

Flash Report (Consolidated Basis)

Results for fiscal year ended October 31, 2005

Company name: OHARA INC.

Stock listing: Tokyo Stock Exchange (First section) Code number: 5218

URL <http://www.ohara-inc.co.jp>

Representative: Sumimasa Yutani, President - Representative Director

Date of the meeting of the Board of Directors to settle the year-end consolidated accounts: December 19, 2005

*All financial information stated in this report was prepared on the basis of generally accepted accounting principles in Japan.

1. Performance**(1) Operating results**

Years ended October 31

(Figures less than ¥1 million have been omitted.)

	Net sales		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2005	24,716	1.1	5,696	(16.8)	5,552	(14.8)
2004	24,437	31.6	6,844	86.8	6,520	91.0

	Net income		Net income per share	Net income per share after dilution	Return on equity	Ordinary profit-to-total assets ratio	Ordinary profit-to-net sales ratio
	Millions of yen	%	Yen	Yen	%	%	%
2005	3,514	(9.4)	348.20	---	14.0	12.7	22.5
2004	3,879	107.5	392.08	---	26.6	18.6	26.7

- Equity in earnings of affiliates: Year ended October 31, 2005: ¥16 million, Year ended October 31, 2004: ¥33 million
- Average number of shares outstanding during the period: Year ended October 31, 2005: 9,815,411 shares, Year ended October 31, 2004: 9,725,000 shares
- Change in accounting method: Not applied
- Percentages indicate year-on-year increase/(decrease) in net sales, operating profit, ordinary profit, and net income.

(2) Financial position

At October 31

(Figures less than ¥1 million have been omitted.)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2005	49,011	33,700	68.8	2,640.76
2004	38,707	16,407	42.4	1,680.29

Number of shares outstanding at fiscal year-end: October 31, 2005: 12,724,920 shares, October 31, 2004: 9,725,000 shares

(3) Cash flows

Years ended October 31

(Figures less than ¥1 million have been omitted.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2005	5,113	(5,090)	8,238	12,180
2004	4,061	(3,596)	1,039	3,890

(4) Number of subsidiaries and affiliates

Consolidated subsidiaries: 9

Non-consolidated subsidiaries: --- (accounted for by the equity method)

Affiliates: 1 (accounted for by the equity method)

(5) Additions to and deletions from consolidated subsidiaries and affiliates

Additions: Consolidated subsidiaries: ---, Affiliates: ---

Deletions: Consolidated subsidiaries: ---, Affiliates: ---

2. Forecast for fiscal year ending October 31, 2006

(Figures less than ¥1 million have been omitted.)

	Net sales	Ordinary profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim period	12,397	2,950	1,720
Fiscal year	25,647	6,389	3,854

(Reference)

Consolidated net income per share for the fiscal year is forecast to be ¥295.30

* Note: The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

CONSOLIDATED BALANCE SHEETS

At October 31

	2004		2005		Change from the previous year
	Thousands of yen	%	Thousands of yen	%	Thousands of yen
ASSETS					
I. Current assets:					
1. Cash on hand and in banks	3,890,796		13,365,333		9,474,536
2. Notes and accounts receivable, trade	8,576,355		7,645,601		(930,754)
3. Marketable securities	18,556		19,282		726
4. Inventories	5,912,098		4,952,205		(959,892)
5. Deferred tax assets	734,904		633,873		(101,031)
6. Other current assets	198,401		129,411		(68,990)
7. Less: allowance for doubtful accounts	(39,580)		(29,945)		9,634
Total current assets	19,291,533	49.8	26,715,762	54.5	7,424,229
II. Fixed assets:					
1. Tangible fixed assets:					
(1) Buildings and structures	6,365,628		6,647,025		
Accumulated depreciation and amortization	2,746,178		2,912,767		114,807
	3,619,449		3,734,257		
(2) Machinery and vehicles	8,456,306		8,796,697		
Accumulated depreciation and amortization	5,057,951		5,618,672		(220,330)
	3,398,354		3,178,024		
(3) Tools, furniture, and fixtures	8,078,155		8,225,448		
Accumulated depreciation and amortization	983,405		1,032,517		98,180
	7,094,749		7,192,930		
(4) Land	346,548		349,578		3,029
(5) Construction-in-progress	422,617		62,727		(359,890)
Total tangible fixed assets	14,881,720	38.5	14,517,518	29.6	(364,202)
2. Intangible assets	80,952	0.2	73,436	0.2	(7,516)
3. Investments and other assets:					
(1) Investment securities	4,158,911		5,421,139		1,262,228
(2) Long-term Deposits	---		2,000,000		2,000,000
(3) Deferred income taxes	65,562		52,924		(12,638)
(4) Others	228,816		231,328		2,512
(5) Less: allowance for doubtful accounts	---		(404)		(404)
Total investments and other assets	4,453,290	11.5	7,704,987	15.7	3,251,697
Total fixed assets	19,415,963	50.2	22,295,942	45.5	2,879,978
Total assets	38,707,497	100.0	49,011,704	100.0	10,304,207

At October 31

	2004		2005		Change from the previous year
	Thousands of yen	%	Thousands of yen	%	Thousands of yen
LIABILITIES					
I. Current liabilities:					
1. Notes and accounts payable, trade	3,353,057		2,358,642		(994,414)
2. Short-term borrowings	4,841,542		3,873,308		(968,233)
3. Corporate bond with a maturity of less than one year	---		25,000		25,000
4. Accrued income taxes	1,494,998		389,212		(1,105,786)
5. Deferred tax liabilities	3,500		3,497		(3)
6. Allowance for employees' bonuses	623,649		611,701		(11,948)
7. Accrued expenses	639,990		634,009		(5,980)
8. Other current liabilities	1,366,739		570,942		(795,796)
Total current liabilities	12,323,478	31.8	8,466,315	17.3	(3,857,163)
II. Long-term liabilities:					
1. Corporate bond	400,000		375,000		(25,000)
2. Long-term debt	6,642,868		3,022,721		(3,620,147)
3. Deferred tax liabilities	935,083		1,467,740		532,656
4. Accrued retirement benefits for employees	1,214,690		1,218,695		4,004
5. Accrued retirement benefits for directors and corporate auditors	147,921		178,669		30,748
6. Allowance for special repair	15,600		46,600		31,000
7. Long-term accrued expenses	142,593		121,379		(21,214)
8. Other long-term liabilities	79,571		870		(78,701)
Total long-term liabilities	9,578,328	24.8	6,431,675	13.1	(3,146,653)
Total liabilities	21,901,807	56.6	14,897,990	30.4	(7,003,816)
MINORITY INTERESTS					
Minority Interests	398,397	1.0	413,148	0.8	14,751
SHAREHOLDERS' EQUITY					
I. Common stock	500,000	1.3	5,855,000	11.9	5,355,000
II. Capital surplus	31,785	0.1	7,930,785	16.2	7,899,000
III. Earned surplus	14,715,246	38.0	17,871,652	36.5	3,156,405
IV. Valuation gain on other securities	1,841,550	4.8	2,593,475	5.3	751,925
V. Foreign exchange adjustment	(681,289)	(1.8)	(549,969)	(1.1)	131,320
VI. Treasury stock	---	0.0	(379)	(0.0)	(379)
Total shareholders' equity	16,407,292	42.4	33,700,564	68.8	17,293,272
Total liabilities, minority interests, and shareholders' equity	38,707,497	100.0	49,011,704	100.0	10,304,207

CONSOLIDATED STATEMENTS OF INCOME

Years ended October 31

	2004		2005		Change from the previous
	Thousands of yen	%	Thousands of yen	%	Thousands of yen
I. Net sales	24,437,917	100.0	24,716,603	100.0	278,686
II. Cost of sales	13,477,372	55.1	14,750,810	59.7	1,273,437
Gross profit	10,960,545	44.9	9,965,793	40.3	(994,751)
III. Selling, general and administrative expenses	4,116,453	16.9	4,269,315	17.2	152,862
Operating income	6,844,091	28.0	5,696,477	23.1	(1,147,613)
IV. Non-operating income:					
1. Interest income	14,216		32,900		
2. Dividend income	41,838		54,097		
3. Rental fee	8,493		11,482		
4. Gain on revaluation of foreign currency	---		111,597		
5. Equity in earnings of affiliates	33,479		16,570		
6. Reversal of loss on impairment	---		62,329		
7. Other non-operating income	78,211		89,033		
	176,238	0.7	378,012	1.5	201,773
V. Non-operating expenses:					
1. Interest expense	235,868		225,417		
2. Loss on revaluation of foreign currency	137,294		---		
3. Issue of new stocks	---		104,568		
4. Loss on cancellation of swap	---		79,337		
5. Loss on swap	90,091		---		
6. Other non-operating expenses	36,423		112,194		
	499,678	2.0	521,517	2.1	21,839
Ordinary profit	6,520,651	26.7	5,552,972	22.5	(967,679)
VI. Extraordinary gain:					
Gain on sale of tangible fixed assets	200		722		
	200	0.0	722	0.0	522
VII. Extraordinary losses:					
1. Loss on sale of tangible fixed assets	12,049		7,623		
2. Loss on disposal of tangible fixed assets	145,249		72,191		
3. Loss on sale of investment securities	119,079		11,581		
4. Others	7,859		---		
	284,238	1.2	91,396	0.4	(192,841)
Income before income taxes	6,236,614	25.5	5,462,299	22.1	(774,315)
Income taxes	2,479,720		1,805,698		
Income tax adjustment	(183,704)		110,910		
	2,296,015	9.3	1,916,608	7.8	(379,406)
Minority interests (deducted)	61,110	0.3	30,859	0.1	(30,250)
Net income	3,879,489	15.9	3,514,831	14.2	(364,657)