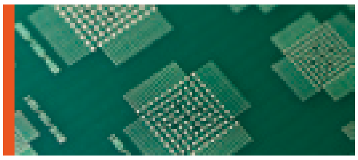
Annual Report 2010

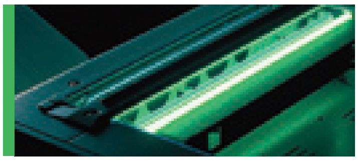
Year ended March 31, 2010

USHIO Lighting—Edge Technologies


Visual Image Equipment


Electronics


Illumination


Office Automation Equipment

USHIO INC. began operations as a manufacturer of industrial light sources in 1964. The company has since evolved into a "light creator" that provides light units, equipment, and systems as well as "light solutions" through developing new light sources and developing and applying proprietary optical technology.

USHIO's light technology is not only for "illumination" but also is widely employed in cutting-edge industrial segments and the science and technology arena as an energy source. In addition to producing countless products that have captured the top global share, we are currently cultivating new business fields in such areas as biotechnology, medical science, microelectronic mechanical systems (MEMS), and visual imaging.

Amid the ever-accelerating pace of change, "light" plays an increasingly critical role as an effective means of resolving the various bottlenecks in technological innovation.

Through the constant pursuit of "light innovations," USHIO will continue to contribute to the development of an affluent society and its industries and lifestyles.

Contents

Forward-looking Statements

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.

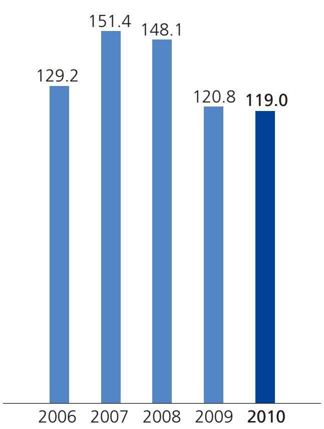
Financial Highlights

USHIO INC. and Subsidiaries
Years ended March 31

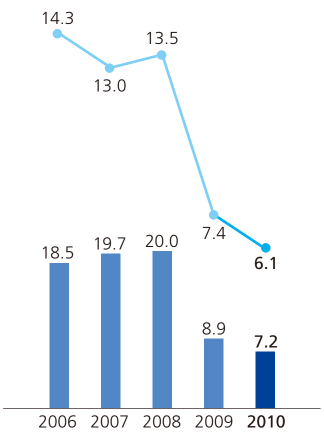
	Millions of yen			Thousands of U.S. dollars
	2008	2009	**2010**	**2010**
Net sales	¥148,148	¥120,846	**¥119,079**	**$1,279,877**
Operating income	20,050	8,963	**7,262**	**78,058**
Ordinary income	23,319	9,991	**9,290**	**99,858**
Net income	15,486	3,481	**7,071**	**76,001**
Capital expenditures	7,608	5,415	**4,874**	**52,396**
R&D expenses	5,193	5,877	**5,523**	**59,372**
Depreciation and amortization	5,834	6,280	**6,219**	**66,850**
Free cash flow	5,196	8,679	**6,284**	**67,552**
Total assets	216,659	184,401	**202,119**	**2,172,397**
Net assets	162,092	145,774	**156,685**	**1,684,063**
Net income per share (yen/dollars)	112.96	25.76	**52.95**	**0.57**

Financial indicators			
Net assets / total assets (%)	74.3	78.5	**76.8**
Net return on equity (%)	9.4	2.3	**4.7**
Net return on total assets (%)	6.8	1.7	**3.7**
Accounts and notes receivable turnover (times)	3.2	3.2	**3.0**
Inventory turnover (times)	2.4	2.9	**2.8**
Average yen/dollar exchange rate	113.80	100.66	**92.61**

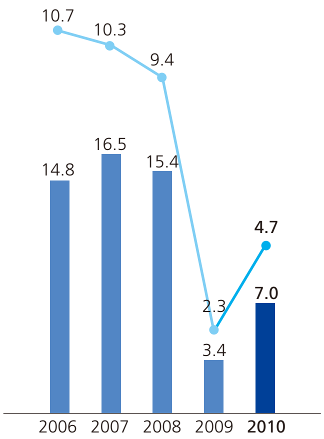
Net Sales
Billions of yen



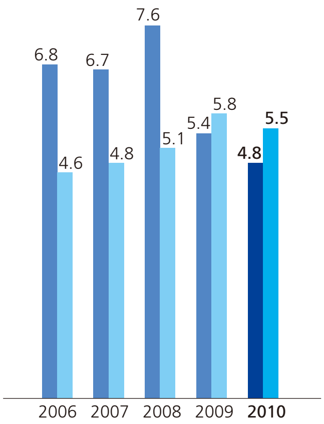
Operating Income
Billions of yen
Operating income ratio



Net Income
Billions of yen
Return on equity (%)



Capital Expenditures and R&D Expenses
Capital expenditures (billions of yen)
R&D expenses (billions of yen)



President's Message

Earnings Results

Over the past year, the entire USHIO Group has worked diligently to address the challenges of the global economic slump that began in the latter half of 2008, improving productivity, reducing production costs and other expenses, shifting production activity to overseas plants, and establishing a solid and growing sales organization to support overseas expansion. All of these efforts have been directed at elevating earnings throughout the group. The rising popularity of 3D movies, over the past year, helped USHIO to more than double sales of digital cinema projectors (DCP), year on year, to over 4,000 units. Sales of xenon lamps, which provide the light source for DCPs, rose 40% year on year, providing most of the impetus behind sales.

However, while demand in the markets for semiconductors and electronic components is beginning to recover, the recovery was not sufficient to achieve sales growth in fiscal 2009. Total sales for the period declined 1.5% year on year, to ¥119,079 million and operating income fell 19.0% to ¥7,262 million. However, valuation losses on investment securities were considerably less than in the previous year. As a result, net income rose 103.1% year on year, to ¥7,071 million, and ROE improved from 2.3% in fiscal 2008 to 4.7%.

Focusing on Solid-State Light Sources

USHIO has been using its strong financial position to fund aggressive M&A activities, particularly to acquire outside technology and marketing capabilities in the market for solid-state light sources. Our efforts are helping the company expand its lineup of these new light sources, to better address market needs.

For example, in May 2009 USHIO acquired 49% of the shares in NECSEL INTELLECTUAL PROPERTY, INC. through USHIO AMERICA, INC. NECSEL INTELLECTUAL PROPERTY, INC. owns the patents to Necsel™ lasers (Novalux Extended Cavity Surface Emitting Laser), a visible light-emitting laser that is compact, inexpensive, and suitable for mass production. Necsel™ lasers can generate light in each of the primary color wavelengths for light–red, green and blue–that are needed for projectors.

In addition, in 2008 USHIO acquired EPITEX INC., a manufacturer of infrared LEDs, and in April 2010 subsidiary CHRISTIE DIGITAL SYSTEMS U.S.A., INC. launched the world's first modular-type LED display in the Japanese market, under the brand name "Christie MicroTiles™." USHIO will continue such initiatives to strengthen its position in the market for solid-state and other new light sources.

Expanding Operations in the Medical Sector

USHIO is also developing new businesses in the medical sector. In December 2009, CHRISTIE DIGITAL SYSTEMS, INC. acquired Luminetx Corporation, a U.S.-based company that developed the "VeinViewer®" vascular imaging system, which can display real-time images of subcutaneous veins and project them onto the surface of the skin. The acquisition of Luminetx greatly increases our technology development capabilities in the medical sector. Moreover, it provides us with a new dimension to our strategic optical solutions business that promises to be very valuable in light of social trends toward increasing longevity and demographic aging.

Extreme Ultraviolet (EUV) Light Source by DPP-Method Development Consolidated at XTREME

In April 2010, USHIO reached an agreement with Dutch company Royal Philips Electronics N.V. under which USHIO's wholly owned German subsidiary XTREME technologies GmbH acquired Philips Extreme UV GmbH's (Philips EUV) business, which oversees the extreme ultraviolet (EUV) light source business of the Philips group. This will consolidate all development and production of EUV light sources by discharge-produced plasma (DPP)-method under XTREME technologies. As part of the consolidation, XTREME technologies transferred its headquarters to Aachen, where the main offices of Philips EUV are located. We are expanding our clean room facilities to commence operations in the summer of 2010.

EUV light sources are drawing attention for use in next-generation semiconductor lithography. Both chipmakers and manufacturers of the steppers used in semiconductor production are eagerly awaiting the mass production of EUV light sources. Through the contributions of XTREME technologies, USHIO is stepping up efforts to develop and manufacture EUV light source products.

Outlook for Fiscal 2010

The business environment that USHIO faces in fiscal 2010 is gradually improving, as global demand slowly recovers and the already vibrant DCP business is joined by reviving demand in the semiconductor and LCD panel markets. We therefore expect business to strengthen in the current fiscal year.

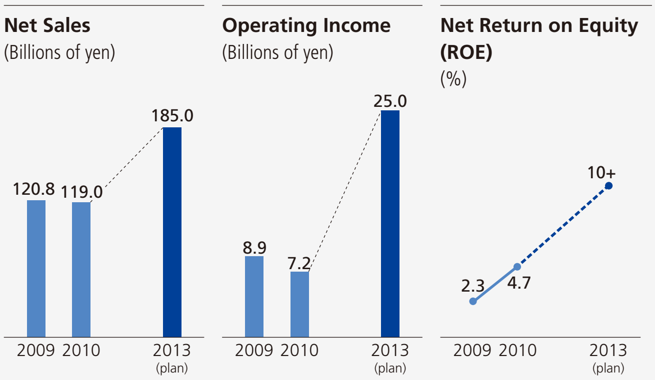
From a medium-term perspective, we intend to continue promoting R&D efforts in advanced sectors of the Visual Image Equipment business, as well as in high-density surface-mounting technology and exposure technology, while continuing to hone production, sales and development capabilities and build a solid base of operations for the group as a whole. At the same time, USHIO will continue working aggressively to reduce production costs and administrative expenses, develop new products, and pursue new applications that can open up new business fields and markets.

July 2010

Shiro Sugata, President and CEO

USHIO's Vision for the Three Years to March 31, 2013

1. Expand the digital cinema business and explore non-cinema-related applications
   The rising popularity of 3D movies is expected to contribute to the increased market penetration of digital cinema products. As the global economy recovers, sales for non-cinema-related applications are likely to increase. Among these, we will seek to expand into businesses such as digital signs and other post-digital cinema applications.
2. Step up development efforts in cutting-edge photolithography business
   Through our subsidiary XTREME technologies GmbH we will continue working to develop extreme ultraviolet (EUV) light sources and bring them to mass production.
3. Develop the solid-state light source business
   We aim to aggressively expand businesses that involve lasers, LEDs, laser diodes (LDs) and other solid-state light sources. We will expand our product lineup in an effort to provide light sources that more fully meet customer needs.
4. Provide technology and products to support the LCD, semiconductor and precision PCB markets
   We will leverage our technological skills in light sources and production equipment to provide products required by these industries, such as photo-alignment systems and exposure systems for printed circuit boards (PCBs).
5. Promote environmentally friendly businesses
   In response to customer requests for more efficient and energy-conserving products, USHIO will strive to develop environmentally friendly products and businesses.
6. Actively promote business alliances, joint ventures and M&A activities
   The New Business Development Office will leverage USHIO's solid financial position, to continue its aggressive program to expand operations and develop new businesses through alliances, joint ventures, and M&A activities.



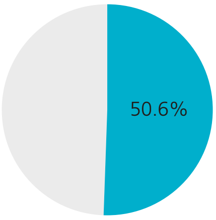
Review of Operations

Visual Image Equipment

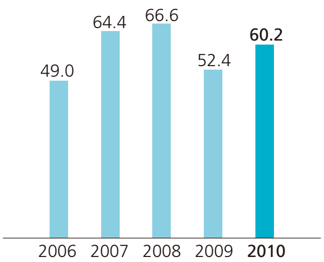
PRINCIPAL SUBSIDIARIES

CHRISTIE DIGITAL SYSTEMS U.S.A., INC. (including Japan branch)
CHRISTIE DIGITAL SYSTEMS CANADA, INC.
XEBEX INC.

Percent of Net Sales
Year to March 31, 2010



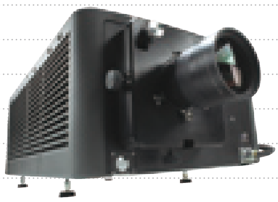
Sales
Billions of yen



The popularity of 3-D movies is increasing the spread of digital cinemas

Sales of USHIO's data projector lamps are declining amid weak growth in the market for mid and high-range data projectors used in offices, schools and homes. However, sales of digital cinema projectors (DCP) are growing rapidly following the release of a number of 3-D movies that became global hits. We sold more than 4,000 of these projectors, more than twice as many in the fiscal year that ended in March 2009. Sales of xenon lamps used in DCPs were higher, too. The result was growth of about 15% in total sales of visual image equipment.

Further growth in the number of digital cinemas worldwide is expected in the fiscal year ending March 2011. This outlook points to another increase in the sales volume of DCPs and in xenon lamp sales. Higher sales are expected in the data projector market as well, primarily because of growth in demand from the education sector. Shipments of USHIO's projector lamps will probably climb along with projector sales.



CP2000-ZX digital cinema projector

A xenon lamp for a digital cinema projector

Product information

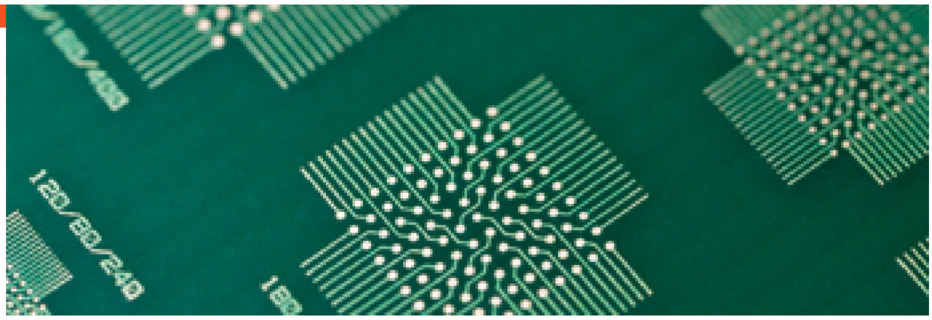
NEW

The Entero™ LED maintenance-free LED projector

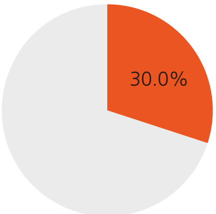
The first in the industry to use an LED light source, this rear-projection display boasts excellent color reproduction and is easy to maintain. The projector is well suited for 24-hour surveillance displays such as are used by telecommunication companies, traffic control agencies, railroads, electric utilities and emergency response centers. It is also ideal for producing high-definition video walls at science museums, universities, research institutes and other locations.

Electronics

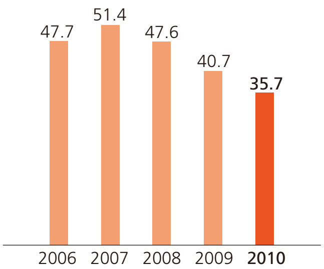
PRINCIPAL SUBSIDIARIES
GIGAPHOTON INC.
XTREME technologies GmbH



Percent of Net Sales
Year to March 31, 2010



Sales
Billions of yen



Steady recovery but performance still below the previous year

USHIO sells a wide variety of light sources and other equipment used in the production of LCDs, semiconductors and electronic components. Recovery in orders for UV lamps, which are used in a variety of exposure processes, was limited due to fierce competition as demand for these lamps declined.

Capital expenditures in the LCD and electronic component industries show signs of recovering, particularly in China. Since some companies are pushing back their investments, however, more time will be needed before sales of optical systems begin to recover. Overall sales in the electronics segment decreased about 12%.

In the fiscal year ending March 2011, production of LCDs in China and other countries is expected to receive substantial investment, and growth in the global production volume of LCD panels is also expected. This outlook points to higher sales of equipment and lamps used for LCD production. In the semiconductor market, we anticipate a recovery in sales of UV lamps, and improved sales at subsidiary GIGAPHOTON INC., which manufactures and sells laser light sources used in fabricating state-of-the-art semiconductors.

Product information

NEW

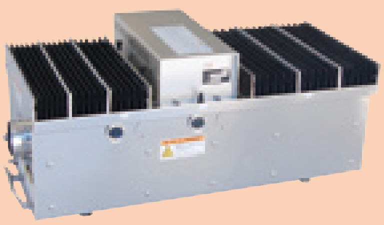
UX-55—The world's first modular stepper

USHIO's UX-5 stepper commands a 90% share* of the global market for steppers used to produce high-precision printed circuit boards. The newly introduced UX-55 has the same outstanding performance while incorporating a new modular design for its primary functions. Using modules will make it much easier to upgrade and customize functions individually as required. We have already completed development of modules able to deliver the performance that semiconductor manufacturers will require in 2015.

*As of April 1, 2010, based on USHIO data

μTAS bonding system combines multiple processes in a single package for the first time

USHIO has started selling an innovative μTAS (Micro Total chemical Analysis System) bonding system for the R&D market. This system uses a proprietary mechanism that enables handling of three μTAS chip* processes in a single compact unit: cleaning and surface modification, bonding, and pressurization. This makes it much easier to perform tests since separate specialized units are no longer needed for each process. Moreover, the use of an excimer lamp for processing virtually eliminates damage and other factors causing defects in materials compared with conventional processes that rely on chemicals and heat or plasma.



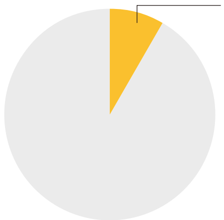
*An inspection chip ranging in size from a few millimeters to several centimeters, in which a variety of fluidic devices are integrated on a chip to perform a series of chemical operations quickly and efficiently. Typical applications are genome analysis in the field of health care and biotechnology and the detection of chemicals in the environmental services field. Many more potential applications exist for this innovative chip.

Illumination

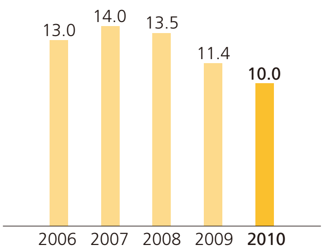
PRINCIPAL SUBSIDIARIES

USHIO LIGHTING, INC.
USHIO SPAX INC.

Percent of Net Sales
Year to March 31, 2010



Sales
Billions of yen



Better performance for energy-saving and environmentally friendly products

USHIO manufactures many types of highly advanced illumination lamps that offer high added value. Our halogen lamps are found in stores, commercial facilities, theaters, television studios and other locations with exacting demands for high color-rendering performance. Our high-intensity discharge (HID) lamps offer outstanding efficiency and a long life. Customers choose our LED lamps for their low power consumption and reduced environmental footprint.

In the fiscal year ended March 31, 2010, the slow pace of economic recovery in Japan saw sales in this segment decrease about 12%. Sales of LED lamps for household use are increasing and rapid growth is expected in sales of these lamps for use in stores and other commercial buildings, too. We plan to step up the development of new LED products to capitalize on these opportunities. Our LED-filament light bulbs, sold under the *Let* brand, package LEDs and mount them in an alignment that resembles the filament of a conventional light bulb. This filament-like configuration produces the same warm light, appearance and atmosphere as an incandescent light bulb. This innovative light source has been well received, and adopted by many prominent department stores.

Product information

LEDIU—A brand exclusively for LED illumination products

USHIO LIGHTING uses its proprietary *LEDIU* brand for its line of LED illumination products. *LEDIU* brand products represent the sum of USHIO's innovative technologies and the efficiencies of low energy consumption and long life. They also embody our commitment to quality as a maker of "light" and some of our more unique concepts.

USHIO LIGHTING LED PRODUCTS

LEDIU LED-filament light bulbs (*Let*)

In these light bulbs, LEDs are placed in a 3-D configuration similar to the shape of filaments in conventional incandescent light bulbs to produce illumination with the same warmth and even coverage. People can enjoy the same type of light as with conventional light bulbs while greatly reducing energy consumption and the need for replacements. These attributes make *Let* light bulbs very friendly to the environment.

LEDIU LED light bulbs (Mini-reflector Type)

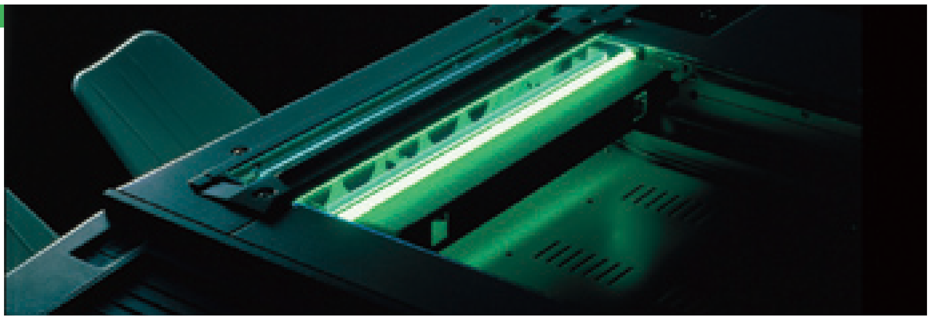
NEW

The brightness and shape of these compact LED light bulbs makes them perfect alternatives for mini-reflector lamps. Only 3.5W is needed to produce the same brightness (maximum intensity of 300cd) as a 40W incandescent mini-reflector lamp. Electricity bills and the environmental impact are both much lower as a result.

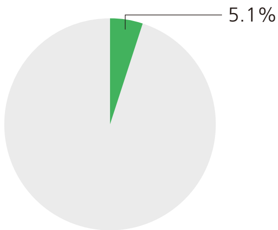
Office Automation Equipment

PRINCIPAL SUBSIDIARIES

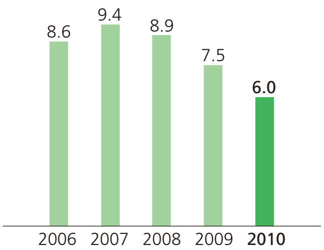
USHIO HONG KONG LTD.
USHIO (SUZHOU) CO., LTD.



Percent of Net Sales
Year to March 31, 2010



Sales
Billions of yen



Recovery of the office automation market lags behind other sectors

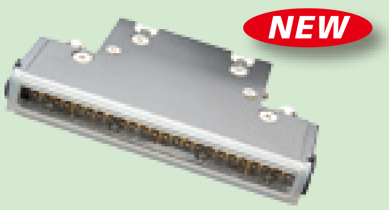
USHIO manufactures and sells two types of lamps for office equipment. One is rare gas fluorescent lamps used for scanning documents in printers, copiers and other office equipment. The other is halogen toner-fixing lamps. The office equipment market is recovering more slowly than other market sectors as companies put off expenditures until clear signs of an upturn in the economy emerge. Sales of USHIO's office equipment lamps fell about 20% as a result.

We have been focusing on creating new products in recent years in order to meet increasing demands for lower energy consumption and more compact designs. In the current fiscal year, we plan to start mass producing document-reading modules that use an LED light source. We will expand our sales of these efficient modules targeting large users of office equipment.

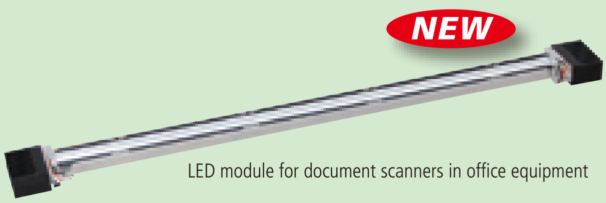
Product information

A growing selection of LED products for offices and printing companies

LED light sources have already become the mainstream in equipment for offices and the printing industry to cut energy consumption and improve other environmental characteristics. USHIO will continue to develop environmentally responsible products by drawing on its exclusive optical technologies, module design expertise, and customer relationships rooted in mutual trust.



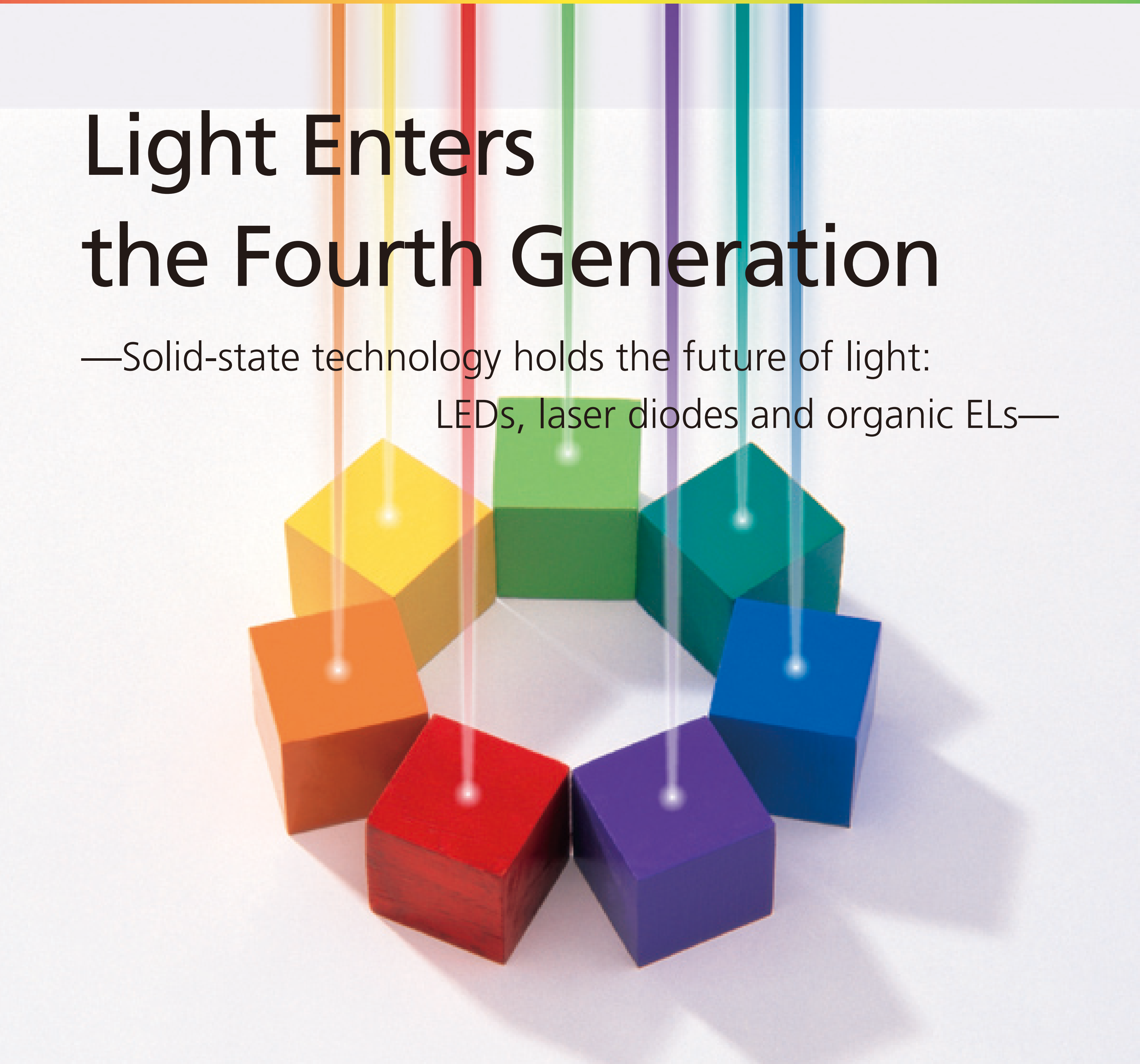
High-power UV-LED module for curing ink in inkjet printers



LED module for document scanners in office equipment

Light Enters the Fourth Generation

—Solid-state technology holds the future of light: LEDs, laser diodes and organic ELs—



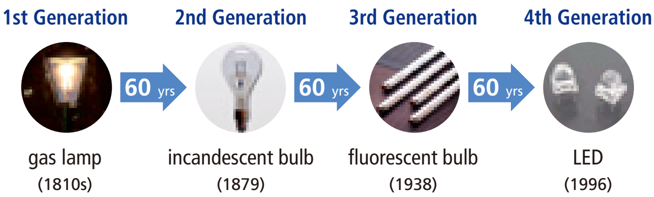
Solid-state light sources operate on a completely different principle from most traditional types of lights. They are made of materials that glow when electricity is passed through them, and the wavelength of light emitted can be changed by altering the composition of the material. The name "solid-state light sources (SSLSs)" may not be widely known, but the products—LEDs, laser diodes (LDs) and organic electroluminescent (EL) materials are becoming familiar, and the technology is advancing rapidly, accelerating the evolution of light. This feature describes the most common type of solid-state light source now in use: LEDs.

A new take on an old technology

Light-emitting diodes, or LEDs, are often described as "fourth-generation" light sources, following on from the first three generations of lighting represented by candles and gas lamps, incandescent bulbs, and fluorescent lights. However, the technology behind LEDs was first discovered as early as 1907. In the 1960s, LEDs that emit red, green or orange light were developed, but the range of wavelengths was narrow, and the light emitted was dim. Consequently, they were only suitable for such uses as the displays of electronics products.

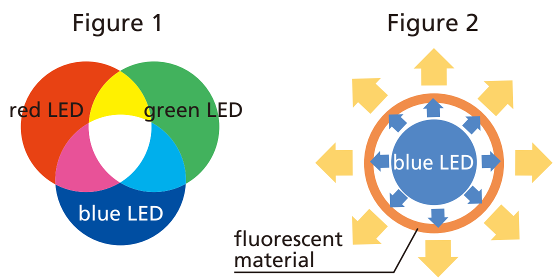
In 1993, however, the technology took a major step forward when blue LEDs were developed. Since LEDs could now generate all three of the primary colors that make up "white" light—red, green and blue—the three could be combined to generate the sort of light that provides full illumination. In 1996, the first "white-light LED" was developed, using blue LEDs as the base. At last, some 90 years after the principle of LEDs was discovered, the path was clear for LEDs to be used on a full-scale basis for illumination.

Advances in lighting technology



Since the 1810s, when gas lighting began to be used on a widespread basis, new advances in lighting technology have been made about once every 60 years.

Three primary colors combine to make a "white" LED



The development of a blue LED made it possible to create natural, "white" light by combining the three primary colors of light (Figure 1). Another method of creating "white" light is to shine blue LEDs onto a fluorescent material, which then emits the full spectrum of light (Figure 2). Both methods are used, for differing applications.

How do LEDs generate light?

LEDs are made of semiconductors commonly used in computers and other electronics. Semiconductors which have a positive charge are called “p-type semiconductors,” while those that have a negative charge are called “n-type semiconductors.” These two types are joined together to make an LED. Even before electricity is passed through the material, there is some charge; however, when the semiconductor is connected to an electric circuit and energized, negative charge accumulates inside the n-type semiconductor, and positive charge accumulates in the p-type semiconductor until both the materials are saturated with charge. Semiconductors, by nature, will try to return to an uncharged state. To do so, they must release their extra charge. As the positively and negatively charged semiconductors are joined to one another, at the interface between the two materials the positive and negative charges continuously cancel each other out, discharging the semiconductors and releasing energy in the form of light.

Low energy consumption and long operating life

LEDs are very efficient at converting electricity into visible light, when compared to other lighting devices. The energy emitted as visible light by an incandescent bulb is no more than 10% of the energy input in the form of electricity (i.e., the conversion efficiency is 10% or less). Fluorescent bulbs have a conversion efficiency of around 20%. The vast majority of the energy is converted into either ultraviolet radiation or infrared radiation (heat).

The conversion efficiency of LEDs, on the other hand, is around 30% to 50%. Since solid-state light sources emit only a single wavelength, very little of the energy input is converted to “useless” wavelengths, and much more is radiated as visible light. As a result, LEDs consume much less energy to generate a given amount of light compared with other light sources.

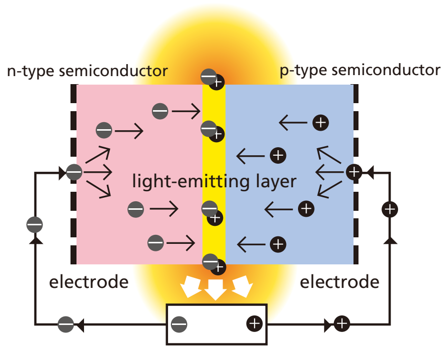
Another useful feature of LEDs is that they have a very long operating life. Incandescent light bulbs generate light from a thin filament, which gets very hot when it is operating. The heat slowly weakens and degrades the material, and after being used for a certain length of time, the filament will snap. In the case of fluorescent bulbs, the electrodes heat up and start to react with the phosphorescent material. Eventually, a metallic residue accumulates at the ends of the bulb near the electrodes, and that part of the bulb will grow darker. In addition, the bulbs function by emitting ultraviolet light, which the phosphorescent coating on the inside of the bulb converts to visible light. Over time, the phosphorescent material will gradually degrade and produce less and less visible light, reducing both energy efficiency and the effectiveness of the lighting.

By contrast, LEDs emit light directly from the semiconductor itself – a solid, and very long-lasting piece of silicon. Although LEDs do wear out eventually, in most cases it is because the heat that they generate slowly degrades the electronic components surrounding the semiconductor, or the electrical wires leading to the semiconductor are damaged.

Challenges facing SSLSs

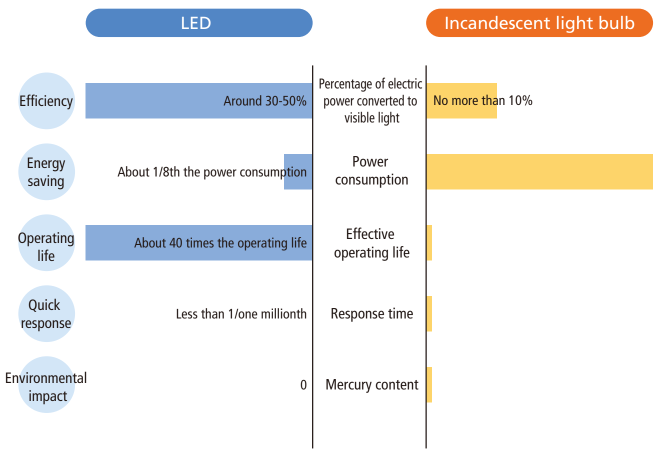
The light sources used for the scanning units of office equipment, and for the backlight units of large-screen monitors have generally been discharge-type lamps, such as xenon lamps or other rare-gas fluorescent lamps. However, these light sources are gradually being replaced by LEDs, LDs and other SSLSs in order to

Principle of light generation by an LED



This structure can be used in reverse, by solar power cells, to generate electricity. By shining light on the chip, the positive and negative charges accumulate in the light-emitting layer and can be connected to a power circuit.

Characteristics of LEDs versus incandescent light bulbs



reduce environmental impact by cutting energy consumption and to address consumer needs for reducing the size of products.

However, at present the main application of LEDs is for basic lighting purposes. The brightness and luminance of single-body light sources is still a bit too low for them to be used effectively for industrial applications that use light as energy such as in photolithography, to make semiconductors, LCDs and electronic components, or in UV curing. Applications which require high light uniformity and collimation, meanwhile, will require further advances in optics technology.

The companies in the USHIO Group possess a wide variety of optical technologies which will help to leverage the strengths of SSLSs. In addition to efforts to increase the brightness and luminance of the light sources themselves, the group is developing optical mirrors and lenses, modular designs, and other types of optical technology improvements that can be combined with SSLSs to steadily enhance their performance. By resolving the shortcomings and making the light more suitable for certain applications, SSLSs will gradually be adopted for industrial applications. The USHIO Group aims to use this technology to develop total solutions by adapting the characteristics of the light source and its lighting specifications to precisely match the application.

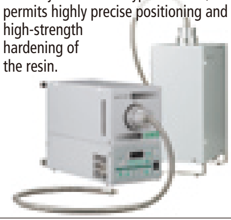
SSLSs can meet the demands for a new type of light source

Over time, we are learning more and more about the specific characteristics and functions of each different wavelength of light. For example, light with a wavelength of 146nm can break down carbon dioxide, while the 172nm wavelength breaks down oxides of nitrogen and sulfur. The 254nm wavelength can be used for sterilization and disinfection, 308nm wavelengths can be used for skin treatment, the 365nm wavelength is used for UV curing and photolithography, and the 660nm wavelength is ideal for growing plants. At present, SSLSs are being developed to reproduce various wavelengths of light, and development efforts are under way to improve the brightness and luminance to levels which match those of discharge lamps. When these efforts reach fruition, SSLSs will take on a new role of generating light in a specific wavelength to perform a particular function.

Discharge lamps generate not only the desired wavelength of light, but also shorter and longer wavelengths. Filters must be used to screen out the unnecessary wavelengths, depending on the type of application for which they are used. However, SSLSs emit light in only a very narrow spectrum. Furthermore, the wavelength that they emit is determined by the type of material used to make the semiconductors, so the production process is much simpler than that of a discharge lamp, and it is easier to generate a specific desired wavelength.

The life-giving light produced by the sun contains a multitude of different wavelengths, including many whose function or characteristics are unknown, and many that we have yet to generate by other means. However, as development work on SSLSs continues, we will unlock the secrets to generating and using these wavelengths, and be able to use them for new purposes and new applications. Clearly, our future with SSLSs is destined to be a "bright" one, in every sense of the word.

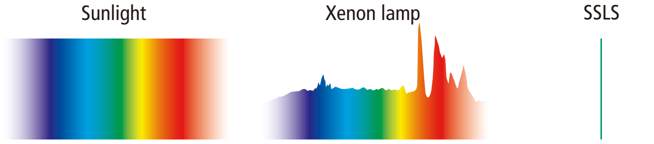
Differences and characteristics of light sources for UV curing

	SSLS (LED)	Discharge lamp
Compact size	◎	▲
Power consumption	◎	▲
Operating life	◎	▲
Brightness	▲	◎
Luminance	▲	◎
Wavelengths and other characteristics	Generates only the 365nm wavelength. Though only certain types of resin can be cured with this wavelength, it offers excellent environmental benefits due to low power consumption and minimal CO_2 production. 	Generates a beam of light with peak wavelengths ranging between 248-436nm. This allows it to be used with a variety of different types of resin, and permits highly precise positioning and high-strength hardening of the resin. 

Facilitates flexible lines and reduced space, as well as environmental advantages

Facilitates high precision and high-strength processing

Diagram of the spectrum of various light sources



The wavelength of light generated by the SSLS depends on its chemical composition. In addition to silicon, the semiconductors contain small amounts of aluminum (Al), phosphorous (P), indium (In), gallium (Ga) and nitrogen (N). By varying the type and amount of these substances, it is possible to adjust the light wavelength that is generated by the LED.

USHIO SSLSs

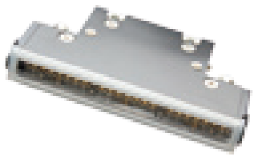
SSLSs have a multitude of potential applications. In addition to lighting, they can be used in various types of sensors and communications devices, horticulture, medical devices and in the production of semiconductors and LCDs. USHIO is leveraging its wealth of expertise in light technology to develop a multitude of new products and applications.

USHIO

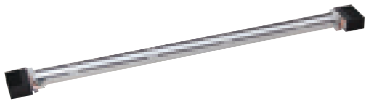
USHIO INC.

USHIO's SSLSs are based on designs customized to meet the needs and aims of our customers. We deal with a wide range of applications from devices to lighting modules, as well as the equipment and systems that contain them. As a manufacturer of light, USHIO combines these light sources with its accumulated light technologies, including development of optical mirrors and lenses, and capabilities in module design, to provide the optimal light for every type of manufacturing process.

Spot UV curing equipment (LED)



High-power UV/LED module
for curing ink in inkjet printers



LED module for document scanners in office equipment

LED modules

CHRISTIE®

CHRISTIE DIGITAL SYSTEMS U.S.A., INC.

CHRISTIE DIGITAL SYSTEMS makes a variety of LED modules as well as producing and selling digital cinema projectors. The "Christie MicroTiles™" display system is the world's first modular-type display, using small, rectangular tiles that can be arranged in any pattern. The displays offer superior color hues and luminosity to LCD or plasma displays. The company is developing a third segment for its display business—digital signage—in addition to the current cinema market and non-cinema uses. This market is expected to grow rapidly.

Modular displays with LED backlights

CHRISTIE® MICROTILES™

CHRISTIE

CHRISTIE MEDICAL HOLDINGS, INC.

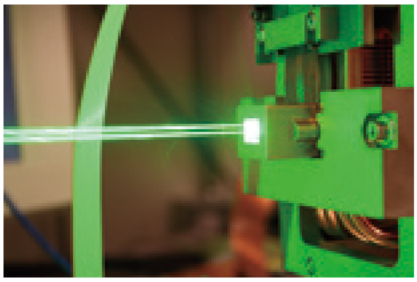
CHRISTIE MEDICAL HOLDINGS was established in January 2010, shortly after USHIO subsidiary CHRISTIE DIGITAL SYSTEMS acquired the U.S.-based Luminetx Corporation, which forms the core of the new company. Luminetx Corporation, was a medical and biometrics company, renowned for introducing the "VeinViewer®" vascular imaging system containing a near-infrared LED, the world's first product which can display real-time images of veins under the skin.

The "VeinViewer®" uses LEDs to generate both visible light and infrared light, locating the veins and projecting an image of them onto the surface of the skin, in real time. This makes it much easier for medical staff to locate veins and insert IV drip needles, or to give injections. This technology is gaining a great deal of interest, since it reduces the pain and trouble for patients, and saves time and expenses in health care settings.

"VeinViewer®" vascular imaging system
containing a near-infrared LED

NECSEL INTELLECTUAL PROPERTY, INC.

The company was established in November 2008, with the aim of developing and commercializing high-output lasers in the infrared and visible light frequency bands. In addition to a very simple structure, these lasers have high frequency conversion efficiency and are extremely reliable, making it possible to produce small, high-output lasers. The process for making these lasers is the same as that used for making semiconductor wafers, which is expected to lead to greater automation and lower costs. The company is currently working to develop these semiconductors lasers as the light sources for specialized lighting, digital cinema projectors, laser TVs and data projectors.


Semiconductor laser used in a projection system

EPITEX INC.

Epitex is a manufacturer of LEDs that specializes in distinctive products for the infrared spectrum band. The company has developed some of the best manufacturing technology in the industry for growing crystals, which can be used to produce small quantities with widely varied characteristics. The company sells custom-made, high-output infrared LED products for surveying equipment and car sensors for electronic toll collection gates. At the same time, the company is also working on the development of new light sensors for biometrics, auto-related, medical and industrial applications.


Various types of LED elements/devices

USHIO LIGHTING

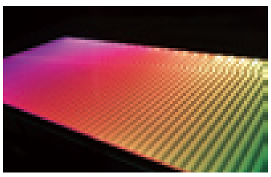
USHIO LIGHTING, INC.

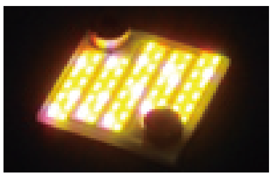
The company manufactures and sells light sources and lighting equipment for commercial buildings, theatres, studios and other venues. USHIO LIGHTING holds a high share of the markets for halogen lamps and high-intensity discharge (HID) lamps, and is developing a lineup of LED products with the expectation that these products will further increase their share of these markets. The company is working to build its brand image, based on the slogan: “The light you need, when you need it, no more and no less.”

LEDIU Series of illumination LEDs


Infrared LED for surveillance camera


LED light bars


LED light panels


High integration LED module

Corporate Governance and Ethics

There are two central objectives for corporate governance at the USHIO Group. One is ensuring the transparency and efficiency of the Group's management. The other is increasing corporate value to meet the expectations of all of the Group's stakeholders. These objectives rank among the Group's highest priorities.

Corporate Governance Framework

USHIO uses a management structure that includes a Board of Corporate Auditors. Management and administrative responsibilities are divided among three governance units. First is the Board of Directors, which determines management policies and makes decisions about other matters of the highest importance. The directors also oversee the management of business operations. Second is the representative directors, who are responsible for conducting business operations. Third is the Board of Corporate Auditors, which is responsible for audits.

To assist the Board of Directors in reaching decisions, the USHIO Group has three advisory units that examine and discuss management strategies and medium and long-term management policies with respect to the entire Group. The units are the Executive Council, Group Coordination Council and the Group's executive officers. In addition, the USHIO Group has a business unit structure and an executive officer system for the purposes of strengthening and speeding up the execution of business operations by the representative directors.

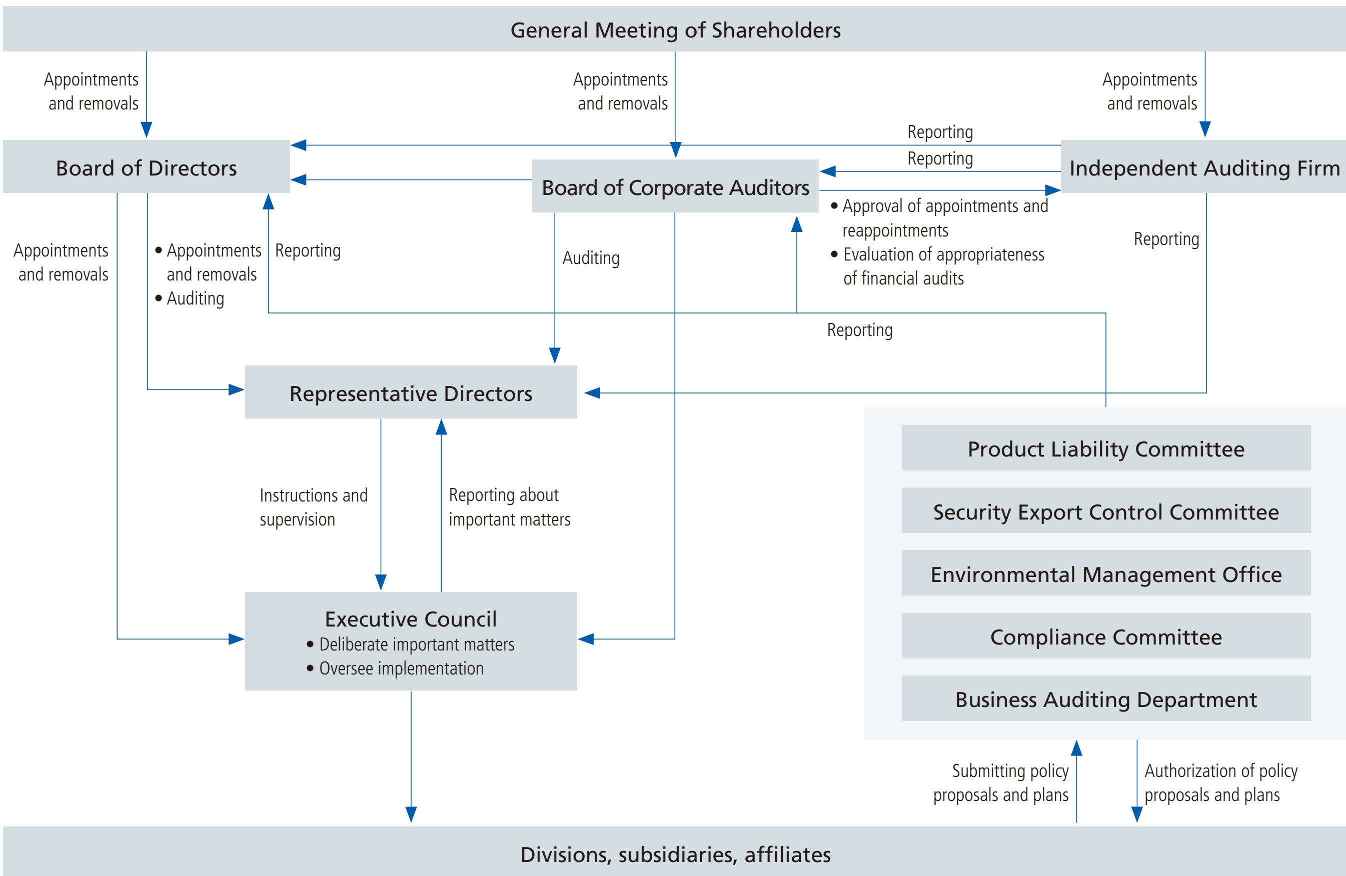
Audits by Corporate Auditors

USHIO has a Board of Corporate Auditors with five members that include three outside auditors who are independent of the USHIO Group. The outside corporate auditors are professionals in fields such as finance and auditing. The inclusion of outside corporate auditors makes it possible to perform audits from an objective and neutral perspective.

The Board of Directors submits reports concerning legally required items and other matters to the Board of Corporate Auditors. Other matters include items that may have a significant impact on the entire Group, important items concerning monthly business operations, the status of internal audits and other information that should be reported.

The independent auditor submits an annual auditing plan to the Board of Corporate Auditors and explains its specific auditing objectives to the corporate auditors. In addition, the independent auditor provides the corporate auditors with reviews of quarterly and year-end financial reports as well as reviews of the financial audits and summaries of audit results. This forms the basis for

USHIO's Internal Control Framework



periodic meetings of the independent auditor and Board of Corporate Auditors.

Internal Audits

USHIO's Internal Auditing Office Business Auditing Department functions as an internal auditing unit independent of departments engaged in business operations. The Business Auditing Department submits an annual auditing plan to the Board of Corporate Auditors and explains its specific auditing objectives to the corporate auditors. The office also submits reports to the Board of Corporate Auditors about the results of internal audits. As required, members of the Internal Auditing Office hold meetings with the corporate auditors and cooperate in other ways as necessary.

Compliance

USHIO has established 10 Action Guidelines in order to define standards for conduct that require everyone at the Group to comply with laws, regulations, the Articles of Incorporation and ethical standards. The Compliance Committee is responsible for ensuring that employees observe these guidelines. The Business Auditing Department and Compliance Committee jointly perform audits to monitor the status of compliance and submit audit reports as necessary to the Board of Directors and Board of Corporate Auditors. Furthermore, the directors and corporate auditors can view information involving the performance of the directors at any time. Providing this access allows these individuals to take timely and appropriate actions as required.

To reinforce awareness of the importance of compliance, all Group companies use USHIO's standards for behavior and other guidelines and the Business Auditing Department performs audits of Group companies.

The USHIO Hotline

The USHIO Hotline has been in operation since October 2006. All Group employees can use this hotline for direct communications with individuals outside the Group with regard to workplace violations of laws and regulations, internal rules, ethics and other standards for behavior. Employees can use the hotline for consultation, too. The hotline allows for quickly discovering and eliminating improper behavior and provides access to consultations while protecting individuals who use the hotline from any negative consequences.

Compliance Education

USHIO has training programs to cover the specialized skills needed by new employees who are recent graduates, mid-career professionals, individuals who have been newly appointed to a management position, and employees who take examinations for promotions. There are also training programs devoted solely to compliance.

Risk Management

The USHIO Group must deal with risks associated with compliance, the environment, product quality, finances, legal matters, natural and other disasters, information management, export controls and other aspects of business operations. We prepare rules and guidelines, give employees specialized training, distribute manuals and take other actions. Directors and executive officers are given responsibility for responding immediately to any newly emerging risks. When a problem occurs that is likely to result in significant losses, a report must be submitted immediately to the Board of Directors by the director or executive officer with responsibility for the problem.

For market risk associated with securities and other financial instruments, we manage risk by establishing and enforcing market risk management regulations.

Information Security and Protection of Personal Information

USHIO acquires and holds a variety of information in the course of conducting its business operations. We are well aware of the importance of safeguarding information about customers and suppliers, personal information, confidential business information and other important information. We have established rules for the proper handling of this information. There are stringent requirements concerning the protection of confidential information, whether the information is internal or about a customer or business partner. Another priority is compliance with Japan's Personal Information Protection Law. To reinforce everyone's commitment to complying with this law and ensure its effective enforcement, all USHIO departments use a cycle of self-assessments to determine the status of compliance and carry out continuous improvements based on these assessments.

IC cards are one way that the USHIO Group protects information. We use these cards to keep track of when employees enter and leave particular rooms and record their working hours. IC cards restrict access to sensitive areas and keep records of when employees enter these areas. This system helps prevent unauthorized access to important information. Using servers for the centralized oversight of computer software assets and computer virus protection is another measure that protects information. Collectively, these steps upgrade our ability to manage information while reducing the amount of time and resources needed. For confidential information received from customers and business partners, we have regulations covering every step from the receipt and storage of information to its ultimate disposal. We perform periodic checks of the system. Customers and business partners perform on-site confirmations of our information security measures. We study the results of these confirmations to reexamine and reinforce information security measures and how they are used.

Compliance with Export Controls

Compliance with laws and regulations for exports is based on the Internal Rules for Compliance with Export Controls and Security Export Controls Committees are responsible for putting the required measures in place. In addition, USHIO took the following new actions during the past fiscal year.

- Established a fundamental policy and code of behavior for export controls.
- Determined major objectives and targets in order to translate the export control fundamental policy and code of conduct into actions.
- Established three specialized task forces in order to examine specific issues and take the necessary actions.
- Held regularly scheduled meetings of the Export Controls Group Liaison Conference to centralize oversight of export controls for all Group companies.
- Started using a search system for parties requiring special attention and reinforced customer management activities across the entire Group.
- Established the Joint Council of Security Export Controls Committees for sharing information and standardizing export control processes and making them more efficient. The objective is to resolve export control problems and other issues among USHIO Group employees and business sites.

Sustainability

We have articulated our management philosophy in four key emphases, as summarized below. Those emphases are the basis for all our measures for shaping our behavior as a corporation and as individual employees.

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.

10 Action Guidelines

To translate our management philosophy into concrete action, we abide by the 10 Action Guidelines listed below. These guidelines shape the goals and behavior of every USHIO employee.

10 Action Guidelines

Chapter 1
We shall aim to be a company that accepts diverse individual qualities and values and where people work together and pursue self-learning and self-improvement.

Chapter 2
We shall strive for the company's sustainable growth through our innovative, proactive and prompt management.

Chapter 3
We shall respect the basic human rights of all individuals and endeavor to create bright, safe and pleasant working environment.

Chapter 4
We shall provide high-quality, safe products and services at appropriate prices and carry out fair and equitable business transactions.

Chapter 5
We shall work to earn the understanding and trust of society.

Chapter 6
We shall comply with laws and regulations and carry out fair business activities in accordance with socially accepted practices.

Chapter 7
We shall fulfill our duties to the best of our abilities in conformity with internal regulations and standards.

Chapter 8
We shall promote environmental protection and the efficient use of resources.

Chapter 9
We shall carry out proactive public relations activities while respecting the value of information and intellectual property rights of third parties.

Chapter 10
We shall contribute to the development of respective regions where we conduct business as a member of the international community.

Environmental Protection

We regard achieving symbiosis with the global environment as a top priority for corporations, and we therefore strive to promote sustainability throughout our business. Below is a summary of the guidelines that we have adopted to steer our efforts.

Action guidelines

1. We will make every effort to achieve our own environmental protection goals, in compliance with the laws, regulations and environmental rules both in Japan and abroad.
2. We will endeavor to reduce waste and the use of hazardous substances, and to recycle and save resources and energy to reduce environmental impact in all fields of business.
3. We will continue to work on the development and supply of environmentally conscious "Lighting-Edge Technologies and Products."
4. We will strive to prevent environmental risks, such as contamination of natural resources by chemicals or waste.
5. We will improve environmental management system continuously through the regular audit of environmental protection activities.
6. We will provide public information on our environmental protection activities and make every effort to enhance the quality of that information based on close communication and mutual understanding.
7. Every employee of USHIO will contribute to realize a recycling-based society through the awareness of each individual's role in protecting the environment.

Major Activities

*Inclusion in socially responsible investment indices**

The USHIO Group is dedicated to fulfilling its responsibilities to society in order to achieve sustainable corporate development. In recognition of our environmental programs, measures to protect human rights and other activities, the United Kingdom-based FTSE International Limited has included USHIO in its FTSE4Good Index of socially responsible companies for seven consecutive years starting in 2004. In addition, our commitment to the environment earns us a place in SRI funds such as the Sompo Japan Green Open Fund of Sompo Japan Asset Management Co., Ltd.

*Socially responsible investments (SRI) are investments in companies with a strong dedication to fulfilling their social obligations. In addition to reflecting a company's financial performance, SRI investment decisions take into account community activities, environmental programs and other forms of corporate social responsibility.

Establishment of Scholarship Fund at Suzhou University in China

USHIO (SUZHOU) CO., LTD. signed an agreement in January 2009 with China's Suzhou University to establish the Suzhou University USHIO Scholarship Fund. This is the university's first scholarship sponsored by a foreign-owned company with operations in Suzhou province. Establishing the scholarship is the first project of Jiangsu USHIO Scholarship Fund for Gifted Students, a non-profit foundation established in 2008 to make contributions to education in that country. The foundation's primary goal is to support public service projects such as scientific research and the development of technologies. Emphasis is placed on assisting students who live in rural areas of China where financial limitations often make it difficult to attend universities. The foundation plans to enlarge the scope of its activities to include other universities in China.

The USHIO Foundation, which was established in Japan in 1994, has distributed scholarships to many university students, including Chinese students who study in Japan. With the formation of a scholarship fund in China, we have a sound platform for joint academic and private-sector human resources development programs in Japan and China. More exchanges of personnel can take place, too. We hope that the two foundations can contribute to economic and technological progress in Japan and China by supporting these types of programs.

Donation of LEDs to University of Louisiana-Lafayette

USHIO AMERICA, INC. donated LEDs that it produced to the University of Louisiana-Lafayette. The LEDs were placed in a residence designed and built by the university as part of the Department of Energy Solar Decathlon, an event that takes place once every two years.

The Solar Decathlon challenges collegiate teams to design, build and operate solar-powered houses that are cost-effective, energy-efficient and attractive.

Though participating in this event for the first time, the University of Louisiana-Lafayette took first place in the market viability and people's choice categories.

Participation in Biodiversity Declaration Promotion Partners of Nippon Keidanren

Nippon Keidanren announced its Declaration of Biodiversity* in March 2009 and USHIO has become a Biodiversity Declaration Promotion Partner to support this declaration. The USHIO Group is dedicated to preserving biodiversity, which is one of the themes of the USHIO Group's Third Environmental Action Plan.

Nippon Keidanren Declaration of Biodiversity

1. Appreciate nature's gifts and aim for corporate activities in harmony with the natural environment
2. Act from a global perspective on the biodiversity crisis
3. Act voluntarily and steadily to contribute to biodiversity
4. Promote corporate management for sustainable resource use
5. Create an industry, lifestyle and culture that will learn from biodiversity
6. Collaborate with relevant international and national organizations
7. Spearhead activities to build a society that will nurture biodiversity

* Nippon Keidanren Declaration of Biodiversity: This declaration takes the 2003 Declaration of Nippon Keidanren on Nature Conservation one step further by combining a commitment to protecting biodiversity with an action policy. Companies that support the Declaration of Biodiversity become Biodiversity Declaration Promotion Partners. These partners are listed on the Keidanren website and information about their biodiversity activities is distributed in Japan and other countries.

Board of Directors and Corporate Auditors

As of June 26, 2010

Directors

Jiro Ushio
Chairman and USHIO Group Representative

Shiro Sugata
President and Chief Executive Officer

Manabu Goto
Director

Seiji Oshima
Director

Kenji Hamashima
Director

Tadashi Taki
Director

Shiro Ushio
Director

Ryutaro Tada
Director

Hiroaki Banno
Director

Keizo Tokuhiro
Director

Corporate Auditors

Standing Auditors
Susumu Nakaichi
Osamu Monoe*
Shigeki Nakayama

Corporate Auditors
Shuichi Hattori*
Yasusuke Miyazaki*

*Auditors from outside the Company

Financial Section

Contents

11-Year Summary of Consolidated Financial Data

USHIO INC. and subsidiaries
Years ended March 31

	2000	2001	2002	2003
FOR THE YEAR:				
Net sales	¥73,109	¥ 89,137	¥ 81,301	¥ 91,937
Overseas sales	—	37,243	36,763	45,347
North America	—	16,921	16,148	19,980
Europe	—	6,306	6,894	7,583
Asia	—	12,308	11,676	16,495
Other areas	—	1,706	2,044	1,289
	—			
Net income	6,525	8,464	1,643	4,651
Capital expenditures	2,026	4,961	4,837	2,693
Depreciation and amortization	2,675	2,603	2,816	2,889
R&D expenses	3,826	3,683	3,557	3,355
AT YEAR-END:				
Total assets	121,230	137,758	149,669	149,390
Net assets	87,566	93,261	106,838	105,582
CASH FLOWS:				
Net cash provided by operating activities	4,695	12,332	7,305	13,394
Net cash used in investing activities	343	(5,659)	(7,496)	(6,523)
Net cash used in financing activities	(1,028)	(1,492)	(2,112)	(4,117)
Free cash flows	4,352	17,991	(191)	6,871
PER SHARE OF COMMON STOCK (Yen):				
Net income	¥ 46.73	¥ 60.62	¥ 11.77	¥ 33.14
Cash dividends	12.00	15.00	13.00	13.00
Net assets	627.17	667.93	765.32	764.94
KEY FINANCIAL RATIOS:				
Return on equity (%)	7.7	3.4	1.6	4.4
Return on assets (%)	5.6	6.5	1.1	3.1
Asset turnover (times)	0.63	0.69	0.57	0.61
Return on sales (%)	8.9	9.5	2.0	5.1
Operating margin (%)	12.5	17.2	12.0	13.3
Employees (number)	3,195	3,394	3,706	3,889
Net sales per employee	22.9	26.3	21.9	23.6

Note: Return on equity = Net income / Average shareholders' equity × 100
Return on assets = Net income / Average total assets × 100
Asset turnover = Net sales / Average total assets
Return on sales = Net income / Net sales × 100
Operating margin = Operating income / Net sales × 100
Employees = Total of USHIO INC. and its 42 consolidated subsidiaries.

Millions of yen

2004	2005	2006	2007	2008	2009	**2010**
¥ 99,081	¥ 119,159	¥ 129,284	¥ 151,495	¥ 148,148	¥ 120,846	**¥ 119,079**
48,855	62,176	72,688	93,847	96,449	78,168	**83,240**
19,514	20,634	29,874	44,135	39,271	27,652	**27,513**
7,633	8,420	10,295	13,187	14,731	14,209	**15,945**
20,517	31,859	31,860	35,754	41,329	34,517	**37,809**
1,189	1,260	656	769	1,117	1,789	**1,972**
9,346	13,634	14,895	16,553	15,486	3,481	**7,071**
5,376	12,837	6,810	6,748	7,608	5,415	**4,874**
2,748	3,014	4,763	5,179	5,834	6,280	**6,219**
3,358	4,174	4,645	4,884	5,193	5,877	**5,523**
169,771	187,251	213,027	237,520	216,659	184,401	**202,119**
117,726	129,302	150,533	170,738	162,092	145,774	**156,685**
7,969	12,408	9,397	20,071	15,237	11,873	**18,999**
(9,490)	(6,473)	(9,762)	(7,227)	(10,041)	(3,194)	**(12,714)**
(1,592)	(1,758)	(3,324)	(10,625)	(85)	(7,588)	**(4,760)**
(1,520)	5,934	(365)	12,844	5,196	8,678	**6,284**
¥ 67.36	¥ 98.89	¥ 107.81	¥ 120.16	¥ 112.96	¥ 25.76	**¥ 52.95**
20.00	20.00	20.00	24.00	24.00	20.00	**20.00**
853.40	935.80	1,089.67	1,233.65	1,177.77	1,083.63	**1,162.26**
8.4	11.0	10.7	10.3	9.4	2.3	**4.7**
5.9	7.6	7.4	7.3	6.8	1.7	**3.7**
0.62	0.67	0.65	0.67	0.65	0.60	**0.62**
9.4	11.4	11.5	10.9	10.5	2.9	**5.9**
15.1	16.9	14.3	13.0	13.5	7.4	**6.1**
3,971	4,755	4,390	4,782	4,681	4,620	**4,732**
25.0	25.1	29.4	31.7	31.6	26.2	**25.2**

Financial Review

USHIO INC. and Subsidiaries

The USHIO Group—comprising the parent company and its 42 consolidated subsidiaries and 4 equity-method affiliates—engages mainly in developing, manufacturing, marketing, and providing ancillary services for optical products and manufacturing equipment. The Group also engages in research and development and provides other services for its businesses.

Economic trends and USHIO's response

In the fiscal year ended March 31, 2010, the Japanese economy saw positive signs such as improving personal consumption, an easing of overcapacity in the economy, supported by the positive impact of an upturn in the global economy and various economic stimulus measures. However, the business outlook remained uncertain amid weak employment and income conditions, and the continuation of deflation.

In the United States, personal consumption and housing starts recovered, albeit modestly, on the back of stimulus measures that underpinned the economy. Overcapacity in the economy eased, but the unemployment rate stayed high and the credit crunch continued. Overall, business conditions remained severe.

In Europe, high unemployment and turmoil in financial markets became increasingly serious, despite some signs of a bottoming out in economic conditions.

In Asia, excluding Japan, the Chinese and Indian economies rebounded, thanks largely to domestic demand. Other Asian economies recovered overall as exports increased to China.

Against this backdrop, in the USHIO Group's markets, brisk global demand for LCD TV and PC monitor applications kept capacity utilization rates high for LCD panel makers in LCD-related markets. In the semiconductor market, dynamic random access memory (DRAM) and flash memory prices were stable, and shipment volume and capacity utilization rates recovered. However, demand for replacement exposure lamps was stagnant, and demand for optical equipment was weak in the first half of the fiscal year. In the projector market, global demand for 3D projectors, spurred by the popularity of 3D movies, stimulated the ongoing shift to digital projectors. As a result, demand for xenon lamps used in digital cinema projectors and digital cinema projectors rose rapidly.

Earnings

Under these conditions, the USHIO Group remained focused on making Group-wide efforts to improve its business results by raising productivity, lowering manufacturing costs, reducing expenses, building and expanding global marketing channels, and promoting the shift of production overseas. However, the Group was unable to dispel the negative impact of the global economic slowdown.

Net sales decreased 1.5% year on year to ¥119,079 million, mainly due to weak demand for replacement exposure lamps and manufacturing equipment caused by downturns in the LCD and semiconductor markets.

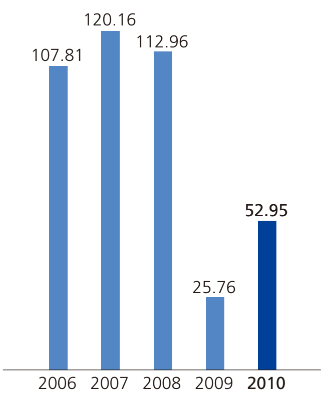
Operating income declined 19.0% year on year to ¥7,262 million, despite measures to raise productivity, reduce costs, and improve operations in other ways. The main reason for the decrease was declining sales of ultraviolet exposure lamps and data projector lamps.

Ordinary income decreased 7.0% to ¥9,290 million, as gains on sales of investment securities decreased sharply. This decrease was partly offset by gains on securities held for sale and gains on investments in equity-method affiliates, and a decrease in foreign exchange losses.

Net income rose 103.1% to ¥7,071 million, reflecting a large decrease in valuation losses on investment securities.

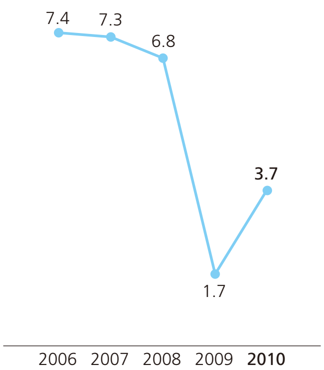
Net Income per Share

Yen



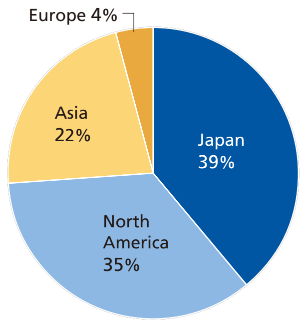
Return on Assets (ROA)

%



Sales by Company Location

(Fiscal year ended March 31, 2010)
(including intersegment transactions)



Results by business segment

• Light source application products

For tube lamps, the ongoing shift to digital projectors driven by the proliferation of 3D movies worldwide boosted sales of xenon lamps for cinema projectors. For ultraviolet exposure lamps for LCD and semiconductor markets, demand for replacement lamps improved in the second half, supported by a recovery in capacity utilization rates in these markets and expectations for future capital investment. However, weak demand in the first half weighed heavily on the segment, resulting in a decrease in overall sales. For digital projector lamps and lamps for office automation equipment, which finally showed signs of recovery from the second half, sales were lower year on year.

For optical equipment, sales in the visual image equipment business increased due to sharp unit sales growth in digital cinema projectors. For LCD and semiconductor manufacturing equipment, demand rebounded, but overall sales declined, owing largely to contracting sales in the first half.

As a result, segment sales edged down 0.9% to ¥116,431 million. Operating income declined 19.1% to ¥7,206 million.

• Machinery for industrial uses and other businesses

In industrial machinery products, investment demand rebounded in the injection molding market and food market, but remained weak overall. As a result, sales of industrial machinery products continued to decline.

Consequently, in machinery for industrial uses and other business, sales decreased 19.5% to ¥2,730 million. Operating income rose 3.9% to ¥54 million.

Results by geographical segment: by company location

• Japan

In Japan, demand for semiconductor and LCD panel manufacturing equipment and for replacement ultraviolet exposure lamps recovered, but demand fell short of the levels of the previous year, resulting in lower sales and earnings year on year. Consequently, the parent company and its subsidiaries in Japan posted sales of ¥55,208 million, down 11.1%, and operating income decreased 68.4% to ¥1,135 million.

• North America

In North America, sales and earnings increased, backed by rapidly rising demand for xenon lamps for digital cinema projectors and digital cinema projectors. As a result, sales by USHIO subsidiaries in North America increased 18.5% to ¥51,670 million, including intersegment transactions, and operating income at those operations rose 7.4% to ¥1,493 million.

• Europe

In Europe, sales rose slightly on the back of increased demand for xenon lamps for cinema projectors. Subsidiaries, especially XTREME technologies GmbH of Germany, are making progress on developing extreme ultraviolet (EUV) light sources. As a result, sales by USHIO subsidiaries increased 1.7% to ¥6,514 million, including intersegment transactions, and those operations posted operating income of ¥54 million.

• Asia

In Asia, demand for LCD panel and semiconductor manufacturing equipment and replacement exposure lamps and various other lamps rebounded sharply, fueling sales and earnings growth. By country, sales increased in South Korea, Taiwan, and China. Consequently, USHIO subsidiaries in Asian nations besides Japan rose 6.3% to ¥32,371 million, including intersegment transactions, and operating income at those operations increased 15.4% to ¥4,543 million.

Overseas sales

Overseas sales by subsidiaries in the USHIO Group totaled ¥83,240 million, up 6.5%. This comprised sales of ¥27,513 million in North America, ¥15,945 million in Europe, ¥37,809 million in Asia, excluding Japan, and ¥1,972 million in other areas. The overseas sales ratio increased 5.2 percentage points to 69.9%.

Sources of funds and liquidity

• Cash flow

Cash and cash equivalents at the fiscal year-end totaled ¥28,595 million, up ¥1,265 million from the previous fiscal year-end. Cash flows are broken down as follows.

• Net cash provided by operating activities

Operating activities provided net cash of ¥18,999 million. This consisted principally of ¥8,912 million in income before income taxes and minority interests, a ¥6,219 million adjustment for depreciation and amortization, a ¥3,324 million decrease in inventories, and a ¥2,692 increase in notes and accounts payable along with a ¥3,890 million increase in notes and accounts receivable.

• Net cash used in investing activities

Investing activities used net cash of ¥12,714 million. The main uses of cash were ¥23,620 million for time deposits, ¥4,874 million for purchases of property, plant and equipment and ¥1,450 million for business transfers. These cash outflows were partly offset by proceeds of ¥14,402 million from time deposits and proceeds of ¥3,150 million from the redemption and sale of short-term investments.

• Net cash used in financing activities

Financing activities used net cash of ¥4,760 million. Cash was used mainly for distributions paid of ¥2,675 million, and a net decrease in short-term debt of ¥2,434 million. These outflows were partly offset by proceeds of ¥463 million from long-term debt.

Financial position

• Current assets

At the fiscal year-end, current assets totaled ¥112,722 million, an increase of ¥10,016 million from the previous fiscal year-end. The main factors behind this increase were higher cash and bank deposits at Group companies and increased notes and accounts receivable accompanying higher business volume towards the fiscal year-end. These factors were partly offset by decreased inventories resulting from the increase in business volume.

• Noncurrent assets

At the fiscal year-end, noncurrent assets totaled ¥89,397 million, an increase of ¥7,702 million from the previous fiscal year-end. The main contributing factor was increased unrealized gains on investment securities due to rebounding stock prices, which offset a decline in net property, plant and equipment due to capital investment cutbacks.

• Current liabilities and long-term liabilities

At the fiscal year-end, total liabilities were ¥45,434 million, an increase of ¥6,808 million from the previous fiscal year-end. The main factors behind this increase were higher notes and accounts payable in line with rising business volume towards the fiscal year-end and growth in deferred tax liabilities from the tax portion of unrealized gains on investment securities resulting from improving stock prices.

• Net assets

At the fiscal year-end, net assets totaled ¥156,685 million, an increase of ¥10,910 million from the previous fiscal year-end. The main factors behind this increase were increases in retained earnings and in unrealized gains on other securities held, reflecting unrealized gains on investment securities.

Capital expenditures

USHIO's capital expenditures totaled ¥4,874 million in the fiscal year ended March 31, 2010. Capital expenditures declined from the previous fiscal year. This decrease reflected a sharpened focus in each business segment and geographic segment on the most promising sectors for investment, along with the continued pursuit of investment efficiency in capital expenditures. Another factor was the concentration of investments on strengthening the Group's competitiveness in fields where growth is anticipated.

The principal targets of investment were light-source application products. This included investment in next-generation digital visual imaging businesses, high-precision and high-density surface-mounting businesses that are being rapidly developed for reducing size and weight and raising functionality and performance in information processing products and other electronics, and exposure technology for next-generation manufacturing equipment for semiconductor memory devices. In light source application products, capital expenditures decreased 9.8% to ¥4,871 million. In machinery for industrial use and other businesses, capital expenditures declined 77.1% to ¥3 million.

USHIO funded its capital expenditures with a combination of internally generated funds and borrowings. Also, loss on disposal of property, plant and equipment totaled ¥72 million for the demolition of buildings, removal of machinery equipment, and scrapping of other plant facilities in light source application products.

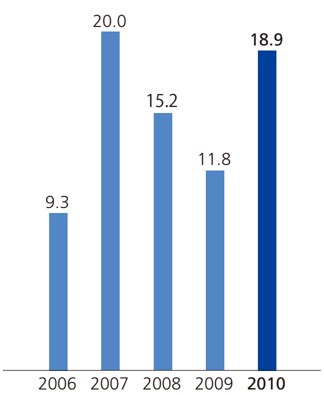
Research and development

Group-wide R&D expenses totaled ¥5,523 million.

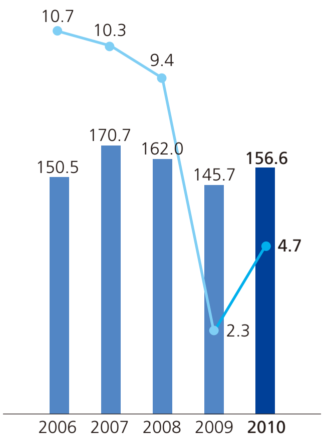
The main targets of R&D were light sources for industrial applications. That included work on optical applications in a growing range of electronic and electromechanical equipment. Two core emphases were the combining of components in integrated assemblies and the development of equipment and systems based on optical technology.

USHIO continued working to provide optimal optical solutions for needs in new product categories spawned by the convergence of electronics and information technology. The Company stepped up its efforts to keep abreast of the latest developments in markets and technology and to accompany its product offerings with value-added technical support and maintenance. It continued to promote interaction among the R&D teams in its different product groups with an eye to developing new kinds of light sources and equipment.

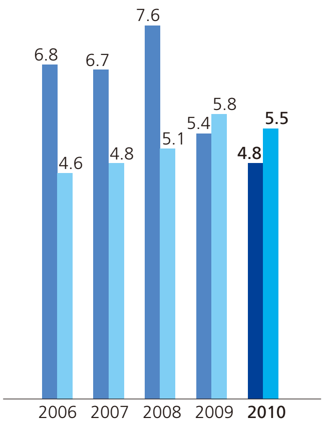
Net Cash Provided by Operating Activities
Billions of yen



Net Assets and Return on Equity (ROE)
Net assets (billions of yen)
ROE (%)



Capital Expenditures and R&D Expenses
Capital expenditures (billions of yen)
R&D expenses (billions of yen)



Employees

USHIO—the parent company and its 42 consolidated subsidiaries—employed 4,732 people at fiscal year-end, including 1,737 at the parent company. The consolidated total was 112 more and the parent-company total 16 more than at the previous fiscal year-end.

Risks

Below is a summary of risks that could affect the Company's business performance, financial position, and cash flow adversely and materially. These are the risks cited by management in the Company's Yukashoken Hokokusho (Securities Report) to the Japanese government, filed on June 29, 2010. This is only a partial listing, and the Company faces risks other than those cited here that could also affect its business performance, financial position, and cash flow materially.

(1) Market fluctuations in semiconductors and LCDs

The Company's business performance is sensitive to fluctuations in the semiconductor and LCD industries. USHIO's principal products for those industries are replacement exposure lamps and manufacturing equipment. Demand for the Company's replacement exposure lamps is generally steady while customer plants are operating, but demand for the Company's manufacturing equipment is subject to short- and long-term developments in technological progress in semiconductors and LCDs. Unexpected developments in that technological progress could affect the Company's business performance and financial position materially.

(2) Market fluctuations in light sources for illumination and irradiation

USHIO supplies light sources for data projectors and light sources and equipment for digital cinema projection systems. Fluctuations in prices and demand in those product sectors could affect the Company's business performance and financial position materially.

(3) Access to raw materials

The Company relies on diverse raw materials in its manufacturing operations, and it does business with broad-ranging suppliers to ensure steady supplies of high-quality raw materials at competitive prices. Risk is especially a concern in regard to the rare metals tungsten and molybdenum, which are crucial to several USHIO products. Interruptions in access to those materials could affect the Company's business performance and financial position materially.

(4) Developing exposure technology for semiconductor manufacturing

USHIO commands a large market share in ultraviolet lamps used in semiconductor manufacturing equipment to expose microcircuitry patterns. Semiconductor manufacturing is beginning to shift to other exposure technologies. One of those technologies is excimer laser exposure, and USHIO has built a presence in that technology through the affiliate GIGAPHOTON INC. Another new exposure technology is extreme ultraviolet exposure, and USHIO is developing that technology through its subsidiary XTREME technologies GmbH. Unexpected developments in the progress of exposure technology could affect the Company's business performance and financial position materially.

(5) Cross-border activities and entry into overseas markets

The Company conducts manufacturing and sales activities in regions outside Japan, specifically North America, Europe, and other Asian nations. Entry into these overseas markets is associated with the risk of changes in various rules and regulations, etc., instability in securing human resources, underdeveloped infrastructure and the possible occurrence of social unrest in each country, among other factors. The materialization of this risk could affect the Company's business performance and financial position materially.

(6) Intellectual property

USHIO operates in business sectors characterized by frequent technological advances. Protecting, maintaining, and managing patents, trademarks, and other intellectual property are influential factors in competitiveness and market share in those business sectors. Litigation could arise if a third party were to infringe on the Company's intellectual property rights or if the Company were to infringe on a third party's intellectual property rights, and the results of any such litigation are impossible to predict reliably. In addition, the patent authorities could refuse patent applications submitted by the Company after allocating extensive resources to research and development. Any event that resulted in USHIO's losing or failing to gain ownership of important patent protection could affect the Company's business performance and financial position materially.

(7) Currency exchange rates

The Company conducts its commercial operations and its financial operations in yen and in other currencies. Return on those operations is therefore subject to the influence of fluctuations in currency exchange rates. The Company uses forward exchange contracts to moderate currency exchange risk, but it cannot negate that risk completely. Large and unexpected developments in the foreign exchange markets could affect the Company's business performance and financial position materially.

(8) Fluctuations in prices of marketable securities

The Company holds marketable securities as financial assets. Depending on stock market and other conditions, the fair value of these securities could decline. Therefore, the Company is exposed to the risk of fluctuations in the prices of marketable securities, which could affect the Company's business performance and financial position materially.

Consolidated Balance Sheets

USHIO INC. and Subsidiaries
As of March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and bank deposits (Note 12)	**¥ 37,865**	¥ 28,220	**$ 406,976**
Notes and accounts receivable	**31,482**	27,380	**338,373**
Short-term investments (Note 8)	**6,741**	6,518	**72,458**
Merchandise and finished goods	**14,990**	16,446	**161,124**
Work in process	**5,326**	5,357	**57,249**
Raw materials and supplies	**6,322**	6,989	**67,953**
Deferred tax assets (Note 4)	**3,703**	3,109	**39,801**
Prepaid expenses and other current assets	**6,823**	9,212	**73,336**
Less: Allowance for doubtful accounts	**(532)**	(529)	**(5,723)**
Total current assets	**112,722**	102,706	**1,211,546**
Property, plant and equipment, at cost:			
Buildings and structures	**30,803**	30,519	**331,074**
Machinery, equipment and other (Note 3)	**38,854**	36,725	**417,608**
Land	**8,579**	8,579	**92,214**
Construction in progress	**1,500**	646	**16,130**
	79,737	76,472	**857,026**
Less: Accumulated depreciation	**(43,586)**	(39,621)	**(468,466)**
Property, plant and equipment, net	**36,151**	36,850	**388,559**
Investments and other assets:			
Investment securities (Note 8)	**42,684**	34,329	**458,775**
Investments in and advances to affiliates	**3,756**	3,319	**40,372**
Deferred tax assets (Note 4)	**659**	772	**7,093**
Other assets	**6,145**	6,422	**66,051**
Total investments and other assets	**53,246**	44,844	**572,291**
Total assets	**¥202,119**	¥184,401	**$2,172,397**

LIABILITIES AND NET ASSETS	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 2) 2010
Current liabilities:			
Notes and accounts payable	**¥ 12,890**	¥ 9,796	**$ 138,552**
Short-term debt (Note 3)	**4,822**	7,180	**51,828**
Current portion of long-term debt (Note 3)	**2,887**	54	**31,038**
Income taxes payable	**1,083**	622	**11,647**
Deferred tax liabilities (Note 4)	**41**	27	**444**
Other current liabilities	**10,309**	9,063	**110,812**
Total current liabilities	**32,035**	26,744	**344,321**
Long-term liabilities:			
Long-term debt (Note 3)	**1,413**	3,888	**15,194**
Deferred tax liabilities (Note 4)	**8,211**	4,480	**88,253**
Retirement benefits (Note 10)	**681**	562	**7,330**
Other long-term liabilities	**3,092**	2,951	**33,236**
Total long-term liabilities	**13,398**	11,882	**144,012**
Contingent liabilities			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized —300,000,000 shares			
Issued —139,628,721 shares	**19,556**	19,556	**210,193**
Additional paid-in capital	**28,371**	28,371	**304,937**
Retained earnings	**109,925**	105,524	**1,181,481**
Treasury stock, at cost	**(9,209)**	(9,201)	**(98,980)**
Total shareholders' equity	**148,643**	144,250	**1,597,631**
Valuation, translation adjustments and other:			
Unrealized gains on other securities held	**13,668**	7,832	**146,907**
Translation adjustments	**(7,096)**	(7,363)	**(76,270)**
Total valuation, translation adjustments and other	**6,572**	469	**70,637**
Minority interests	**1,469**	1,054	**15,795**
Total net assets (Note 11)	**156,685**	145,774	**1,684,063**
Total liabilities and net assets	**¥202,119**	¥184,401	**$2,172,397**

See notes to consolidated financial statements.

Consolidated Statements of Income

USHIO INC. and Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Net sales	**¥119,079**	¥120,846	**$1,279,877**
Cost of sales	**82,666**	81,644	**888,507**
Gross profit	**36,413**	39,202	**391,370**
Selling, general and administrative expenses (Note 5)	**29,150**	30,238	**313,311**
Operating income	**7,262**	8,963	**78,058**
Other income (expenses):			
Interest and dividend income	**1,251**	1,776	**13,451**
Interest expenses	**(238)**	(375)	**(2,559)**
Foreign exchange loss, net	**(138)**	(1,509)	**(1,484)**
Gains (losses) on sale of trading securities	**690**	(556)	**7,416**
Equity in gains (losses) of affiliates	**76**	(174)	**819**
Gains on sale of investment securities, net	**175**	1,886	**1,883**
Losses on impairment of investment securities	**(261)**	(3,752)	**(2,810)**
Other, net	**94**	(714)	**1,017**
	1,650	(3,420)	**17,735**
Income before income taxes and minority interests	**8,912**	5,542	**95,793**
Income taxes (Note 4):			
Current	**2,195**	1,214	**23,594**
Deferred	**(715)**	625	**(7,693)**
	1,479	1,839	**15,901**
Income before minority interests	**7,433**	3,703	**79,892**
Minority interests	**362**	221	**3,891**
Net income (Note 11)	**¥ 7,071**	¥ 3,481	**$ 76,001**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

USHIO INC. and Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Common stock			
Balance at beginning of year			
(2010—139,628,721 shares 2009—139,628,721 shares)	**¥ 19,556**	¥ 19,556	**$ 210,193**
Balance at end of year			
(2010—139,628,721 shares 2009—139,628,721 shares)	**¥ 19,556**	¥ 19,556	**$ 210,193**
Additional paid-in capital			
Balance at beginning of year	**¥ 28,371**	¥ 28,371	**$ 304,937**
Balance at end of year	**¥ 28,371**	¥ 28,371	**$ 304,937**
Retained earnings			
Balance at beginning of year	**¥105,524**	¥105,323	**$1,134,189**
Add:			
Net income	**7,071**	3,481	**76,001**
Deduct:			
Distributions	**(2,671)**	(3,279)	**(28,708)**
Balance at end of year	**¥109,925**	¥105,524	**$1,181,481**
Treasury stock, at cost			
Balance at beginning of year	**¥ (9,201)**	¥ (5,127)	**$ (98,903)**
Net change during the year	**(7)**	(4,073)	**(77)**
Balance at end of year	**¥ (9,209)**	¥ (9,201)	**$ (98,980)**
Unrealized gains on other securities held			
Balance at beginning of year	**¥ 7,832**	¥ 17,150	**$ 84,188**
Net change during the year	**5,835**	(9,317)	**62,719**
Balance at end of year	**¥ 13,668**	¥ 7,832	**$ 146,907**
Translation adjustments			
Balance at beginning of year	**¥ (7,363)**	¥ (4,313)	**$ (79,141)**
Net change during the year	**267**	(3,049)	**2,871**
Balance at end of year	**¥ (7,096)**	¥ (7,363)	**$ (76,270)**
Minority interests			
Balance at beginning of year	**¥ 1,054**	¥ 1,132	**$ 11,335**
Net change during the year	**414**	(77)	**4,460**
Balance at end of year	**¥ 1,469**	¥ 1,054	**$ 15,795**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

USHIO INC. and Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Operating activities			
Income before income taxes and minority interests	**¥ 8,912**	¥ 5,542	**$ 95,793**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**6,219**	6,280	**66,850**
Interest and dividend income	**(1,251)**	(1,776)	**(13,451)**
Interest expenses	**238**	375	**2,559**
(Gains) losses on sale of trading securities	**(690)**	556	**(7,416)**
Equity in (gains) losses of affiliates	**(76)**	174	**(819)**
Gains on sale of investment securities, net	**(175)**	(1,886)	**(1,883)**
Losses on impairment of investment securities	**261**	3,752	**2,810**
(Increase) decrease in notes and accounts receivable	**(3,890)**	7,975	**(41,810)**
Decrease (increase) in inventories	**3,324**	(1,511)	**35,729**
Increase (decrease) in notes and accounts payable	**2,692**	(3,710)	**28,937**
Other	**2,362**	183	**25,390**
Subtotal	**17,927**	15,955	**192,689**
Interest and dividends received	**1,268**	1,821	**13,634**
Interest paid	**(246)**	(374)	**(2,649)**
Income taxes (paid) refunded	**50**	(5,529)	**538**
Net cash provided by operating activities	**18,999**	11,873	**204,211**
Investing activities			
Increase in time deposits	**(23,620)**	(7,422)	**(253,875)**
Proceeds from time deposits	**14,402**	6,957	**154,803**
Increase in short-term loans receivable	**(1,441)**	(2,364)	**(15,497)**
Proceeds from collection of short-term loans receivable	**2,378**	2,905	**25,559**
Purchases of short-term investments	**(843)**	(2,730)	**(9,070)**
Proceeds from redemption and sale of short-term investments	**3,150**	2,859	**33,857**
Purchases of property, plant and equipment	**(4,874)**	(5,380)	**(52,387)**
Proceeds from sale of property, plant and equipment	**81**	256	**878**
Purchases of intangible fixed assets	**(90)**	(475)	**(978)**
Purchases of investment securities	**(654)**	(1,876)	**(7,036)**
Proceeds from redemption and sale of investment securities	**238**	4,107	**2,559**
Increase in long-term loans receivable	**(181)**	(123)	**(1,954)**
Proceeds from collection of long-term loans receivable	**69**	151	**749**
Payments for business transfer	**(1,450)**	–	**(15,593)**
Other	**123**	(59)	**1,325**
Net cash used in investing activities	**¥(12,714)**	¥ (3,194)	**$(136,660)**
Financing activities			
Decrease in short-term debt	**¥ (2,434)**	¥ (437)	**$ (26,167)**
Proceeds from long-term debt	**463**	1,006	**4,977**
Repayment of long-term debt	**(53)**	(758)	**(577)**
Purchases of treasury stock	**(7)**	(4,073)	**(77)**
Distributions paid	**(2,675)**	(3,273)	**(28,753)**
Distributions paid to minority interests	**(52)**	(51)	**(565)**
Net cash used in financing activities	**(4,760)**	(7,588)	**(51,163)**
Effect of exchange rate changes on cash and cash equivalents	**(259)**	(1,461)	**(2,789)**
Net increase (decrease) in cash and cash equivalents	**1,265**	(371)	**13,600**
Cash and cash equivalents at beginning of year	**27,329**	27,700	**293,741**
Cash and cash equivalents at end of year (Note 12)	**¥ 28,595**	¥27,329	**$ 307,342**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

USHIO INC. and Subsidiaries
Years ended March 31, 2010 and 2009

1. Summary of Significant Accounting Policies

(a) Basis for 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 in their respective countries of domicile.

The accompanying consolidated financial statements of the Company and consolidated subsidiaries (collectively, the "Group") are prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in Japan or either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States, as adjusted for certain items.

The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects with regard to the application and disclosure requirements from IFRS, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments 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 bring them into conformity with the current year's presentation.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (in both yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

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

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which it exerts substantial control either through majority ownership of voting stock and/or other means. As of March 31, 2010, the numbers of consolidated subsidiaries and subsidiaries and affiliates accounted for by the equity method were 42 and 4 (40 and 3 in 2009), respectively.

The changes of the scope of consolidation for the year ended March 31, 2010 are as follows:

Due to new establishment in May 2009, KreisX GmbH was included in the consolidation scope.

In December 2009, CHRISTIE DIGITAL SYSTEMS, INC. established wholly owned subsidiaries CHRISTIE MEDICAL HOLDINGS, INC. and CHRISTIE DIGITAL SYSTEMS (HONG KONG) LTD. These companies were included in the consolidation scope from this year.

Due to completion of liquidation in March 2010, USHIO LIGHTING (HONG KONG) CO., LTD. was excluded from the consolidation scope.

The financial statements of subsidiary USHIO (SUZHOU) CO., LTD. and 4 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end, which are prepared solely for consolidation purposes. All significant intercompany balances and transactions have been eliminated in the consolidation.

For subsidiary XTREME technologies GmbH, the results for the years ended December 31 are included in the consolidated financial statements. Material differences in intercompany transactions and accounts arising from the use of different fiscal year-ends are appropriately adjusted for through consolidation procedures.

Investments in affiliates (companies over which the Company exercises 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 losses 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. The excess of cost over the underlying net equity in the net assets at the respective dates of acquisition is amortized by the straight-line method over a period of five years or charged or credited to income as an extraordinary item when incurred, if immaterial.

(c) Foreign currency translation

Revenue and expense accounts of the overseas consolidated 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 net assets excluding minority interests, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates. The differences arising from translation when more than two exchange rates have been used are presented as translation adjustments on the accompanying consolidated balance sheets.

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 or losses resulting from the settlement of these items are credited or charged 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 available-for-sale securities are carried at fair value with any changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as available-for-sale securities are carried at cost. The cost of securities sold is determined by the moving-average method. In cases where available-for-sale securities have declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(f) Inventories

Merchandise, finished goods and work in process are stated principally at the lower of cost or market, cost being determined by the average method for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

Raw materials are principally stated at the lower of cost or market, cost being determined by the moving-average method for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

(g) Depreciation and amortization (Excluding lease assets)

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

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

Intangible assets are amortized by the straight-line method.

(h) Leases

All finance lease transactions are to be capitalized, except for the finance lease transactions executed on or before March 31, 2008 that do not involve a transfer of ownership, which are accounted for as operating leases.

The Company has no finance leases capitalized as of March 31, 2010 and 2009.

(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 historical experience with write-offs plus an estimated amount for probable specific 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 future payments of employees' bonuses. The allowance is provided in the amount which is expected to be paid.

(l) Retirement and severance benefits

The Company and certain consolidated subsidiaries participate in a contributory defined benefit pension plan, which entitles employees of the Company and these consolidated subsidiaries upon retirement to either a lump-sum payment or pension annuity payments for life, or a combination of both, based on their length of service, basic salary at retirement and number of years of participation in the plan. In addition, additional retirement payments which are not included in the plan may be made when employees retire.

Accrued retirement benefits for employees have been provided mainly in an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at year-end. Actuarial gains or losses 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 costs are amortized as incurred by the straight-line method over the average remaining years of service of the eligible employees (15 years).

Consolidated subsidiaries in Japan provide for retirement allowances for directors and corporate auditors in the full amount which would have to be paid if all the directors and corporate auditors resigned at the balance sheet date based on their internal regulations.

Effective from the fiscal year ended March 31, 2010, the Company has adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008).

The adoption of this standard had no effect on the Company's operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2010.

(m) Warranty reserve

A warranty reserve is provided for expenses for after-sales service and free repairs for products sold by the Company and its consolidated subsidiaries in the estimated amount to be incurred in the future.

(n) Allowance for losses on orders

To provide for future losses on contracted orders, the Company provides an allowance for losses on orders equal to the amount of losses it anticipates after the year-end. Such allowance is provided when losses on orders are probable and reasonably estimated.

(o) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered into currency derivative transactions primarily in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates. In accordance with the accounting standard for financial instruments, derivative financial instruments are carried at fair value with any changes in unrealized gains or losses charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gains or losses are deferred as assets or liabilities.

(p) 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 that will be in effect when the differences are expected to reverse.

2. U.S. Dollar Amounts

For the readers' convenience, the accompanying consolidated financial statements with respect to the year ended March 31, 2010 have been presented in U.S. dollars by translating all yen amounts at ¥93.04=U.S.$1.00, the exchange rate prevailing on March 31, 2010. 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 Debt and Long-Term Debt

Short-term debt consisted mainly of unsecured and secured loans payable to banks at interest rates ranging from 1.00% to 4.87% and from 0.04% to 3.80% per annum at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
The Company:			
Loans from banks, due through 2010 at rates ranging from 1.65% to 1.66%	**¥2,840**	¥2,840	**$30,525**
Consolidated subsidiaries:			
Loans from banks, due through 2010 at rates ranging from 1.25% to 4.72%	**1,461**	1,102	**15,707**
Total long-term debt	**4,301**	3,942	**46,231**
Less current portion	**2,887**	54	**31,038**
	¥1,413	¥3,888	**$15,194**

The assets pledged as collateral for debt at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Machinery, equipment and vehicles	**¥19**	**$207**

The related debt for which the above assets were pledged as collateral at March 31, 2010 is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term debt	**¥4**	**$ 50**
Long-term debt	**4**	**50**
	¥9	**$100**

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥2,887	$31,038
2012	943	10,144
2013	4	50
2014	–	–
2015 and thereafter	465	5,000
Total	¥4,301	$46,232

4. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation taxes, inhabitants' taxes and enterprise taxes, which resulted in an aggregate statutory tax rate of approximately 40.7% for the years ended March 31, 2010 and 2009. Income taxes of the overseas consolidated subsidiaries are based, in general, on the tax rates applicable in their respective countries of incorporation.

The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 214**	¥ 148	**$ 2,307**
Allowance for employees' bonuses	**599**	663	**6,445**
Warranty reserve	**626**	504	**6,732**
Retirement benefit expenses	**1,739**	1,489	**18,692**
Allowance and accrual for retirement benefits for directors and corporate auditors	**567**	542	**6,098**
Write-downs of inventories	**362**	538	**3,900**
Net losses carried forward	**810**	880	**8,714**
Impairment losses on equity investments in affiliates	**398**	398	**4,279**
Other	**2,073**	1,608	**22,282**
Gross deferred tax assets	**7,391**	6,775	**79,449**
Valuation allowance	**(618)**	(602)	**(6,645)**
Total deferred tax assets	**6,773**	6,172	**72,805**
Deferred tax liabilities:			
Unrealized gains on other securities held	**(9,445)**	(5,438)	**(101,521)**
Depreciation	**(297)**	(233)	**(3,203)**
Gains on contribution of securities to employees' retirement benefit trust	**(766)**	(766)	**(8,243)**
Enterprise taxes refund	**–**	(144)	**–**
Other	**(152)**	(214)	**(1,640)**
Total deferred tax liabilities	**(10,663)**	(6,798)	**(114,607)**
Net deferred tax liabilities	**¥ (3,889)**	¥ (625)	**$ (41,802)**

A reconciliation between the statutory tax rate and the effective tax rates as a percentage of income before income taxes and minority interests for the years ended March 31, 2010 and 2009 is summarized as follows:

	2010	2009
Statutory tax rate	**40.7%**	40.7%
Reconciliation:		
Increase in valuation allowance for deferred tax assets	**0.2**	15.4
Non-taxable income for income tax purposes	**(1.9)**	(3.6)
Non-deductible expenses for income tax purposes	**2.6**	1.5
Tax deductions related to R&D activities	**(4.6)**	(2.6)
Different tax rates applied to overseas subsidiaries	**(17.2)**	(14.5)
Equity in net (income) loss of affiliated companies	**(0.3)**	1.3
Reversal of the income tax payable for the past fiscal year	**–**	(8.1)
Other	**(2.8)**	3.1
Effective tax rates	**16.6%**	33.2%

5. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2010 and 2009 were as follows:

Millions of yen		Thousands of U.S. dollars
2010	2009	**2010**
¥5,523	¥5,877	**$59,372**

6. Leases

Finance lease transactions involving no transfer of ownership effective on or before March 31, 2008 are accounted for as operating leases. The following *pro forma* amounts represent the acquisition costs, accumulated depreciation/amortization and net book value of the leased assets as of March 31, 2010 and 2009, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases accounted for as operating leases:

	Millions of yen			
	2010			
	Machinery and vehicles	Other (tools and equipment)	Intangible fixed assets (software)	Total
Acquisition costs	**¥43**	**¥128**	**¥3**	**¥176**
Accumulated depreciation/amortization	**35**	**87**	**3**	**125**
Net book value	**¥ 8**	**¥ 41**	**¥0**	**¥ 50**

	Millions of yen			
	2009			
	Machinery and vehicles	Other (tools and equipment)	Intangible fixed assets (software)	Total
Acquisition costs	¥52	¥139	¥32	¥225
Accumulated depreciation/amortization	35	69	30	135
Net book value	¥16	¥ 70	¥ 1	¥ 89

	Thousands of U.S. dollars			
	2010			
	Machinery and vehicles	Other (tools and equipment)	Intangible fixed assets (software)	Total
Acquisition costs	**$467**	**$1,385**	**$42**	**$1,894**
Accumulated depreciation/amortization	**377**	**936**	**36**	**1,348**
Net book value	**$ 90**	**$ 449**	**$ 6**	**$ 545**

Lease expenses related to finance leases accounted for as operating leases for the years ended March 31, 2010 and 2009 totaled ¥38 million ($416 thousand) and ¥47 million, respectively. The following *pro forma* amounts represent depreciation/amortization for the years ended March 31, 2010 and 2009, which would have been reflected in the accompanying consolidated statements of income if finance lease accounting had been applied to the finance leases accounted for as operating leases.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Depreciation/amortization	**¥38**	¥47	**$416**

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2010 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 consolidated subsidiaries, are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥27	$298
Due after one year	22	247
Total	¥50	$545

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 acquisition costs of the leased assets and future minimum lease payments include the related interest. The amount of interest included was deemed insignificant.

Future minimum lease payments under operating leases, which are lease transactions other than finance leases, are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥278	$2,996
Due after one year	418	4,503
Total	¥697	$7,499

7. Financial Instruments

Effective from the fiscal year beginning April 1, 2009, the Group applied the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008). These require the disclosure of the matters regarding the Group's policy to manage financial instruments as well as their fair value information.

(1) The Group's policy to manage financial instruments

a. Basic policy on treating financial instruments

The Group invests floating money and funds reserved for future business expansion mainly in highly safe financial assets, according to the Group's cash management plan. Financing instruments are determined based upon the use of funds and financing environment. The Group utilizes derivative transactions only to avoid foreign exchange risk, and does not use them for trading or speculative purpose.

b. The nature and risk of financial instruments

Notes and accounts receivable, which are operating receivables, are exposed to customer credit risk. Operating receivables denominated in foreign currencies are also exposed to foreign exchange risk, and are hedged by using forward foreign exchange contracts. Short-term investments and investment securities consist mainly of equity securities issued by companies with business relationship and marketable equity or bond securities held for the purpose of short-term investment of floating money and reserved funds. Specified money in trust is also held for the purpose of investment of reserved funds. These investments are exposed to market risk. A part of short-term investments, investment securities and specified money in trust are denominated in foreign currency, and they are exposed to foreign exchange risk.

Notes and accounts payable are mostly due within one year. Some of them are denominated in foreign currencies and exposed to foreign exchange risk, however, such risk is hedged by forward foreign exchange contracts.

Short-term and long-term debts which are made to obtain working capital are mostly due within three years after the end of the current fiscal year.

c. Risk management structure regarding financial instruments

Credit risk—The Company and consolidated subsidiaries manage the customer credit risk for operating receivables in accordance with the internal regulations for credit exposure management as follows: the creditability of customers is reviewed by monitoring the status of each customer on a daily and continuous basis; the due dates and balances are managed for each customer; and the credit line is periodically examined and reviewed.

The credit risk associated with bond securities is immaterial since the Group invests in bond securities with high credit ratings.

Derivative transactions are entered into only with highly rated financial institutions in order to mitigate counterparty risk.

As of the fiscal year end, the maximum credit risk amount is presented as the consolidated balance sheet amounts of financial assets which are exposed to credit risk.

Market risk—The Company and some consolidated subsidiaries utilize forward foreign exchange contracts to mitigate foreign exchange risk which are associated with operating receivables and payables denominated in foreign currencies and are assumed by currency and by month, in accordance with the internal rules for market risk management.

For securities and investment securities, market prices and the financial position of the issuers are periodically monitored and reported to Directors in charge in accordance with the internal rules for market risk management. In addition, the holding status of stocks issued by companies with business relationships is continuously reviewed in consideration of the relationships with those companies.

Derivative transactions are managed in accordance with the internal rules which define the authorization policy and limits of transactions, and reported to Directors in charge on a daily basis as well as to the Board of Directors.

Liquidity risk—Liquidity risk of the Company and consolidated subsidiaries is managed by maintaining certain liquidity according to the cash management plan which is prepared and updated by Finance and Treasury department based upon reports from each department.

(2) Fair value of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2010, as well as their differences. Financial instruments whose fair values cannot be reliably determined are not included.

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and bank deposits	**¥ 37,865**	**¥ 37,865**	**¥ –**
(2) Notes and accounts receivable	**31,482**		
Allowance for doubtful accounts (*1)	**(515)**		
	30,966	**30,966**	**–**
(3) Short-term investments and investment securities			
Trading securities	**1,362**	**1,362**	**–**
Available-for-sale securities	**45,740**	**45,740**	**–**
(4) Specified money in trust	**2,126**	**2,126**	**–**
Assets, total	**118,060**	**118,060**	**–**
(1) Notes and accounts payable	**12,890**	**12,890**	**–**
(2) Short-term debt	**4,822**	**4,822**	**–**
(3) Current portion of long-term debt	**2,887**	**2,912**	**24**
(4) Long-term debt	**1,413**	**1,445**	**32**
Liabilities, total	**22,014**	**22,071**	**57**
Derivative transactions (*2)			
for which hedge accounting is applied	**–**	**–**	**–**
for which hedge accounting is not applied	**(45)**	**(45)**	**–**

	Thousands of U.S. dollars		
	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and bank deposits	**$ 406,976**	**$ 406,976**	**$ –**
(2) Notes and accounts receivable	**338,373**	**338,373**	
Allowance for doubtful accounts (*1)	**(5,541)**	**(5,541)**	
	332,832	**332,832**	**–**
(3) Short-term investments and investment securities			
Trading securities	**14,646**	**14,646**	**–**
Available-for-sale securities	**491,618**	**491,618**	**–**
(4) Specified money in trust	**22,852**	**22,852**	**–**
Assets, total	**1,268,924**	**1,268,924**	**–**
(1) Notes and accounts payable	**138,552**	**138,552**	**–**
(2) Short-term debt	**51,828**	**51,828**	**–**
(3) Current portion of long-term debt	**31,038**	**31,305**	**267**
(4) Long-term debt	**15,194**	**15,541**	**347**
Liabilities, total	**236,612**	**237,226**	**614**
Derivative transactions (*2)			
for which hedge accounting is applied	**–**	**–**	**–**
for which hedge accounting is not applied	**494**	**494**	**–**

Notes: *1 Notes and accounts receivable are stated net of corresponding general and specific allowance for doubtful accounts.
*2 Derivative transactions are stated in net of assets and liabilities. The figures in parenthesis indicate net liabilities.

The method of fair value measurement is described as follows:

Assets

(1) Cash and cash deposits and (2) Notes and accounts receivable
The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the book value is presented as their fair value.

(3) Short-term investments and investment securities
The fair value of equity securities is based on market prices at stock exchange, and that of bond securities is obtained from financial institutions.

(4) Specified money in trust
The fair value is based upon the price obtained from financial institutions.

Liabilities

(1) Notes and accounts payable and (2) Short-term debt
The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the book value is presented as their fair value.

(3) Current portion of long-term debt and (4) Long-term debt
The fair value of long term debt is measured by discounting the combined total of principle and interests at an assumed rate for similar new borrowings.

Derivative transactions

The fair value is measured based upon the prices obtained from financial institutions.

As of March 31, 2010, the consolidated balance sheet includes the following financial instruments whose fair values cannot be reliably determined:

	Millions of yen	Thousands of U.S. dollars
Unlisted stocks and investments in business partnerships with limited liability	**¥2,323**	**$24,969**
Investment in affiliates	**3,756**	**40,372**

(3) Redemption schedule

The redemption schedule for securities with maturity dates classified as available-for-sale securities and held-to-maturity securities as of March 31, 2010 and 2009 is summarized as follows:

	As of March 31, 2010					
	Millions of yen			Thousands of U.S. dollars		
	Due within one year	Due after one year and up to five years	Due after five years and up to ten years	Due within one year	Due after one year and up to five years	Due after five years and up to ten years
Bonds:						
(1) Government and municipal bonds	**¥ 372**	**¥ –**	**¥–**	**$ 4,000**	**$ –**	**$–**
(2) Corporate bonds	**1,061**	**1,138**	**–**	**11,408**	**12,238**	**–**
Total	**¥1,433**	**¥1,138**	**¥–**	**$15,408**	**$12,238**	**$–**

	As of March 31, 2009		
	Millions of yen		
	Due within one year	Due after one year and up to five years	Due after five years and up to ten years
Bonds:			
(1) Government and municipal bonds	¥ –	¥ 392	¥–
(2) Corporate bonds	1,875	830	–
Total	¥1,875	¥1,223	¥–

All monetary receivables are due within one year. The redemption schedule for long-term debt is stated in Note 3.

8. Short-Term Investments and Investment Securities

(1) Trading securities

Trading securities as of March 31, 2010 and 2009 are summarized as follows:

As of March 31, 2010			
Millions of yen		Thousands of U.S. dollars	
Carrying value	Gain	Carrying value	Gain
¥1,362	**¥ 533**	**$14,646**	**$5,729**

As of March 31, 2009	
Millions of yen	
Carrying value	Loss
¥1,603	¥(750)

(2) Marketable available-for-sale securities

Marketable available-for-sale securities as of March 31, 2010 and 2009 are summarized as follows:

	As of March 31, 2010					
	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	**¥13,164**	**¥37,068**	**¥23,903**	**$141,490**	**$398,410**	**$256,920**
(2) Bonds:						
Corporate bonds	**578**	**603**	**24**	**6,214**	**6,481**	**267**
(3) Other	**128**	**163**	**34**	**1,383**	**1,759**	**376**
Subtotal	**13,871**	**37,834**	**23,963**	**149,087**	**406,650**	**257,563**
Securities whose acquisition cost exceeds their carrying value:						
(1) Stock	**2,143**	**1,688**	**(455)**	**23,041**	**18,147**	**(4,893)**
(2) Bonds:						
Government bonds and municipal bonds	**419**	**378**	**(41)**	**4,514**	**4,066**	**(447)**
Corporate bonds	**1,793**	**1,625**	**(167)**	**19,271**	**17,468**	**(1,804)**
(3) Other	**4,286**	**4,213**	**(72)**	**46,066**	**45,286**	**(780)**
Subtotal	**8,642**	**7,905**	**(737)**	**92,892**	**84,968**	**(7,924)**
Total	**¥22,513**	**¥45,740**	**¥23,226**	**$241,979**	**$491,618**	**$249,639**

	As of March 31, 2009		
	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Stock	¥ 6,681	¥22,699	¥16,018
(2) Bonds:			
Corporate bonds	127	135	7
(3) Other	195	228	32
Subtotal	7,005	23,063	16,058
Securities whose acquisition cost exceeds their carrying value:			
(1) Stock	8,544	6,582	(1,961)
(2) Bonds:			
Government bonds and municipal bonds	420	411	(8)
Corporate bonds	3,887	3,230	(656)
(3) Other	3,314	3,230	(84)
Subtotal	16,166	13,455	(2,710)
Total	¥23,171	¥36,518	¥13,347

Note 1: Available-for-sale securities sold

Available-for-sale securities sold during the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Sale of securities	**¥15**	¥4,947	**$169**
Aggregate gains on sale	**9**	1,889	**104**
Aggregate losses on sale	**–**	0	**–**

Sale of securities above includes the sales value of cash and cash equivalents shown in the consolidated statements of cash flows.

Note 2: Impairment losses recognized on securities

The Group recognized no impairment loss on marketable available-for-sale securities for the fiscal year ended March 31, 2010, while impairment loss of ¥3,747 million was recognized for the fiscal year ended March 31, 2009. Impairment is recognized when the market value at fiscal year-end falls to less than half of the carrying amounts at the beginning of the fiscal year. Except in cases in which the market value is recoverable, losses are also recorded when the decline in value is between 30% and 50% of the carrying amounts considering the fluctuation in the market price and fair value.

(3) Non-marketable available-for-sale securities

Non-marketable available-for-sale securities as of March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Unlisted stocks	**¥1,527**	¥1,815	**$16,420**
Investments in business partnerships with limited liability and funds of similar types	**795**	910	**8,549**

9. Derivative Transactions

The notional amounts and the estimated fair value of the derivative positions outstanding at March 31, 2010 and 2009 are summarized below.

Currency-related transactions:

	As of March 31, 2010					
	Millions of yen			Thousands of U.S. dollars		
	Notional amounts	Estimated fair value	Unrealized gain (loss)	Notional amounts	Estimated fair value	Unrealized gain (loss)
Bilateral transactions:						
Forward foreign exchange contracts:						
Sell:						
USD	**¥1,286**	**¥ 9**	**¥ 9**	**$13,830**	**$ 97**	**$ 97**
Buy:						
USD	**133**	**5**	**5**	**1,435**	**64**	**64**
JPY	**2,048**	**(60)**	**(60)**	**22,013**	**(655)**	**(655)**
Total	**¥3,468**	**¥(45)**	**¥(45)**	**$37,277**	**$(494)**	**$(494)**

	As of March 31, 2009		
	Millions of yen		
	Notional amounts	Estimated fair value	Unrealized gain (loss)
Bilateral transactions:			
Forward foreign exchange contracts:			
Sell:			
USD	¥ 711	¥(24)	¥(24)
Buy:			
USD	491	10	10
PLN	31	(3)	(3)
JPY	1,841	(58)	(58)
Total	¥3,075	¥(77)	¥(77)

10. Retirement Benefit Plans

The Company and certain of its consolidated subsidiaries have defined benefit pension 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 with reference to their basic rates of pay and length of service and the conditions under which the termination occurs. The Company has established an employees' retirement benefit trust.

The following table presents the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2010 and 2009 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
(1) Retirement benefit obligations	**¥(21,979)**	¥(20,661)	**$(236,240)**
(2) Plan assets at fair value (including the trust fund for retirement benefits)	**15,200**	13,201	**163,381**
(3) Unfunded net retirement benefit obligations (1) + (2)	**(6,778)**	(7,460)	**(72,858)**
(4) Unrecognized actuarial gains or losses	**6,158**	7,429	**66,197**
(5) Unrecognized prior service costs	**41**	31	**449**
(6) Net liability for retirement benefits (3) + (4) + (5)	**(577)**	0	**(6,212)**
(7) Prepaid pension expenses	**54**	489	**587**
(8) Accrued retirement benefits (6) – (7)	**¥ (632)**	¥ (488)	**$ (6,799)**

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 applied a simplified method for computing their retirement benefit obligations.

The components of the retirement benefit expenses for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
(1) Service costs (*1 and *2)	**¥1,058**	¥ 977	**$11,374**
(2) Interest costs	**513**	479	**5,518**
(3) Expected return on plan assets	**(494)**	(517)	**(5,317)**
(4) Amortization of actuarial gains or losses	**616**	431	**6,626**
(5) Amortization of prior service costs	**(13)**	(11)	**(146)**
Total retirement benefit expenses (*3)	**¥1,679**	¥1,359	**$18,055**

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 applied the simplified method have been included in (1) service costs.
*3 Besides the amount stated, several consolidated subsidiaries have recognized a total of ¥303 million ($3,263 thousand) and ¥358 million as retirement expenses for defined contribution pension plans for the years ended March 31, 2010 and 2009, respectively.

The assumptions used in accounting for the above plans were as follows:

	2010	2009
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**4.5%**	4.5%
Actual cost method	Unit credit method	
Amortization period of prior service costs	15 years (straight-line method)	
Amortization period of actuarial gains or losses	15 years (straight-line method)	

11. Amounts Per Share

The amounts per share of basic net income and net assets, presented below are based on the weighted-average number of shares of common stock outstanding during each year and the number of shares of common stock outstanding at each balance sheet date, respectively.

	Yen		U.S. dollars
	2010	2009	**2010**
Basic net income	**¥ 52.95**	¥ 25.76	**$ 0.57**
Net assets	**1,162.26**	1,083.63	**12.49**

Per-share amounts assuming full dilution have not been presented because no common stock equivalents were outstanding at March 31, 2010 or 2009.

12. Supplementary Cash Flow Information

The following table presents a reconciliation of cash and bank deposits with cash and cash equivalents at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and bank deposits	**¥ 37,865**	¥28,220	**$406,976**
Time deposits with a maturity of more than three months	**(13,084)**	(3,801)	**140,633**
Money management funds and others included in short-term investments	**3,814**	2,910	**41,000**
Cash and cash equivalents	**¥ 28,595**	¥27,329	**$307,342**

13. Segment Information

The business and geographical segment information and overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 are summarized as follows:

Business segments

	Year ended March 31, 2010				
	Millions of yen				
	Light source application products	Machinery for industrial use and other businesses	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	**¥116,431**	**¥ 2,647**	**¥119,079**	**¥ –**	**¥119,079**
Intersegment sales or transfers	**–**	**82**	**82**	**(82)**	**–**
Net sales	**116,431**	**2,730**	**119,162**	**(82)**	**119,079**
Operating expenses	**109,225**	**2,676**	**111,901**	**(84)**	**111,817**
Operating income	**¥ 7,206**	**¥ 54**	**¥ 7,260**	**¥ 1**	**¥ 7,262**
II. Total assets, depreciation and capital expenditures					
Total assets	**¥162,128**	**¥13,994**	**¥176,123**	**¥25,996**	**¥202,119**
Depreciation	**6,185**	**34**	**6,219**	**–**	**6,219**
Capital expenditures	**4,871**	**3**	**4,874**	**–**	**4,874**

	Year ended March 31, 2009				
	Millions of yen				
	Light source application products	Machinery for industrial use and other businesses	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	¥117,479	¥ 3,367	¥120,846	¥ –	¥120,846
Intersegment sales or transfers	4	26	31	(31)	–
Net sales	117,484	3,393	120,878	(31)	120,846
Operating expenses	108,573	3,341	111,915	(32)	111,882
Operating income	¥ 8,910	¥ 52	¥ 8,962	¥ 1	¥ 8,963
II. Total assets, depreciation and capital expenditures					
Total assets	¥151,830	¥13,279	¥165,109	¥19,291	¥184,401
Depreciation	6,267	12	6,280	–	6,280
Capital expenditures	5,400	15	5,415	–	5,415

	Year ended March 31, 2010				
	Thousands of U.S. dollars				
	Light source application products	Machinery for industrial use and other businesses	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	**$1,251,418**	**$ 28,459**	**$1,279,877**	**$ –**	**$1,279,877**
Intersegment sales or transfers	**–**	**891**	**891**	**(891)**	**–**
Net sales	**1,251,418**	**29,350**	**1,280,768**	**(891)**	**1,279,877**
Operating expenses	**1,173,965**	**28,764**	**1,202,729**	**(911)**	**1,201,819**
Operating income	**$ 77,452**	**$ 586**	**$ 78,038**	**$ 20**	**$ 78,058**
II. Total assets, depreciation and capital expenditures					
Total assets	**$1,742,568**	**$150,414**	**$1,892,983**	**$279,414**	**$2,172,397**
Depreciation	**66,484**	**366**	**66,850**	**–**	**66,850**
Capital expenditures	**52,359**	**37**	**52,396**	**–**	**52,396**

Notes: a) Basis of segmentation

(1) Business segments are divided into categories based on the uses of individual products 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, excimer VUV and O_3 cleaning systems, and various other exposure systems

Machinery for industrial use and other businesses—

Injection molding machinery, food-packaging systems, and automatic controls

b) Eliminations or unallocated amounts of total assets include unallocated amounts totaling ¥35,845 million ($385,266 thousand) and ¥28,996 million at March 31, 2010 and 2009, respectively, which consisted primarily of surplus funds (cash and short-term investments) and long-term investments (investment securities, etc.) of the Company.

c) Depreciation and capital expenditures include amortization and additions to long-term prepaid expenses, respectively.

Geographical segments

	Year ended March 31, 2010						
	Millions of yen						
	Japan	North America	Europe	Asia	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income							
Sales to external customers	**¥ 38,020**	**¥48,723**	**¥ 5,638**	**¥26,697**	**¥119,079**	**¥ –**	**¥119,079**
Intersegment sales or transfers	**17,187**	**2,947**	**876**	**5,674**	**26,686**	**(26,686)**	**–**
Net sales	**55,208**	**51,670**	**6,514**	**32,371**	**145,766**	**(26,686)**	**119,079**
Operating expenses	**54,072**	**50,177**	**6,460**	**27,828**	**138,540**	**(26,722)**	**111,817**
Operating income	**¥ 1,135**	**¥ 1,493**	**¥ 54**	**¥ 4,543**	**¥ 7,226**	**¥ 36**	**¥ 7,262**
II. Total assets	**¥120,573**	**¥38,901**	**¥17,495**	**¥27,049**	**¥204,019**	**¥ (1,899)**	**¥202,119**

	Year ended March 31, 2009						
	Millions of yen						
	Japan	North America	Europe	Asia	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income							
Sales to external customers	¥ 45,672	¥42,805	¥ 5,393	¥26,975	¥120,846	¥ –	¥120,846
Intersegment sales or transfers	16,395	813	1,009	3,475	21,693	(21,693)	–
Net sales	62,067	43,618	6,403	30,450	142,540	(21,693)	120,846
Operating expenses	58,474	42,228	6,918	26,513	134,134	(22,252)	111,882
Operating income	¥ 3,593	¥ 1,390	¥ (515)	¥ 3,937	¥ 8,405	¥ 558	¥ 8,963
II. Total assets	¥117,300	¥33,224	¥15,912	¥21,080	¥187,518	¥ (3,117)	¥184,401

	Year ended March 31, 2010						
	Thousands of U.S. dollars						
	Japan	North America	Europe	Asia	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income							
Sales to external customers	**$ 408,649**	**$523,681**	**$ 60,599**	**$286,948**	**$1,279,877**	**$ –**	**$1,279,877**
Intersegment sales or transfers	**184,734**	**31,682**	**9,422**	**60,988**	**286,826**	**(286,826)**	**–**
Net sales	**593,383**	**555,363**	**70,021**	**347,936**	**1,566,703**	**(286,826)**	**1,279,877**
Operating expenses	**581,178**	**539,315**	**69,437**	**299,107**	**1,489,037**	**(288,784)**	**1,200,253**
Operating income	**$ 12,205**	**$ 16,048**	**$ 584**	**$ 48,829**	**$ 77,666**	**$ 1,958**	**$ 79,623**
II. Total assets	**$1,295,934**	**$418,111**	**$188,041**	**$290,729**	**$2,192,816**	**$ (20,419)**	**$2,172,397**

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, U.K., France

(3) Asia —China, Taiwan, South Korea, Philippines, Singapore

c) Eliminations or unallocated amounts of total assets include unallocated amounts totaling ¥35,845 million ($385,266 thousand) and ¥28,996 million at March 31, 2010 and 2009, respectively, which consisted 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, 2010				
	Millions of yen				
	North America	Europe	Asia	Other areas	Total
III. Overseas sales					
Overseas sales	**¥27,513**	**¥15,945**	**¥37,809**	**¥1,972**	**¥ 83,240**
Consolidated net sales					**¥119,079**
Overseas sales as a percentage of consolidated net sales	**23.1%**	**13.4%**	**31.8%**	**1.7%**	**69.9%**
	Thousands of U.S. dollars				
III. Overseas sales					
Overseas sales	**$295,716**	**$171,388**	**$406,379**	**$21,197**	**$ 894,680**
Consolidated net sales					**$1,279,877**

	Year ended March 31, 2009				
	Millions of yen				
	North America	Europe	Asia	Other areas	Total
III. Overseas sales					
Overseas sales	¥27,652	¥14,209	¥34,517	¥1,789	¥ 78,168
Consolidated net sales					¥120,846
Overseas sales as a percentage of consolidated net sales	22.9%	11.8%	28.6%	1.5%	64.7%

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, U.K., France
(3) Asia —China, Taiwan, South Korea, Philippines, Singapore, India
(4) Other areas —Argentina, Brazil, Mexico
c) Overseas sales consisted of sales of the Company and its consolidated subsidiaries to nations or regions other than Japan.

14. Business Combination

Purchase accounting-related matters
Acquisition of VISTA CONTROLS SYSTEMS, CORP.

(1) Overview:
The Company's wholly owned subsidiary, CHRISTIE DIGITAL SYSTEMS, INC. (CDS), acquired 100% of the shares of VISTA CONTROLS SYSTEMS, CORP. in a cash transaction dated July 9, 2007. As of March 31, 2009, the acquisition cost had not been completely allocated to expenses, assets, and liabilities because the acquisition price was partially subject to conditions and the payment was made in installments. However, such allocation was completed during the fiscal year ended March 31, 2010.

(2) Objective of acquisition:
By incorporating the video processing systems of Vista Controls Systems, Corp. into the Group's cinema projector business, the Company sought to expand and deepen its video solutions business and to increase sales in this segment.

(3) Conditions attached to the acquisition price and the adjustment to acquisition costs:
The share transfer agreement provides that, from the date of acquisition until June 30, 2009, the Company shall pay an additional 19% of the gross profit earned by Vista Controls Systems, Corp. and an additional 19% of the gross profit earned by CDS on sales of Vista Controls Systems' products. These additional payments were completed during the fiscal year ended March 31, 2010. The Company has recognized the amounts paid in each fiscal year, ¥425 million ($4,569 thousand) in total, as part of the acquisition cost and recognized additional goodwill for the same amount.

The additional goodwill is amortized from the time of its acquisition, as if the additional payments were made at the time of acquisition.

(4) Goodwill:
The goodwill, in the total amount of ¥434 million ($4,672 thousand), was recognized and is amortized over five years using the straight-line method.

Business acquisition from Luminetx Corporation

(1) Overview, objective of acquisition and goodwill:
On December 31, 2009, CHRISTIE MEDICAL HOLDINGS, INC., the Company's consolidated subsidiary, acquired medical and biometrics business from Luminetx Corporation. The acquisition was made to enhance technological development and competitiveness in the medical business.

The Company accounted for this business combination by the purchase method. The acquisition cost was ¥1,381 million ($14,848 thousand) and the goodwill arising from this acquisition, amounting to ¥316 million ($3,397 thousand), is amortized over 5 years using the straight-line method. The Company's consolidated financial statements include profit and losses arisen from this acquired business for the period from January 1, 2010 to March 31, 2010.

(2) The assets acquired and liabilities assumed at the acquisition date:

	Millions of yen	Thousands of U.S. dollars
Current assets	**¥ 216**	**$ 2,322**
Noncurrent assets	**1,380**	**14,834**
Total assets	**1,596**	**17,156**
Current liabilities	**76**	**823**
Noncurrent liabilities	**138**	**1,485**
Total liabilities	**214**	**2,308**

(3) Amounts and description allocated to intangible assets other than goodwill and their weighted average amortization periods:

	Millions of yen	Thousands of U.S. dollars	Weighted average amortization period
Technology	**¥ 718**	**$ 7,721**	**11 years**
Trademark	**198**	**2,128**	**25 years**
Other	**115**	**1,237**	**10 years**
	¥1,031	**$11,087**	

(4) The estimated impacts if this business combination had been completed as of April 1, 2009, the beginning of the current fiscal year:

	Millions of yen	Thousands of U.S. dollars
Net sales	**¥ 303**	**$ 3,259**
Operating loss	**(491)**	**(5,282)**
Loss before income taxes and minority interests	**(501)**	**(5,388)**
Net loss	**(430)**	**(4,628)**
Net loss per share	**(3.22)**	**(0.0346)**

15. Subsequent Event

The following distribution of the Company's retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved at the Annual General Meeting of Shareholders held on June 29, 2010:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥20 = US$0.21 per share)	**¥2,670**	**$28,707**

Report of Independent Auditors

Ernst & Young ShinNihon LLC
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Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

The Board of Directors
USHIO INC.

We have audited the accompanying consolidated balance sheets of USHIO INC. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, 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, 2010 and 2009, 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, 2010 are presented solely for convenience. Our audit 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.

Ernst & Young ShinNihon LLC

June 29, 2010

Investor Information

As of March 31, 2010

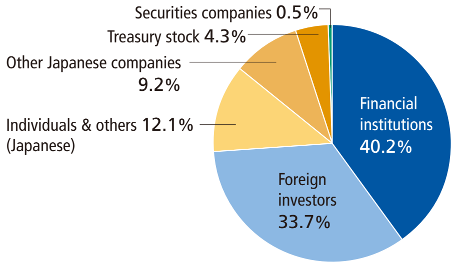
Total Number of Shares Issued	139,628,721
Number of Shareholders	14,775

Major Shareholders (holding 2 million shares or more)

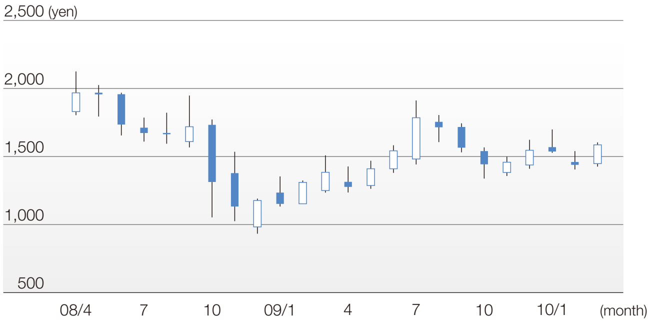
Name	Number of shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd (Trust Account)	9,431	6.75%
Japan Trustee Services Bank, Ltd. (Trust Account)	7,344	5.25%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,663	4.77%
NT RE GOVT OF SPORE INVT CORP P. LTD	6,358	4.55%
STATE STREET BANK CLIENT OMNIBUS OM04	4,651	3.33%
RBC DEXIA INVESTOR SERVICES TRUST, LONDON-LENDING ACCOUNT	4,501	3.22%
Asahi Mutual Life Insurance Company	4,477	3.20%
Nissay Dowa General Insurance Company, Limited	3,964	2.83%
Resona Bank, Limited.	3,616	2.58%
Jiro Ushio	3,201	2.29%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking, Co., Ltd. retrust portion/Resona Bank, Limited. Retirement Allowance Trust Account)	3,049	2.18%
STATE STREET BANK AND TRUST COMPANY	2,535	1.81%
THE USHIO FOUNDATION	2,400	1.71%
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	2,387	1.70%
SAJAP	2,078	1.48%

*In addition to the above, the Company owns 6,082 thousand shares of treasury stock.
*Each of the investment banks listed in the upper portion of the major shareholders manages securities held by primarily Japanese institutional investors and is also the nominee for these investors.

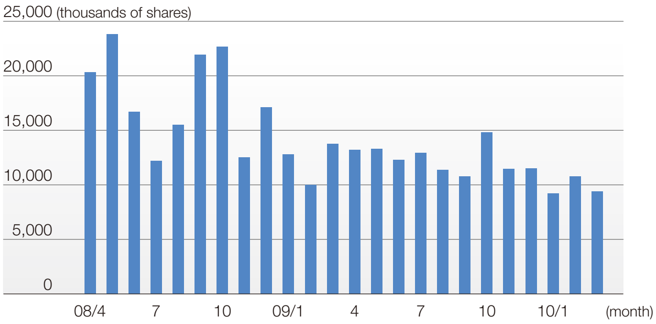
Composition of Shareholders



Stock Price Movement



Stock Turnover



Corporate Data

Established	March 1964
Paid-in capital	¥19,556,326,316

Employees (as of March 31, 2010):	4,732
Parent company	1,737
Subsidiaries	
• Japan	489
• Overseas	2,506

Principal Business Units (as of March 31, 2010)

Parent company

USHIO INC.

Head Office	Chiyoda-ku, Tokyo
Harima Division	Himeji-shi, Hyogo
Gotemba Division	Gotemba-shi, Shizuoka
Yokohama Division	Yokohama-shi, Kanagawa
Tokyo Sales Headquarters	Chiyoda-ku, Tokyo
Osaka Branch	Osaka-shi, Osaka

Japanese subsidiaries

USHIO LIGHTING, INC.
HYOGO USHIO LIGHTING, INC.
TSUKUBA USHIO ELECTRIC, INC.
XEBEX INC.
USHIO SPAX INC.
GIGAPHOTON INC.
NIHON DENSHI GIJUTSU CO., LTD.
EPITEX INC.

4 other companies

Overseas subsidiaries

North America	USHIO AMERICA, INC.
	USHIO CANADA, INC.
	CHRISTIE DIGITAL SYSTEMS U.S.A., INC.
	CHRISTIE DIGITAL SYSTEMS CANADA, INC.
	CHRISTIE MEDICAL HOLDINGS, INC.
	NECSEL INTELLECTUAL PROPERTY, INC.
	VISTA CONTROLS SYSTEMS, CORP.
Europe	USHIO EUROPE B.V.
	USHIO FRANCE S.A.R.L.
	USHIO DEUTSCHLAND GmbH
	USHIO U.K., LTD.
	BLV Licht-und Vakuumtechnik GmbH
	Dipl.-Ing. Reinhold Eggers GmbH
	NATRIUM Sp. z o.o.
	XTREME technologies GmbH
Asia	USHIO HONG KONG LTD.
	USHIO TAIWAN, INC.
	USHIO PHILIPPINES, INC.
	USHIO (SUZHOU) CO., LTD.
	USHIO SINGAPORE PTE LTD.
	USHIO KOREA, INC.
	USHIO SHANGHAI, INC.
	USHIO SHENZHEN, INC.
	TAIWAN USHIO LIGHTING, INC.

10 other companies

USHIO Lighting—Edge Technologies

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:

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Environmental Consciousness of this Publication

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GREEN PRINTING JFPI P-A10002

Mixed Sources Product group from well-managed forests and other controlled sources www.fsc.org Cert no. SA-COC-001364 © 1996 Forest Stewardship Council FSC

PRINTED WITH SOYINK

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1008G①-800S①

Printed in Japan