose 13.8% to ¥41,575 million.

Long-term debt increased 219.6% to ¥2,832 million, producing an 8.0% rise in total long-term liabilities to ¥15,872 million.

Retained earnings expanded 19.2% to ¥67,219 million, contributing to a 9.8% increase in total shareholders' equity, net

to ¥129,303 million. The shareholders' equity ratio edged down 0.2 percentage point to 69.1%.

CAPITAL INVESTMENTS

Capital expenditures jumped 138.8% to ¥12,837 million. Capital investment chiefly targeted light source application products and the digital projection and imaging business, in particular, geared toward the current IT era; the high-density mounting technology business, in which information and communications technology and electronics products are rapidly growing more compact, sophisticated and powerful; and the semiconductor photolithography business, where Ushio is working to develop applications for next-generation memory. Capital investment in the light source application products business rose 173.0% to ¥12,827 million. Capital investment in the machinery for industrial uses and other business decreased 98.5% to ¥10 million.

Funds for investments came from internal reserves or were borrowed.

RESEARCH AND DEVELOPMENT

Ushio's R&D expenses rose 24.3% to ¥4,174 million. R&D programs are centered on the development and manufacturing of industrial light sources and optical technology, and extend to the fields of electronics and mechatronics, new applications for light, and the development of various essential peripheral technologies. The Company is also fostering businesses related to optical units, devices and systems.

PERSONNEL

The Ushio Group employed 4,755 people as of the end of the fiscal year, up 784 from the previous term. The parent company, Ushio Inc., had 1,498 employees at year's end, up 127.

BUSINESS RISKS

Business risks that could potentially impact the Ushio Group's operating results, stock price and financial condition are indicated below. Forward-looking statements contained therein reflect data available at the time of the release of the Group's financial statements report on June 29, 2005.

1. Risks in Demand for Semiconductors and Liquid Crystal Products

The Group's performance is impacted considerably by changes in demand in the semiconductor and liquid crystal fields. Products handled in these fields include expendable components for manufacturing equipment, with stable demand provided by the various operating processes of factories. Nevertheless, the Group's performance and financial condition could be heavily impacted by medium- and long-term changes in demand in industries for semiconductor and liquid crystal manufacturing equipment.

2. Risks in Demand for Illumination and Exposure Light Sources

The Ushio Group offers installable light sources for data projectors, as well as illumination and exposure light sources to markets outside the semiconductor and liquid crystal fields. The Group's performance and financial condition could be heavily impacted by changes in technology, prices and demand for these light sources.

3. Risks from Developments in Semiconductor Manufacturing Photolithography Technologies

Amid ongoing miniaturization of circuits in semiconductors, while

Ushio's discharge lamp-based manufacturing equipment represents a large portion of equipment currently in operation, there is always the possibility that semiconductor manufacturing photolithography technologies will evolve away from existing systems.

Exposure using excimer lasers is an example of such new trends, and is currently being developed as a new business by the Company's affiliate, Gigaphoton, Inc. In this respect, the Group's performance and financial condition could be heavily impacted by any potential breakthroughs by Gigaphoton as well as by future developments in semiconductor manufacturing photolithography technologies.

4. Latent Risks from International Activities and Entry into Foreign Markets

The Group conducts manufacturing and marketing activities in such overseas locations as the United States, Europe and countries in Asia. Recently, the majority of OA equipment has come to be produced in Asia, with the largest portion being produced in China. With its high market share, the Ushio Group is no exception in contributing to the increased production of OA equipment lamps, particularly in China. Therefore, the Group's performance and financial condition could be heavily impacted by any future alterations in policy or regulations in China.

5. Risks Regarding Foreign Exchange Fluctuations

The Ushio Group conducts general business transactions as well as loans and investments in both Japanese yen and foreign currencies. Accordingly, the Group's performance could be impacted from profits and losses stemming from fluctuations in foreign currencies as well as loans and investment in those currencies. While foreign exchange contracts are employed when necessary, the Group's performance and financial condition could be heavily impacted by fluctuations in foreign currencies whose effects are unavoidable.

6. Risks in Price Fluctuations for Marketable Securities

While Ushio holds marketable securities as financial assets whose market value currently exceed their original purchase price, the Company is cognizant that future market value could decline for unforeseen reasons. In relation, the Group's performance and financial condition could be heavily impacted by the price fluctuation risks that it incurs in holding these marketable securities.

7. Risks Associated with Employee Retirement Benefit Obligations

The Company and its domestic consolidated subsidiaries have such defined benefit plans as welfare pension fund plans and lump-sum payment plans. The Group's performance and financial condition could be heavily impacted by revisions in basic accounting practices for retirement benefit obligations, a worsening portfolio management environment for pension equities as well as increases in retirement benefit expenses owing to revisions in retirement benefit systems.

8. Risks Associated with Environmental Regulations

Environmental and other legal restrictions targeting the electric industry entail a broad range of obligations ranging from safety to contaminants emitted from plants. Revisions in these regulations very often result in even stricter regulations. Accordingly, the Group's performance and financial condition could be heavily impacted by expenses stemming from compliance with these regulations.

CONSOLIDATED BALANCE SHEETS

USHIO INC. AND SUBSIDIARIES
Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2005	2004	2005
CURRENT ASSETS:			
Cash and bank deposits (Note 12)	¥ 24,636	¥ 15,490	\$ 229,407
Short-term investments (Note 7)	3,399	13,111	31,651
Notes and accounts receivable (Note 3)	35,622	32,468	331,707
Less: Allowance for doubtful accounts	(312)	(313)	(2,905)
Inventories (Note 3)	22,431	16,650	208,874
Deferred tax assets (Note 4)	2,594	2,384	24,155
Prepaid expenses and other current assets	5,938	5,056	55,293
Total current assets	94,308	84,846	878,182
PROPERTY, PLANT AND EQUIPMENT, AT COST:			
Land	8,198	8,889	76,339
Buildings and structures	21,149	17,618	196,936
Machinery and equipment (Note 3)	27,210	24,757	253,376
Construction in progress	3,489	973	32,489
	60,046	52,237	559,140
Less: Accumulated depreciation	(29,253)	(27,782)	(272,400)
Property, plant and equipment, net	30,793	24,455	286,740
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 7)	56,190	52,007	523,233
Investments in and advances to affiliates	540	159	5,028
Deferred tax assets (Note 4)	658	434	6,127
Other assets (Note 3)	4,762	7,870	44,344
Total investments and other assets	62,150	60,470	578,732
Total assets	¥ 187,251	¥ 169,771	\$ 1,743,654

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	2005	2004	2005
CURRENT LIABILITIES:			
Short-term bank loans (Note 3)	¥ 9,783	¥ 8,246	\$ 91,098
Current portion of long-term debt (Note 3)	466	2,688	4,339
Notes and accounts payable	17,574	14,391	163,647
Income taxes payable	5,746	4,652	53,506
Deferred tax liabilities (Note 4)	—	1	—
Other current liabilities	8,006	6,561	74,550
Total current liabilities	41,575	36,539	387,140
LONG-TERM LIABILITIES:			
Long-term debt (Note 3)	2,832	886	26,371
Deferred tax liabilities (Note 4)	10,867	11,613	101,192
Retirement benefits (Note 9)	1,194	1,579	11,118
Other long-term liabilities	979	622	9,117
Total long-term liabilities	15,872	14,700	147,798
Minority interests	501	806	4,665
SHAREHOLDERS' EQUITY (Note 10):			
COMMON STOCK:			
Authorized — 300,000,000 shares			
Issued — 139,628,721 shares	19,556	19,556	182,103
Additional paid-in capital	28,371	28,119	264,187
Retained earnings	67,219	56,394	625,934
Unrealized holding gain on other securities	17,950	18,708	167,148
Translation adjustments	(1,959)	(2,925)	(18,243)
	131,137	119,852	1,221,129
TREASURY STOCK, AT COST:			
1,455,200 shares in 2005 and 1,743,258 shares in 2004	(1,834)	(2,126)	(17,078)
Total shareholders' equity, net	129,303	117,726	1,204,051
Total liabilities, minority interests and shareholders' equity	¥ 187,251	¥ 169,771	\$1,743,654

CONSOLIDATED STATEMENTS OF INCOME

USHIO INC. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
Net sales	¥ 119,159	¥ 99,081	\$1,109,591
Cost of sales	75,845	62,539	706,257
Gross profit	43,314	36,542	403,334
Selling, general and administrative expenses (Note 5)	23,125	21,536	215,337
Operating income	20,189	15,006	187,997
Other income (expenses):			
Interest and dividend income	1,016	1,119	9,461
Interest expense	(293)	(263)	(2,728)
Other, net	679	341	6,323
	1,402	1,197	13,056
Income before income taxes and minority interests in earnings of affiliates . . .	21,591	16,203	201,053
Income taxes (Note 4):			
Current	8,298	6,488	77,270
Deferred	(603)	295	(5,615)
	7,695	6,783	71,655
Income before minority interests in earnings of affiliates	13,896	9,420	129,398
Minority interests in earnings of affiliates	(262)	(74)	(2,440)
Net income (Note 11)	¥ 13,634	¥ 9,346	\$ 126,958

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

USHIO INC. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
COMMON STOCK			
Balance at beginning of year			
(2005 — 139,628,721 shares; 2004 — 139,628,721 shares)	¥ 19,556	¥ 19,556	\$ 182,103
Balance at end of year			
(2005 — 139,628,721 shares; 2004 — 139,628,721 shares)	<u>19,556</u>	<u>19,556</u>	<u>182,103</u>
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	28,119	28,119	261,840
Gain on sale of treasury stock	252	—	2,347
Balance at end of year	<u>28,371</u>	<u>28,119</u>	<u>264,187</u>
RETAINED EARNINGS			
Balance at beginning of year	56,394	48,897	525,133
Add:			
Net income	13,634	9,346	126,958
Deduct:			
Cash dividends	(2,757)	(1,793)	(25,673)
Bonuses to directors and corporate auditors	(52)	(56)	(484)
Balance at end of year	<u>67,219</u>	<u>56,394</u>	<u>625,934</u>
UNREALIZED HOLDING GAIN ON OTHER SECURITIES			
Balance at beginning of year	18,708	12,201	174,206
Net change during the year	(758)	6,507	(7,058)
Balance at end of year	<u>17,950</u>	<u>18,708</u>	<u>167,148</u>
TRANSLATION ADJUSTMENTS			
Balance at beginning of year	(2,925)	(1,191)	(27,237)
Net change during the year	966	(1,734)	8,994
Balance at end of year	<u>¥ (1,959)</u>	<u>¥ (2,925)</u>	<u>\$ (18,243)</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

USHIO INC. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
OPERATING ACTIVITIES			
Income before income taxes and minority interests in earnings of affiliates . . .	¥ 21,591	¥ 16,203	\$ 201,053
Depreciation and amortization	3,014	2,748	28,066
Interest and dividend income	(1,016)	(1,119)	(9,461)
Interest expense	293	263	2,728
Equity in (gains) losses of affiliates	(79)	310	(736)
Loss on revaluation of investment securities	—	5	—
Increase in notes and accounts receivable	(2,614)	(5,681)	(24,341)
Increase in inventories	(5,034)	(2,168)	(46,876)
Increase in notes and accounts payable	2,957	961	27,535
Other	(75)	(152)	(698)
Bonuses paid to directors and corporate auditors	(52)	(56)	(484)
Subtotal	18,985	11,314	176,786
Interest and dividends received	1,217	1,074	11,332
Interest paid	(291)	(264)	(2,710)
Income taxes paid	(7,503)	(4,155)	(69,867)
Net cash provided by operating activities	12,408	7,969	115,541
INVESTING ACTIVITIES			
Payment for time deposits	(1,481)	(1,276)	(13,791)
Proceeds from time deposits	1,342	984	12,497
Purchases of short-term investments	(881)	(1,345)	(8,204)
Proceeds from redemption and sale of short-term investments	6,327	2,863	58,916
Purchases of property, plant and equipment	(8,403)	(3,934)	(78,248)
Proceeds from sale of property, plant and equipment	437	214	4,069
Increase in intangible fixed assets	(1,623)	—	(15,113)
Increase in investment securities	(4,163)	(8,196)	(38,765)
Proceeds from sale of investment securities	952	1,762	8,865
Decrease in capital investments	—	105	—
Increase in long-term loans	(138)	(216)	(1,285)
Decrease in long-term loans	1,073	13	9,992
Other	85	(464)	792
Net cash used in investing activities	(6,473)	(9,490)	(60,275)
FINANCING ACTIVITIES			
Increase in short-term bank loans	1,337	842	12,450
Proceeds from long-term bank loans	2,480	182	23,093
Repayment of long-term debt	(2,757)	(670)	(25,673)
Purchases of treasury stock	(205)	(126)	(1,909)
Proceeds from sale of treasury stock	155	—	1,443
Payment of dividends to minority interests	(30)	(26)	(279)
Proceeds from payments by minority shareholders	15	—	140
Cash dividends paid	(2,752)	(1,795)	(25,626)
Net cash used in financing activities	(1,757)	(1,593)	(16,361)
Effect of exchange rate changes on cash and cash equivalents	363	(762)	3,380
Net increase (decrease) in cash and cash equivalents	4,541	(3,876)	42,285
Cash and cash equivalents at beginning of the year	20,895	24,771	194,571
Cash and cash equivalents at end of the year (Note 12)	¥ 25,436	¥ 20,895	\$ 236,856

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

USHIO INC. AND CONSOLIDATED SUBSIDIARIES

1. Summary of Significant Accounting Policies

(a) Basis of presentation

USHIO INC. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements of the Company and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan. In addition, certain reclassifications have been made to the prior year's consolidated financial statements to conform them to the current year's presentation.

(b) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income includes the Company's equity in the current net income or loss of such companies after the elimination of unrealized intercompany profits.

All assets and liabilities of the consolidated subsidiaries and affiliates are revalued on acquisition, if applicable, and the excess of cost over the underlying net equity in the assets at the dates of

acquisition is charged or credited to income as an extraordinary item when incurred, if immaterial.

(c) Foreign currency translation

The revenue and expense accounts of the overseas subsidiaries are translated into yen at the average rates of exchange in effect during the year. The balance sheet accounts, except for the components of shareholders' equity, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. The differences arising from translation when two exchange rates have been used are presented as translation adjustments, a component of shareholders' equity, in the accompanying consolidated financial statements.

All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance sheet date. Gains and losses resulting from the settlement of these items are credited or charged currently to income.

(d) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(e) Short-term investments and investment securities

Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving-average method.

(f) Inventories

Finished goods, merchandise and work in process of the Company and the subsidiaries are stated at cost or at the lower of cost or market based on the following methods:

	Company	Subsidiaries
Finished goods, merchandise and work in process	Stated at cost determined by the average method.	Principally stated at the lower of cost or market, cost determined by the FIFO method.
Raw materials	Stated at cost determined by the moving-average method.	Principally stated at the lower of cost or market, cost determined by the FIFO method.

(g) Depreciation and amortization

Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is calculated principally by the declining-balance method based on the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired after April 1, 1998 by the Company and its domestic subsidiaries are depreciated by the straight-line method.

Property, plant and equipment of the overseas subsidiaries are depreciated mainly by the straight-line method over the estimated useful lives of the respective assets.

Intangible assets are amortized by the straight-line method.

Software development costs are amortized by the straight-line method over an estimated useful life of five years.

(h) Leases

Except for finance lease agreements, under which the ownership

of the leased assets is deemed to be transferred to the lessee, lease fees are charged to income when incurred.

(i) Research and development expenses

Research and development expenses are charged to income when incurred.

(j) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables, and has been determined based on experience with historical write-offs plus an estimated amount for probable doubtful accounts after a review of the collectibility of individual receivables.

(k) Allowance for employees' bonuses

The allowance for employees' bonuses represents a provision for the future payment of employees' bonuses. The allowance is provided at the amount which is expected to be paid.

(l) Retirement and severance benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the year end. The fair value of the plan assets under the employees' pension fund scheme exceeds the retirement benefit obligation of the plan, adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. This excess has been recognized as prepaid pension expenses. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over the average remaining years of service of the eligible employees (15 years). Prior service cost is being amortized as incurred by the straight-line method over the average remaining years of service of the eligible employees (15 years).

The Company and its subsidiaries provide for retirement allowances for directors and corporate auditors at the full amount which would be required to be paid if all directors and corporate auditors resigned at the balance sheet date based on the Company's and its subsidiaries' internal regulations.

The Company and certain of its subsidiaries participate in a contributory defined benefit pension plan, which entitles employees of the Company and these subsidiaries upon retirement to either a lump-sum payment or pension annuity payments for life, or a combination of both, based on length of service, basic salary at retirement and the number of years of participation in the plan.

(m) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered primarily into currency and interest-related derivative transactions in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates and interest rates. In accordance with the accounting standard for financial instruments, derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

(n) Deferred income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(o) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations. See Note 14.

(p) Accounting for impairment of fixed assets

Effective the year ended March 31, 2005, the Company and consolidated subsidiaries adopted a new accounting standard for impairment of fixed assets in accordance with Opinion Concerning the Establishment of an Accounting Standard for Impairment of Fixed Assets and Implementation Guidelines for the Accounting Standard for Impairment of Fixed Assets announced by the Business Accounting Deliberation Council on August 9, 2002 and October 31, 2003, respectively, in which the early adoption is permissible for the fiscal year beginning on or after April 1, 2004.

The new standard requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whether events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company and consolidated subsidiaries are required to recognize an impairment loss in their income statement or if certain indicators of assets impairment exist and if the book value of the fixed assets exceeds the undiscounted sum of their future cash flows.

The effect of the adoption of this standard was to decrease income before taxes and minority interests in earnings of affiliates by ¥356 million (\$3,315 thousand) as compared with the amount that would have been recorded if the method applied in the previous fiscal year has been followed.

2. U.S. Dollar Amounts

For the convenience of the reader, the accompanying consolidated financial statements with respect to the year ended March 31, 2005 have been presented in U.S. dollars by translating all yen amounts at ¥107.39 = US\$1.00, the exchange rate prevailing on March 31,

2005. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans consisted mainly of unsecured and secured loans payable to banks at interest rates ranging from 0.58% to

5.38% and from 0.57% to 9.00% per annum at March 31, 2005 and 2004, respectively.

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
USHIO INC.:			
Loans from banks, due through 2007 at rates from 0.68 % to 0.88 %	¥ 2,840	¥ 2,940	\$ 26,445
SUBSIDIARIES:			
Loans from banks, due through 2007 at rates from 0.99 % to 5.65 %	458	634	4,265
Total long-term debt	3,298	3,574	30,710
Less: Current portion	466	2,688	4,339
	¥ 2,832	¥ 886	\$ 26,371

The assets pledged as collateral for debt at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
Accounts receivable	¥ 50	\$ 466
Inventories	172	1,602
Machinery and equipment	26	242
Other fixed assets	30	279
	¥ 278	\$ 2,589

The related debt for which the above assets were pledged as collateral at March 31, 2005 is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Short-term bank loans	¥ 30	\$ 279
Current portion of long-term debt	9	84
Long-term debt	5	47
	¥ 44	\$ 410

The aggregate annual maturities of long-term debt subsequent to March 31, 2005 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥ 466	\$ 4,339
2007	2,832	26,371
	¥ 3,298	\$ 30,710

4. Income Taxes

Income taxes applicable to the Company and certain of its domestic subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax

rate of approximately 40.7% for 2005 and 2004. Income taxes of the overseas consolidated subsidiaries are based, in general, on the tax rates applicable in their countries of incorporation.

The significant components of deferred tax assets and liabilities as of March 31, 2005 and 2004 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
DEFERRED TAX ASSETS:			
Enterprise tax payable	¥ 394	¥ 501	\$ 3,669
Allowance for employees' bonuses	876	752	8,157
Retirement benefit expenses	1,458	1,437	13,577
Allowance and accrual for retirement benefits for directors and corporate auditors	861	685	8,018
Net loss carryforward	418	264	3,892
Other	1,812	1,567	16,873
Total deferred tax assets	5,819	5,206	54,186
DEFERRED TAX LIABILITIES:			
Unrealized holding gain on other securities	(12,290)	(12,826)	(114,443)
Depreciation	(97)	(136)	(903)
Gain on contribution of securities to employees' retirement benefit trust	(766)	(766)	(7,133)
Other	(280)	(274)	(2,607)
Total deferred tax liabilities	(13,433)	(14,002)	(125,086)
Net deferred tax liabilities	¥ (7,614)	¥ (8,796)	\$ (70,900)

A reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the year ended March 31, 2005 is summarized as follows:

	2005
Statutory tax rate	40.7%
RECONCILIATION:	
Equity in losses of affiliates	—
Increase in valuation allowance for deferred tax assets	0.9
Income not recognized for income tax purposes	(0.4)
Expense non-deductible for income tax purposes	0.4
Tax deductions related to R&D activities	(2.0)
Foreign tax credit	(0.6)
Different tax rates applied to overseas subsidiaries	(3.8)
Other	0.4
Effective tax rate	<u>35.6%</u>

For the year ended March 31, 2004, the reconciliation has not been presented because the difference between the statutory tax rate and the effective tax rate is immaterial.

5. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	
	¥	¥	\$	\$
	4,174	3,358	38,868	

6. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2005 and 2004, which would have been reflected in the

consolidated balance sheets if lease accounting had been applied to finance leases currently accounted for as operating leases.

	2005			
	Millions of yen			Total
	Machinery and vehicles	Other (tools and equipment)	Intangible fixed assets (software)	
Acquisition costs	¥ 72	¥ 266	¥ 104	¥ 442
Accumulated depreciation	48	178	72	298
Book value	<u>¥ 24</u>	<u>¥ 88</u>	<u>¥ 32</u>	<u>¥ 144</u>
	Thousands of U.S. dollars			
Acquisition costs	\$ 670	\$ 2,477	\$ 968	\$ 4,115
Accumulated depreciation	447	1,658	670	2,775
Book value	<u>\$ 223</u>	<u>\$ 819</u>	<u>\$ 298</u>	<u>\$ 1,340</u>

	2004		
	Millions of yen		Total
	Machinery and vehicles	Other (tools and equipment)	
Acquisition costs	¥ 96	¥ 444	¥ 540
Accumulated depreciation	66	257	323
Book value	<u>¥ 30</u>	<u>¥ 187</u>	<u>¥ 217</u>

Lease expenses relating to finance leases accounted for as operating leases for the years ended March 31, 2005 and 2004 totaled ¥105 (\$978 thousand) million and ¥126 million, respectively. The following pro forma amounts represent interest expense and

depreciation for the years ended March 31, 2005 and 2004, which would have been reflected in the statements of income if lease accounting had been applied to finance leases currently accounted for as operating leases.

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	
Interest expense	¥ 105	¥ 126	\$ 978	
Depreciation	105	126	978	

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2005 for finance leases accounted for as operating leases, except for lease agreements which

stipulate the transfer of ownership of the leased property to the Company and its subsidiaries, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
Due within one year or less	¥	74	\$	689
Due subsequent to one year		70		652
Total	¥	144	\$	1,341

The amount of future minimum lease payments was less than the threshold indicated by the accounting board of the Japanese Institute of Certified Public Accountants. Accordingly, the acquisi-

tion costs of the leased assets and future minimum lease payments include the related interest. This inclusion of interest was deemed insignificant.

7. Short-Term Investments and Investment Securities

Securities classified as trading securities, held-to-maturity securities and other securities as of March 31, 2005 and 2004 are summarized as follows:

1. Trading securities

	As of March 31, 2005							
	Millions of yen		Thousands of U.S. dollars					
	Carrying value	Gain	Carrying value	Gain				
	¥	427	¥	31	\$	3,976	\$	289
	As of March 31, 2004							
	Millions of yen							
	Carrying value	Gain						
	¥	396	¥	529				

2. Marketable held-to-maturity securities

	As of March 31, 2005											
	Millions of yen			Thousands of U.S. dollars								
	Carrying value	Estimated fair value	Unrealized gain (loss)	Carrying value	Estimated fair value	Unrealized gain (loss)						
SECURITIES WHOSE ESTIMATED FAIR VALUE EXCEEDS THEIR CARRYING VALUE:												
(1) Government bonds, municipal bonds	¥	—	¥	—	\$	—	\$	—				
(2) Corporate bonds		238		240		2,216		2,235				
(3) Other		—		—		—		—				
Subtotal		238		240		2,216		2,235				
SECURITIES WHOSE CARRYING VALUE EXCEEDS THEIR ESTIMATED FAIR VALUE:												
(1) Government bonds, municipal bonds		—		—		—		—				
(2) Corporate bonds		—		—		—		—				
(3) Other		1		1		0		0				
Subtotal		1		1		0		0				
Total	¥	239	¥	241	¥	2	\$	2,216	\$	2,235	\$	19
	As of March 31, 2004											
	Millions of yen											
	Carrying value	Estimated fair value	Unrealized gain (loss)									
SECURITIES WHOSE ESTIMATED FAIR VALUE EXCEEDS THEIR CARRYING VALUE:												
(1) Government bonds, municipal bonds	¥	—	¥	—	¥	—						
(2) Corporate bonds		324		328		4						
(3) Other		210		210		—						
Subtotal		534		538		4						
SECURITIES WHOSE CARRYING VALUE EXCEEDS THEIR ESTIMATED FAIR VALUE:												
(1) Government bonds, municipal bonds		—		—		—						
(2) Corporate bonds		—		—		—						
(3) Other		0		0		—						
Subtotal		0		0		—						
Total	¥	534	¥	538	¥	4						

3. Marketable other securities

As of March 31, 2005

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
SECURITIES WHOSE CARRYING VALUE EXCEEDS THEIR ACQUISITION COST:						
(1) Stock	¥ 8,932	¥ 39,461	¥ 30,529	\$ 83,173	\$ 367,455	\$ 284,282
(2) Bonds						
Government bonds, municipal bonds	952	976	24	8,865	9,088	223
Corporate bonds	3,344	3,406	62	31,139	31,716	577
Other	104	159	55	968	1,481	513
(3) Other	602	779	177	5,606	7,254	1,648
Subtotal	13,934	44,781	30,847	129,751	416,994	287,243
SECURITIES WHOSE ACQUISITION COST EXCEEDS THEIR CARRYING VALUE:						
(1) Stock	152	128	(24)	1,415	1,192	(223)
(2) Bonds						
Government bonds, municipal bonds	—	—	—	—	—	—
Corporate bonds	5,889	5,343	(546)	54,838	49,753	(5,085)
Other	3,000	2,576	(424)	27,936	23,987	(3,949)
(3) Other	472	428	(44)	4,395	3,985	(410)
Subtotal	9,513	8,475	(1,038)	88,584	78,917	(9,667)
Total	¥ 23,447	¥ 53,256	¥ 29,809	\$ 218,335	\$ 495,911	\$ 277,576

As of March 31, 2004

	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
SECURITIES WHOSE CARRYING VALUE EXCEEDS THEIR ACQUISITION COST:			
(1) Stock	¥ 8,795	¥ 40,103	¥ 31,308
(2) Bonds			
Government bonds, municipal bonds	3,292	3,655	363
Corporate bonds	2,727	2,844	117
Other	104	156	52
(3) Other	491	614	123
Subtotal	15,409	47,372	31,963
SECURITIES WHOSE ACQUISITION COST EXCEEDS THEIR CARRYING VALUE:			
(1) Stock	298	268	(30)
(2) Bonds			
Government bonds, municipal bonds	—	—	—
Corporate bonds	6,539	6,073	(466)
Other	—	—	—
(3) Other	3,252	3,065	(187)
Subtotal	10,089	9,406	(683)
Total	¥ 25,498	¥ 56,778	¥ 31,280

4. Other securities sold during the years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Sale of securities	¥ 9,930	¥ 4,708	\$ 92,467
Gain on sale	456	237	4,246
Loss on sale	32	43	298

5. Non-marketable securities

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
(1) Held-to-maturity securities			
Unlisted foreign bonds	¥ —	¥ 250	\$ —
(2) Other securities			
Unlisted stocks (excluding over-the-counter traded securities)	1,102	1,087	10,262
Money management funds	1,888	5,070	17,581
Free financial funds	—	1,000	—
Investments in business partnerships with limited liability and similar types of funds	2,674	—	24,900

6. The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity securities as of March 2005 and March 2004 is summarized as follows:

	As of March 31, 2005					
	Millions of yen			Thousands of U.S. dollars		
	Due within one year	Due after one year through five years	Due after five years through ten years	Due within one year	Due after one year through five years	Due after five years through ten years
1. Bonds						
(1) Government bonds, municipal bonds	¥ 537	¥ 429	¥ —	\$ 5,000	\$ 3,995	\$ —
(2) Corporate bonds	386	7,159	—	3,594	66,664	—
(3) Other	—	—	—	—	—	—
2. Other	—	—	2,576	—	—	23,987
Total	¥ 923	¥ 7,588	¥ 2,576	\$ 8,594	\$ 70,659	\$ 23,987

	As of March 31, 2004		
	Millions of yen		
	Due within one year	Due after one year through five years	Due after five years through ten years
1. Bonds			
(1) Government bonds, municipal bonds	¥ 3,540	¥ —	¥ —
(2) Corporate bonds	2,583	3,192	1,373
(3) Other	—	—	—
2. Other	—	—	2,822
Total	¥ 6,123	¥ 3,192	¥ 4,195

8. Derivative Transactions

Summarized below are the notional amounts and the estimated fair value of the derivatives positions outstanding at March 31, 2005, and 2004. (Currency-related transactions)

	As of March 31, 2005			As of March 31, 2004				
	Millions of yen	National amount	Fair value	Unrealized gain (loss)	Thousands of U.S. dollars	National amount	Fair value	Unrealized gain (loss)
Bi-Lateral transactions								
Forward foreign exchange contracts								
SELL:								
US\$	¥ 1,479	¥ 1,495	¥ (16)	\$ 13,772	\$ 13,921	\$ (149)		
Euro	308	310	(2)	2,868	2,887	(19)		
BUY:								
Yen	—	—	—	—	—	—		
Total	¥ 1,787	¥ 1,805	¥ (18)	\$ 16,640	\$ 16,808	\$ (168)		

	As of March 31, 2004		
	Millions of yen		
	National amount	Fair value	Unrealized gain (loss)
Bi-lateral transactions			
Forward foreign exchange contracts			
SELL:			
US\$	¥ 171	¥ 169	¥ 2
Euro	26	26	(0)
BUY:			
Yen	1,054	1,039	15
Total	¥ 1,251	¥ 1,234	¥ 17

9. Retirement Benefits Plans

The Company and certain of its consolidated subsidiaries have defined benefit plans such as welfare pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled, upon retirement, to annuity or lump-sum payments, the amounts of which are determined by reference to their basic rate of pay, length of service, and the conditions under which termina-

tion occurs. The Company has established an employees' retirement benefit trust.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2005 and 2004 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
(1) Retirement benefit obligation	¥ (14,658)	¥ (12,275)	\$ (136,493)
(2) Plan assets at fair value (including trust fund for retirement benefits)	11,046	10,361	102,859
(3) Unfunded net retirement benefit obligation (1)+(2)	(3,612)	(1,914)	(33,634)
(4) Unrecognized actuarial gain or loss	3,936	2,293	36,651
(5) Unrecognized prior service cost	(408)	(444)	(3,799)
(6) Net liability for retirement benefits (3)+(4)+(5)	(84)	(65)	(782)
(7) Prepaid pension expenses	259	300	2,412
(8) Accrued retirement benefits (6)-(7)	¥ (343)	¥ (365)	\$ (3,194)

Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans is included in the amounts presented in the above table.
2. Certain consolidated subsidiaries have adopted a simplified method for computing their retirement benefit obligation.

The components of retirement benefit expenses for the years ended March 31, 2005 and 2004 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
(1) Service cost *1, 2.	¥ 722	¥ 743	\$ 6,723
(2) Interest cost	358	362	3,334
(3) Expected return on plan assets	(307)	(239)	(2,859)
(4) Amortization of actuarial gain or loss	189	337	1,760
(5) Amortization of prior service cost	(36)	(36)	(335)
Total retirement benefit expenses	¥ 926	¥ 1,167	\$ 8,623

Notes: *1. The employees' portion of the contributions to the welfare pension fund plans has been excluded.
*2. The retirement benefit expenses of the consolidated subsidiaries which adopted the simplified method have been included from (1) service cost.

The assumptions used in accounting for the retirement benefit obligation were as follows:

	2005	2004
Discount rates	2.5%	3.0%
Expected rate of return on plan assets	4.5%	4.5%
Actual cost method	Unit credit method	
Amortization period of prior service cost	15 years (by the straight-line method)	
Amortization period of actuarial gain or loss	15 years (by the straight-line method)	

10. Shareholders' Equity

The Commercial Code of Japan provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock

account. The Code also stipulates that, to the extent that sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders.

11. Amounts Per Share

Amounts per share of net income and net assets, as presented below, are based on the weighted average number of shares of

common stock outstanding during each year and the number of shares outstanding at each balance sheet date, respectively.

	March 31,		U.S. dollars
	Yen	2004	
	2005	2004	2005
Net income	¥ 98.89	¥ 67.36	\$ 0.92
Net assets	935.80	853.40	8.71

Per share amounts assuming full dilution have not been presented because no common stock equivalents remained outstanding at March 31, 2005 and 2004.

12. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents at March 31, 2005 and 2004:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	
Cash and bank deposits	¥ 24,636	¥ 15,490	\$ 229,407
Time deposits with a maturity of more than three months	(1,088)	(876)	(10,131)
Short-term investments	3,399	13,111	31,651
Equity and debt securities with a maturity of more than three months	(1,511)	(6,830)	(14,071)
Cash and cash equivalents	¥ 25,436	¥ 20,895	\$ 236,856

13. Segment Information

The business and geographical segment information and overseas sales for the Company and its subsidiaries for the years ended March 31, 2005 and 2004 are outlined as follows:

Business segments

	Year ended March 31, 2005				
	Millions of yen				Consolidated
	Light source application products	Machinery for industrial uses and other business	Total	Eliminations or unallocated amounts	
I. SALES AND OPERATING INCOME					
Sales to external customers	¥ 115,641	¥ 3,518	¥ 119,159	¥ —	¥ 119,159
Intersegment sales or transfers	75	91	166	(166)	—
Total sales	115,716	3,609	119,325	(166)	119,159
Operating expenses	95,787	3,363	99,150	(180)	98,970
Operating income	¥ 19,929	¥ 246	¥ 20,175	¥ 14	¥ 20,189
II. TOTAL ASSETS, DEPRECIATION AND CAPITAL EXPENDITURES					
Total assets	¥ 137,624	¥ 6,876	¥ 144,500	¥ 42,751	¥ 187,251
Depreciation	3,006	8	3,014	—	3,014
Capital expenditures	12,827	10	12,837	—	12,837

Year ended March 31, 2005

Thousands of U.S. dollars

	Light source application products	Machinery for industrial uses and other business	Total	Eliminations or unallocated amounts	Consolidated
I. SALES AND OPERATING INCOME					
Sales to external customers	\$ 1,076,832	\$ 32,759	\$ 1,109,591	\$ —	\$ 1,109,591
Intersegment sales or transfers	698	847	1,545	(1,545)	—
Total sales	1,077,530	33,606	1,111,136	(1,545)	1,109,591
Operating expenses	891,955	31,316	923,271	(1,677)	921,594
Operating income	\$ 185,575	\$ 2,290	\$ 187,865	\$ 132	\$ 187,997
II. TOTAL ASSETS, DEPRECIATION AND CAPITAL EXPENDITURES					
Total assets	\$ 1,281,535	\$ 64,028	\$ 1,345,563	\$ 398,091	\$ 1,743,654
Depreciation	27,991	74	28,066	—	28,066
Capital expenditures	119,443	93	119,536	—	119,536

Year ended March 31, 2004

Millions of yen

	Light source application products	Machinery for industrial uses and other business	Total	Eliminations or unallocated amounts	Consolidated
I. SALES AND OPERATING INCOME					
Sales to external customers	¥ 95,291	¥ 3,790	¥ 99,081	¥ —	¥ 99,081
Intersegment sales or transfers	18	19	37	(37)	—
Total sales	95,309	3,809	99,118	(37)	99,081
Operating expenses	80,511	3,602	84,113	(38)	84,075
Operating income	¥ 14,798	¥ 207	¥ 15,005	¥ 1	¥ 15,006
II. TOTAL ASSETS, DEPRECIATION AND CAPITAL EXPENDITURES					
Total assets	¥ 112,608	¥ 7,250	¥ 119,858	¥ 49,913	¥ 169,771
Depreciation	2,585	163	2,748	—	2,748
Capital expenditures	4,699	677	5,376	—	5,376

Notes: a) Basis of segmentation

- (1) Business segments are divided into categories based on the usage of each product in the market.
(2) Major products in each business segment:
Light source application products —
halogen lamps, xenon lamps, high pressure UV lamps, projection lamps for movie theaters and peripheral equipment, UV curing systems, and various other exposure systems
Machinery for industrial uses and other business —
injection molding machinery, food packaging systems, and automatic controls

- b) Included in eliminations or unallocated amounts of the total assets are unallocated amounts totaling ¥46,152 million (\$429,761 thousand) and ¥53,789 million at March 31, 2005 and 2004, respectively, which consist primarily of surplus funds (cash and short-term investments) and long-term investments (investment securities, etc.) of the Company.
c) Included in depreciation and capital expenditures are amortization and additions to long-term prepaid expenses.

Geographical segments

Year ended March 31, 2005

Millions of yen

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated amounts	Consolidated
I. SALES AND OPERATING INCOME							
Sales to external customers	¥ 63,858	¥ 27,275	¥ 5,446	¥ 22,580	¥ 119,159	¥ —	¥ 119,159
Intersegment sales or transfers	17,591	796	669	4,104	23,160	(23,160)	—
Total sales	81,449	28,071	6,115	26,684	142,319	(23,160)	119,159
Operating expenses	65,130	28,189	5,791	22,882	121,992	(23,022)	98,970
Operating income	¥ 16,319	¥ (118)	¥ 324	¥ 3,802	¥ 20,327	¥ (138)	¥ 20,189
II. TOTAL ASSETS							
	¥ 113,051	¥ 22,652	¥ 10,726	¥ 17,384	¥ 163,813	¥ 23,438	¥ 187,251

Thousands of U.S. dollars

I. SALES AND OPERATING INCOME							
Sales to external customers	\$ 594,636	\$ 253,981	\$ 50,712	\$ 210,262	\$ 1,109,591	\$ —	\$ 1,109,591
Intersegment sales or transfers	163,805	7,412	6,230	38,216	215,663	(215,663)	—
Total sales	758,441	261,393	56,942	248,478	1,325,254	(215,663)	1,109,591
Operating expenses	606,481	262,492	53,925	213,074	1,135,972	(214,378)	921,594
Operating income	\$ 151,960	\$ (1,099)	\$ 3,017	\$ 35,404	\$ 189,282	\$ (1,285)	\$ 187,997
II. TOTAL ASSETS							
	\$ 1,052,714	\$ 210,932	\$ 99,879	\$ 161,877	\$ 1,525,402	\$ 218,252	\$ 1,743,654

	Year ended March 31, 2004						Eliminations or unallocated amounts	Consolidated
	Millions of yen							
	Japan	North America	Europe	Asia	Total			
I. SALES AND OPERATING INCOME								
Sales to external customers	¥ 53,074	¥ 25,620	¥ 5,131	¥ 15,256	¥ 99,081	¥ —	¥ 99,081	
Intersegment sales or transfers	12,981	594	717	2,616	16,908	(16,908)	—	
Total sales	66,055	26,214	5,848	17,872	115,990	(16,908)	99,081	
Operating expenses	54,639	25,219	5,544	15,495	100,897	(16,822)	84,075	
Operating income	¥ 11,416	¥ 995	¥ 304	¥ 2,377	¥ 15,092	¥ (86)	¥ 15,006	
II. TOTAL ASSETS	¥ 95,889	¥ 19,010	¥ 9,589	¥ 12,923	¥ 137,411	¥ 32,360	¥ 169,771	

Notes: a) Geographical segments are divided into categories based on their geographical proximity.
b) Major nations or regions included in each geographical segment:
(1) North America — U.S.A., Canada
(2) Europe — Netherlands, Germany, England, France
(3) Asia — China, Taiwan, Korea, Philippines, Singapore

c) Included in eliminations or the unallocated amounts of total assets are unallocated amounts totaling ¥46,152 million (\$429,761 thousand) and ¥53,789 million at March 31, 2005 and 2004, respectively, which consist primarily of surplus funds (cash and short-term investments) and long-term investments (investment securities, etc.) of the Company.

Overseas sales

	Year ended March 31, 2005				
	Millions of yen				
	North America	Europe	Asia	Other areas	Total
III. OVERSEAS SALES					
Overseas sales	¥ 20,637	¥ 8,420	¥ 31,859	¥ 1,260	¥ 62,176
Consolidated net sales					¥ 119,159
Overseas sales as a percentage of consolidated net sales	17.3%	7.1%	26.7%	1.1%	52.2%

	Year ended March 31, 2005				
	Thousands of U.S. dollars				
	North America	Europe	Asia	Other areas	Total
III. OVERSEAS SALES					
Overseas sales	\$ 192,169	\$ 78,406	\$ 296,666	\$ 11,733	\$ 578,974
Consolidated net sales					\$ 1,109,591
Overseas sales as a percentage of consolidated net sales	17.3%	7.1%	26.7%	1.1%	52.2%

	Year ended March 31, 2004				
	Millions of yen				
	North America	Europe	Asia	Other areas	Total
III. OVERSEAS SALES					
Overseas sales	¥ 19,516	¥ 7,633	¥ 20,517	¥ 1,189	¥ 48,855
Consolidated net sales					¥ 99,081
Overseas sales as a percentage of consolidated net sales	19.7%	7.7%	20.7%	1.2%	49.3%

Notes: a) Geographical areas are divided into categories based on their geographical proximity.
b) Major nations or regions included in each geographical area:
(1) North America — U.S.A., Canada

(2) Europe — Netherlands, Germany, England, France
(3) Asia — China, Taiwan, Korea, Philippines, Singapore
(4) Other areas — Argentina, Brazil
c) Overseas sales are sales of the Company and its subsidiaries.

14. Subsequent Event

The following appropriation of retained earnings of the Company, which has not been reflected in the consolidated financial state-

ments for the year ended March 31, 2005, was approved at a shareholders' meeting held on June 29, 2005:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥20 = U.S.\$0.186 per share)	¥ 2,763	\$ 25,729
	¥ 2,763	\$ 25,729

Ernst & Young ShinNihon

The Board of Directors

USHIO INC.

We have audited the accompanying consolidated balance sheets of USHIO INC. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of USHIO INC. and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.



Tokyo, Japan

June 29, 2005

DOMESTIC GROUP COMPANIES

June 29, 2005

USHIO LIGHTING, INC.

Business activities:

Manufacture and sale of halogen lamps for illumination, metal halide lamps for illumination, halogen heater, fiber light source unit, LED light source. Sale of stage effect lighting systems, marine lighting systems, emergency and security lighting systems, UV exposure systems, plastic factory automation systems, food wrapping systems.

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Chiyoda-ku, Tokyo 102-0075
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HYOGO USHIO LIGHTING, INC.

Business activities:

Manufacture of halogen lamps for illumination

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FAX: +81-790-64-4831

NAKA PLANT

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Shiso, Hyogo 671-2531
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FAX: +81-790-64-1771

GUNMA USHIO ELECTRIC, INC.

Business activities:

Manufacture and sale of office equipment, medical equipment and fitness industry equipment

262 Kondo-cho, Tatebayashi, Gunma 374-8521
TEL: +81-276-73-4611
FAX: +81-276-74-7471

TSUKUBA USHIO ELECTRIC, INC.

Business activities:

Manufacture and sale of xenon flash lamps, compact fluorescent lamps and other products

5-2-1 Tokodai, Tsukuba, Ibaraki 300-2635
TEL: +81-298-47-5111
FAX: +81-298-47-5051

XEBEX, INC.

Business activities:

Sale of cinema projection and sound systems, peripheral equipment and other products

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Chiyoda-ku, Tokyo 102-0075
TEL: +81-3-3234-9100
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USHIO SPAX, INC.

Business activities:

Manufacture and sale of lighting equipment and optical equipment; room lighting design

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TEL: +81-3-5768-3681
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OSAKA BRANCH

Shin-osaka Daiichi Bldg.,
5-6-9 Nishi-Nakajima, Yodogawa-ku,
Osaka 532-0011
TEL: +81-6-6305-3501
FAX: +81-6-6305-5940

USHIOSPAX FUKUOKA

1-8-30-1 Daimyo, Chuo-ku, Fukuoka
810-0041
TEL: +81-92-732-4211
FAX: +81-92-732-4311

GIGAPHOTON, INC.

Business activities:

Development, production and sale of excimer laser for semiconductor lithography

HEAD OFFICE

400 Yokokurashinden, Oyama,
Tochigi 323-8558
TEL: +81-285-28-8410
FAX: +81-285-28-8439

HIRATSUKA OFFICE

1200 Manda, Hiratsuka, Kanagawa
254-8567
TEL: +81-463-35-8847
FAX: +81-463-35-9352

HIGASHI-NIHON CUSTOMER SUPPORT CENTER

400 Yokokurashinden, Oyama, Tochigi,
323-8558 (Located in the Oyama Office)
TEL: +81-285-28-8424
FAX: +81-285-28-8439

NISHI-NIHON CUSTOMER SUPPORT CENTER

5-133 Hattori Kotobuki-cho, Toyonaka,
Osaka 561-0857
TEL: +81-6-6865-0089
FAX: +81-6-6865-0111

NISHI-NIHON CUSTOMER SUPPORT CENTER (KYUSUJU OFFICE)

16-1 Kuyamada, Isahaya, Nagasaki
854-0067
TEL: +81-957-26-4360
FAX: +81-957-25-1720

OVERSEAS CUSTOMER SUPPORT CENTER

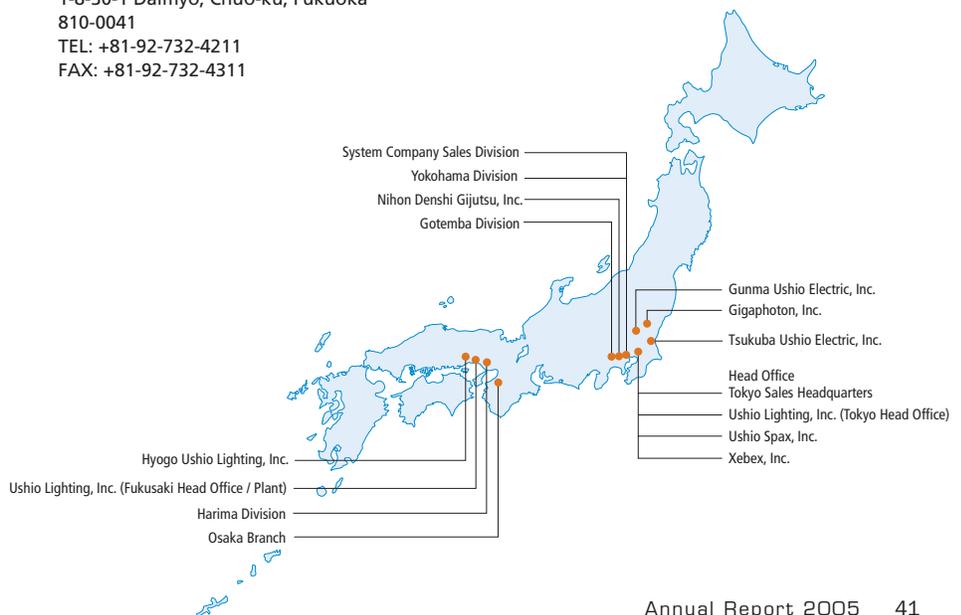
400 Yokokurashinden, Oyama, Tochigi
323-8558 (Located in the Oyama Office)
TEL: +81-285-28-8423
FAX: +81-285-28-8429

NIHON DENSHI GIJUTSU, INC.

Business activities:

Design, production and sale of control circuit

2-2-27 Takane, Sagami-hara, Kanagawa 229-0021
TEL: +81-42-756-9400
FAX: +81-42-758-6847



OVERSEAS NETWORK

June 29, 2005

OVERSEAS GROUP SALES COMPANIES

NORTH AMERICA

USHIO AMERICA, INC.

Business activities:

Sales of super high-pressure UV lamps; manufacturing and sales of metal halide lamps and halogen lamps for OA equipment and other products

5440 Cerritos Avenue,
Cypress, CA 90630, U.S.A.
TEL: +1-714-236-8600
FAX: +1-714-229-3180

EASTERN DIVISION BRANCH OFFICE

16-00 Route 208 South
Fair Lawn, NJ 07410, U.S.A.
TEL: +1-201-703-3920
FAX: +1-201-703-3924

SOUTHWESTERN REGIONAL OFFICE

6839 North Trailway Circle,
Parker, CO 80134, U.S.A.
TEL: +1-303-805-8535
FAX: +1-800-776-3641

CENTRAL REGIONAL OFFICE

14795 West 101st Avenue, Suite B,
Dyer, IN 46311, U.S.A.
TEL: +1-219-365-7492
FAX: +1-219-365-7496

SOUTHEASTERN REGIONAL OFFICE

6170 Mid-Metro Drive, Suite 2
Fort Myers, FL 33912, U.S.A.
TEL: +1-239-931-0998
FAX: +1-239-931-0980

OREGON OPERATIONS DIVISION

2050 East Mountainview Drive,
Newberg, OR 97132, U.S.A.
TEL: +1-503-538-6515
FAX: +1-503-538-4333

IRVINE FACTORY

14 Mason Avenue,
Irvine, CA 92618, U.S.A.
TEL: +1-714-236-8600
FAX: +1-949-472-0159

USHIO CANADA, INC.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and other products

2730 Brighton Road Oakville, Ontario, L6H 5T4,
Canada
TEL: +1-905-829-3338
FAX: +1-905-829-5343

CHRISTIE DIGITAL SYSTEMS USA, INC.

Business activities:

Manufacturing and sales of movie theater projection systems and light source-related equipment

10550 Camden Drive, Cypress, CA 90630, U.S.A.
TEL: +1-714-236-8610
FAX: +1-714-503-3385

CHILE OFFICE

Guardia Vieja 225 Of. 312 Santiago, Chile
TEL: +56-2-3342667

U.K. BRANCH

View Point 200 Ashville Way Wokingham,
Berkshire, RG41 2PL, U.K.
TEL: +44-118-977-8000
FAX: +44-118-977-8100

GERMANY OFFICE

Willicher Damm 129 D-41066
Mönchengladbach, Germany
TEL: +49-2161-664540
FAX: +49-2161-664546

FRANCE OFFICE

7 av Georges Pompidou 92593 Levallois-
Perret Cedex, France
TEL: +33-0-1-47-48-28-07
FAX: +33-0-1-47-48-26-06

ITALY OFFICE

Angelo Tacca Via Garibaldi, 88, 20024
Garbagnate Milanese (MI), Italy
TEL: +39-02-9902-1161
FAX: +39-02-9902-2641

SPAIN OFFICE

Antonio Abad, c/ Valmojado, 107 Local,
28047 Madrid, Spain
TEL: +34-91-710-11-15
FAX: +34-91-710-11-17

SINGAPORE BRANCH

627A Aljunied Road, #05-02 Biz Tech Centre,
Singapore, 389842
TEL: +65-6877-8737
FAX: +65-6877-8747

CHINA-BEIJING OFFICE

7B15, Hanwei Plaza Guanghua Road,
Chaoyang District, Beijing, 100004
People's Republic of China
TEL: +86-10-6561-0240
FAX: +86-10-6561-0546

CHINA-SHANGHAI OFFICE

Room 1109-1116 Shartex Plaza, No.88 Zun
Yi South Road, Shanghai 200336, People's
Republic of China
TEL: +86-21-6278-7708
FAX: +86-21-6278-7707

JAPAN BRANCH

2/F, Ariake-Frontier A Bldg., 3-1-25 Ariake,
Koto-ku, Tokyo, 135-0063
TEL: +81-3-3599-7481
FAX: +81-3-3599-7482

EUROPE

USHIO EUROPE B.V.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and systems and other products

Sky Park, Breguetlaan 16-18, 1438BC Oude Meer,
The Netherlands
TEL: +31-0-20-446-9333
FAX: +31-0-20-446-0360

USHIO FRANCE S.A.R.L.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and other products

Z.I. du Vert Galant-Allee St.Simon B.P. 7043-St.
Ouen L'Aumone 95051, Cergy Pontoise Cedex,
France
TEL: +33-0-1-34-64-94-94
FAX: +33-0-1-34-64-44-97

USHIO DEUTSCHLAND GmbH

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and other products

Münchner Straße 10, 85643
Steinhöring, Germany
TEL: +49-0-80-949-054-0
FAX: +49-0-80-949-054-190

USHIO U.K., LTD.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and other products

Unit 25 & 26, Rabans Close, Rabans Lane
Industrial Estate, Aylesbury, Bucks HP19 8TR, U.K.
TEL: +44-0-1296-339-988
FAX: +44-0-1296-339-908

ASIA

USHIO SINGAPORE PTE LTD.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps and systems and other products

No.1, Jalan Kilang #05-01, Dynasty Industrial
Bldg., Singapore 159402
TEL: +65-6274-5311
FAX: +65-6274-5300

Christie Digital Systems USA, Inc.
Italy Office

Ushio Europe B.V.
Christie Digital Systems USA, Inc.
UK Branch

Ushio U.K., Ltd.

Ushio France S.A.R.L.
Christie Digital Systems USA, Inc.
France Office

Christie Digital Systems USA, Inc.
Spain Office

Ushio Deutschland GmbH
BLV Licht- und Vakuumtechnik GmbH
Christie Digital Systems USA, Inc.
Germany Office

- Sales Base
- Production Base

OVERSEAS GROUP PRODUCTION COMPANIES

THAILAND REPRESENTATIVE OFFICE

Unit 111, 10/F (T.W.Y. Office Center), Serm-Mit Tower, 159 Soi, Asoke21, Sukhumvit Rd, Klongtoey-Nua, Wattana, Bangkok, 10110 Thailand
 TEL: +66-2-661-7907-8
 FAX: +66-2-661-7460

USHIO TAIWAN, INC.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps, various exposure systems, optical systems and lasers

10/F, No.31, Sec.1 Chung-Shiaw E.Road, Taipei, Taiwan, R.O.C.
 TEL: +886-2-2322-4103
 FAX: +886-2-2394-4140

USHIO KOREA, INC.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, halogen lamps, various exposure systems, optical systems and lasers

14/F Dukheung Bldg., 1328-10, Seocho-dong, Seocho-ku, Seoul, Korea
 TEL: +82-02-587-1115
 FAX: +82-02-587-1118

USHIO SHANGHAI, INC.

Business activities:

Sales of super high-pressure UV lamps, xenon short-arc lamps, lamps for OA equipment and optical systems

Rm.041, 31/F, HSBC Tower, 101 Yincheng East Road, Pudong New Area, Shanghai, People's Republic of China
 TEL: +86-21-6841-1135
 FAX: +86-21-6841-1150

NORTH AMERICA

CHRISTIE DIGITAL SYSTEMS CANADA, INC.

Business activities:

Development and manufacturing of movie theater projection systems and other projectors

809 Wellington Street, North Kitchener, Ontario, N2G 4Y7, Canada
 TEL: +1-519-744-8005
 FAX: +1-519-749-3136

EUROPE

BLV LICHT-UND VAKUUMTECHNIK GmbH

Business activities:

Manufacturing and sales of metal halide lamps, halogen lamps and other products

Münchner Straße 10, 85643 Steinhöring, Germany
 TEL: +49-0-8094-906-0
 FAX: +49-0-8094-906-111

U.K. BRANCH

Units 25/26 Rabans Close, Rabans Ind. Estate, Aylesbury Bucks, HP19 3RS, U.K.
 TEL: +44-0-12-96-39-93-34
 FAX: +44-0-12-96-39-34-22

YUEN LONG PLANT

29-31, Wang Lok Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong
 TEL: +852-2478-0090
 FAX: +852-2476-6701

PAN YU PLANT

Ushio Factory, Kou Shui Heng, Shi Ji Town, Pan Yu District, Guangzhou City, Guangdong Province 511450, People's Republic of China
 TEL: +86-20-3456-9158
 FAX: +86-20-3456-8626

USHIO (SUZHOU) CO., LTD.

Business activities:

Manufacturing of rare gas fluorescent lamps for OA equipment and lamps for projectors

6, Yuyang Street, Suzhou New District, Suzhou, People's Republic of China
 TEL: +86-512-6807-6628
 FAX: +86-512-6809-9271

USHIO PHILIPPINES, INC.

Business activities:

Manufacturing of halogen lamps for illumination and OA equipment and other products

First Cavite Industrial Estate, Barangay Langkaan, Dasmariñas, Cavite, Philippines
 TEL: +63-046-402-1422-27
 FAX: +63-046-402-1421/1428

TAIWAN USHIO LIGHTING, INC.

Business activities:

Manufacturing of halogen lamps and other products

No.82, Taiho Road, Taiho-Li, Chupei, Hsinchu Hsien, Taiwan, R.O.C.
 TEL: +886-35-51-3207
 FAX: +886-35-51-4523

USHIO LIGHTING (HONG KONG) CO., LTD.

Business activities:

Sales of plastic factory automation system and other products

Suites 2209-11, 22/F, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
 TEL: +852-2305-1802
 FAX: +852-2305-1803

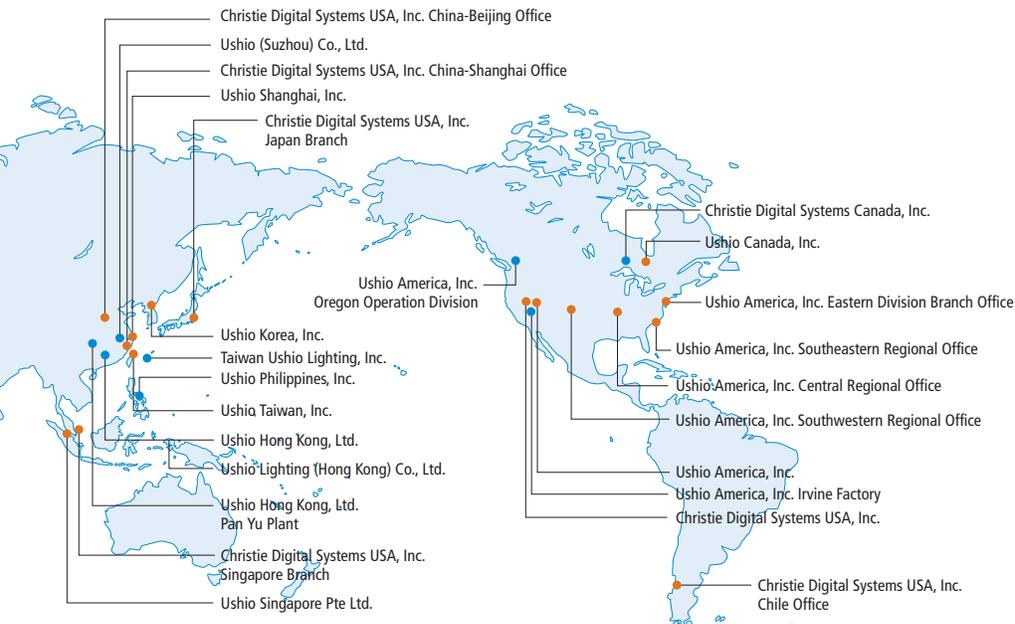
ASIA

USHIO HONG KONG, LTD.

Business activities:

Manufacturing of halogen lamps, xenon fluorescent lamps, NSH lamps and lamp units for OA equipment

Suites 3113-14, 31/F, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
 TEL: +852-2756-7880
 FAX: +852-2798-9861



HISTORY

June 29, 2005

1916~

1916

November

- Established as Himeji Light Bulb Co.

1930~

1932

December

- Name changed to Japan Light Bulb Co.

1950~

1952

November

- Name changed to Ushio Industry, Ltd.

1960~

1964

March

- Ushio Inc. established with capital of ¥12.5 million

1967

May

- Established sales base in the U.S.A. (USHIO AMERICA, INC.)

1968

September

- Yokohama R&D Division opened

1970~

1970

May

- Listed on the Second Section of the Tokyo Stock Exchange (TSE); capital increased to ¥400 million
- Established Harima Plant (Harima Division)

1971

August

- Moved head office to Asahi Tokai Building in Tokyo's Otemachi business district

1974

April

- Listed on the Second Section of the Osaka Securities Exchange (OSE); capital increased to ¥902 million

1980~

1980

April

- Listed on the first sections of the TSE and OSE; capital increased to ¥1,540 million

1981

April

- Established engineering division with sales functions (USHIO U-TECH, INC.)

1983

June

- Established new halogen lamp manufacturing plant (HYOGO USHIO ELECTRIC, INC.)

1984

September

- Established equipment assembly plant (GUNMA USHIO ELECTRIC, INC.)

1985

February

- Established Southeast Asian sales base (Singapore Liaison Office)

April

- Established sales base in Europe (USHIO EUROPE B.V.)

1986

September

- Established equipment assembly base in Hong Kong (USHIO HONG KONG, LTD.)

1987

April

- Established lamp production plant in the U.S.A. (USHIO OREGON, INC.)

July

- Established lamp production plant in Taiwan (USHIO TAIWAN, INC.)

September

- Established lamp production plant in Europe (USHIO EUROPE B.V.'s TILBURG PLANT)

1988

September

- Established flash lamp and rare-gas discharge lamp plant in Japan (TSUKUBA USHIO ELECTRIC, INC.)

December

- Established sales base in France (USHIO FRANCE S.A.R.L.)
- Established Systems Division II (Gotemba Division)

1989

September

- Singapore Liaison Office upgraded to subsidiary (USHIO SINGAPORE PTE LTD.)

1990~

1990

July

- Marine division spun off as separate company (USHIO MARINE, INC.)

October

- Acquired BLV LICHT- UND VAKUUMTECHNIK GmbH of Germany

1991

April

- Reestablished Tilburg Plant as subsidiary (USHIO EUROPE (TILBURG) B.V.)

December

- Established lamp production plant in Hong Kong (USHIO HONG KONG, LTD., Yuen Long Plant)

1992

April

- Established xenon lamp production and sales base in the U.S.A. (CHRISTIE, INC.)

June

- Established sales base in Germany (USHIO DEUTSCHLAND GmbH)

October

- Established general lighting production company (USHIO LIGHTING, INC.)

1996

February

- Established lamp production plant in the Philippines (USHIO PHILIPPINES, INC.)

March

- Established sales base in the Republic of Korea (USHIO KOREA, INC.)

1997

April

- Established sales base in the U.K. (USHIO U.K., LTD.)

July

- Established comprehensive Group R&D center in Japan (USHIO RESEARCH INSTITUTE OF TECHNOLOGY INC.)

1999

November

- Established CHRISTIE DIGITAL SYSTEMS, INC., after the acquisition of the visual equipment division of ELECTROHOME LIMITED of Canada

2000~

2000

April

- Established sales base in Canada (USHIO CANADA, INC.)

August

- Established a joint venture for excimer-laser business with KOMATSU LTD. (GIGAPHOTON, INC.)

2002

November

- Established new lamp production plant in China (USHIO HONG KONG, LTD. PAN YU PLANT)

2003

November

- Established sales base in the Republic of China (USHIO SHANGHAI, INC.)

2004

April

- USHIO LIGHTING, INC. and USHIO U-TECH, INC. were merged (USHIO LIGHTING, INC.)
- Established new lamp production plant in China (USHIO SUZHOU CO., LTD.)
- USHIO AMERICA, INC. and USHIO OREGON, INC. were merged (USHIO AMERICA, INC.)

INVESTOR INFORMATION

June 29, 2005

BOARD OF DIRECTORS

Chairman and Ushio Group Representative
Jiro Ushio

Representative Director and Vice Chairman
Akihiro Tanaka

President and Chief Executive Officer
Shiro Sugata

Directors and Corporate Executive Vice Presidents
Manabu Goto

Soichi Shide

Tadashi Taki

Seiji Oshima

Shiro Ushio

Corporate Auditors

Tadashi Shibuichi

Takahisa Mimura

Katsunori Kakimi

Statutory Auditors

Shinji Sekiguchi

Shuichi Hattori

Further information may be obtained by contacting the Corporate Communications Department:
TEL: +81-3-3242-1815
FAX: +81-3-3245-0589

ESTABLISHMENT

1964

PAID-IN CAPITAL

¥19,556,326,316

COMMON STOCK

Authorized: 300,000,000 shares

Issued: 139,628,721 shares

NUMBER OF SHAREHOLDERS

11,319

STOCK LISTING

Tokyo Stock Exchange and Osaka Stock Exchange,
First Section

INDEPENDENT ACCOUNTANTS

Ernst & Young ShinNihon

TRANSFER AGENT

The Chuo-Mitsui Trust & Banking Co., Ltd.

DIVISIONS

HEAD OFFICE

Asahi Tokai Bldg., 2-6-1 Otemachi, Chiyoda-ku,
Tokyo 100-0004

TEL: +81-3-3242-1811

FAX: +81-3-3242-0695

HARIMA DIVISION

1194 Sazuchi, Bessho-cho, Himeji, Hyogo
671-0224

TEL: +81-792-52-4381

FAX: +81-792-53-6262

YOKOHAMA DIVISION

6409 Moto-Ishikawa-cho, Aoba-ku, Yokohama,
Kanagawa 225-0004

TEL: +81-45-901-2571

FAX: +81-45-901-1004

GOTEMBA DIVISION

1-90 Komakado, Gotemba, Shizuoka 412-0038

TEL: +81-550-87-3000

FAX: +81-550-87-3200

TOKYO SALES HEADQUARTERS

Asahi Tokai Bldg., 2-6-1 Otemachi, Chiyoda-ku,
Tokyo 100-0004

TEL: +81-3-3242-5610

FAX: +81-3-3242-2700

SYSTEM COMPANY SALES DIVISION

Hazuki Bldg., 5-14-6 Utsukushigaoka, Aoba-ku,
Yokohama, Kanagawa 225-0002

TEL: +81-45-901-2572

FAX: +81-45-901-0883

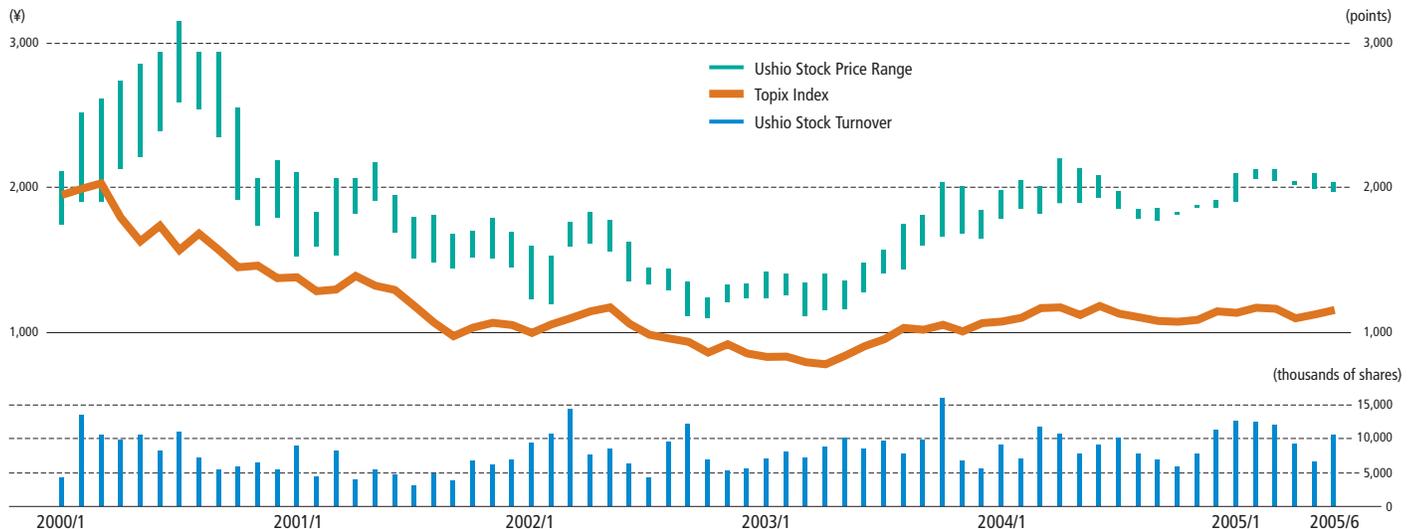
OSAKA BRANCH

Shin-Osaka MT Bldg.1, 5-13-9 Nishi-Nakajima,
Yodogawa-ku, Osaka 532-0011

TEL: +81-6-6306-5711

FAX: +81-6-6306-5718

STOCK DATA



Lighting Edge Technologies
USHIO

The Things You Can Do with Light!

Sometimes it feels as if technology is moving forward at the speed of light, getting smaller, faster, and more precise every day. Light is helping to solve some of the problems this dizzying pace of change causes. Light—more indispensable than ever. USHIO the light creation company—more promising than ever. Lighting the Way to the Future: USHIO.

For further information on Ushio or our products, please contact the Company's head office or visit our website:
<http://www.ushio.co.jp>



Please contact:

**Corporate Communications Department, Office of The President
USHIO INC.**

Asahi Tokai Building, 6-1, Otemachi 2-chome, Chiyoda-ku,
Tokyo 100-0004, Japan
TEL: +81-3-3242-1815 FAX: +81-3-3245-0589

