

**Flash Report (Consolidated Basis)****Results for the third quarter of the fiscal year ending October 31, 2009**

Company name: OHARA INC.

Stock listing: Tokyo Stock Exchange (First section)

Code number: 5218

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

Representative: Hirokazu Saito, President

Contact: Takashi Nakajima, Executive Director

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

**1. Consolidated Financial Results (for the nine months ended July 31, 2009)****(1) Operating results**

(Figures in percentages denote the increase or decrease from the previous 3Q period.)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY2009	13,262	-	(712)	-	(818)	-	(1,171)	-
3Q FY2008	22,734	7.5	5,098	(3.8)	5,227	(11.3)	2,926	(20.3)

	Net income per share	Net income per share after dilution
	Yen	Yen
3Q FY2009	(48.15)	-
3Q FY2008	117.56	-

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q FY2009	52,922	40,698	75.9	1,650.34
Year ended Oct. FY2008	60,394	44,214	71.9	1,784.50

Reference: Own Capital: As of July 31, 2009: 40,145 million yen, As of October 31, 2008: 43,409 million yen

**2. Dividends**

(Base date)	Dividend per stock				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Oct. 2008	-	0.00	-	25.00	25.00
Year ending Oct. 2009 (result)	-	0.00	-		
Year ending Oct. 2009 (forecast)				15.00	15.00

Revision of estimates for cash dividends for shareholders of common stock during this quarter: No

**3. Forecast consolidated results for the fiscal year ending October 31, 2009**

(Percentage figures denote the year-on-year increase or decrease.)

	Net sales		Operating income		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2009	20,000	(34.6)	(510)	-	(560)	-	(970)	-	(39.88)

Revision of the earnings estimates during this quarter: No

#### 4. Others

- (1) Important changes in subsidiaries during the term (changes in specified subsidiaries that lead to a change in the scope of consolidation): No
- (2) Adoption of simplified accounting preparation or accounting preparation unique to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes of Accounting Methods and Presentation of Quarterly Consolidated Financial Statements (to be described in the changes of fundamental and important matters for the preparation of Quarterly Consolidated Financial Statements)
  - (a) Changes due to revisions of accounting standards, etc.: Yes
  - (b) Changes other than (a) above: Yes
- (4) Number of common shares issued
  - (a) Number of issued shares (including treasury shares)

July 31, 2009:	25,450,000 shares	October 31, 2008:	25,450,000 shares
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  - (b) Number of treasury shares

July 31, 2009:	1,124,241 shares	October 31, 2008:	1,124,089 shares
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  - (c) Average number of issued shares (for the third quarter of fiscal years)

July 31, 2009:	24,325,884 shares	July 31, 2008:	24,895,532 shares
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\* Explanation about proper use of business outlook and other special remarks

1. The forward-looking statements, including forecasts of results, stated in this document are based on information obtained at present by the Company and certain assumptions that the Company deems reasonable. Hence, actual results may differ materially from the forward-looking statements, depending on various factors.
2. Commencing the current fiscal year, the Company is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared under the Rules for Quarterly Consolidated Financial Statements.

## Qualitative Information, Financial Statements, etc.

### 1. Qualitative Information on Consolidated Operating Results

The global economy continued to face serious challenges during the first three quarters under review, with the economic slowdown generally continuing, despite some signs of a nascent recovery, especially in Asia. The Japanese economy also remained weak, as capital expenditure declined, reflecting a plunge in corporate earnings, increasing awareness of excess capacity, and anemic consumer spending as employment conditions worsened. However, Japan too showed indications that its economy was bottoming out, thanks to a recovery in exports to China and fiscal stimulus.

In the optical equipment market, demand for single-lens reflex digital cameras and interchangeable lenses for digital cameras gradually recovered. However, demand for compact digital cameras declined, as did their prices, and production and inventory adjustments consequently continued. In the electronics equipment market, demand for hard disk drives fell in association with production and inventory adjustments by manufacturers, which were at least provisionally completed in the second half of the period. The semiconductor exposure device market did not recover, and demand for glass materials remained stagnant. Demand for glass materials fell in the liquid crystal exposure device market, as liquid crystal panel manufacturers remain cautious on capital spending.

In this environment, net sales in the first three quarters under review stood at ¥13,262 million, down 41.7% year on year, reflecting an overall decline in sales of optical glass for digital cameras (sales of optical glass for compact cameras fell, although shipments of single-lens reflex cameras and interchangeable lenses recovered in the latter half of the period) and a fall in demand for hard disk substrates because of production and inventory adjustments. The gross margin declined 16.8 percentage points year on year, to 23.4%, as improved production efficiency and efficiency in indirect operations through Group-wide efforts to cut costs were unable to offset a decline in sales volume. In selling, general and administrative expenses, freight and other costs fell as a result of the cost-cutting initiatives, but research and development expense increased. Consequently, an operating loss of ¥712 million (compared with operating income of ¥5,098 million for the same period of the previous fiscal year) was posted. Because of a foreign exchange loss attributable to the appreciation of the yen, an ordinary loss of ¥818 million was recorded (compared with ordinary profit of ¥5,227 million for the same period of the previous fiscal year). As a result, the Group posted a net loss of ¥1,171 million (compared with net income of ¥2,926 million for the same period of the previous fiscal year).

Results by business segment are as follows:

#### (i) Optical business

In sales of optical pressings, the core products for this segment, demand for lens blanks for single-lens reflex cameras and interchangeable lenses did not see a major boost although there were signs of recovery in the second half of the period. Demand for lens blanks for compact digital cameras and ball lenses fell.

As a result of the above, sales for the segment came to ¥9,111 million, and operating income was ¥207 million.

#### (ii) Electronics business

Demand for disk products, the core products in this segment, fell, reflecting production and inventory adjustments by hard disk drive manufacturers although the demand recovered in the latter half of the period. Demand for highly homogeneous glass materials for semiconductor exposure devices and ultra low expansion glass-ceramics for liquid crystal exposure devices was sluggish, principally reflecting capital spending cuts by semiconductor manufacturers and glass panel manufacturers. Quartz glass contributed to sales, but remained weak in terms of profit given the absence of any improvement in the capacity utilization ratio.

Sales in the segment were ¥4,150 million, and an operating loss of ¥919 million was posted.

The following is a breakdown of results by geographical segment:

#### (i) Japan

Demand for hard disk substrates declined with production and inventory adjustments. Demand for optical pressings for digital cameras also fell, especially for compact cameras. Although quartz glass contributed to sales, it was weak in terms of profit.

As a result, sales were ¥7,701 million, and an operating loss of ¥1,949 million was posted.

#### (ii) Asia

Demand for optical pressings for digital cameras, especially for compact cameras, declined. Shipments of ball lenses were also down.

Sales were ¥4,057 million. Operating income stood at ¥319 million.

#### (iii) North America

Although demand moved higher for certain items, such as special products in the electronics business, sales of highly homogeneous glass materials for semiconductor exposure devices were down. As a consequence, sales in this region stood at ¥708 million, and operating income was ¥87 million.

#### (iv) Europe

Demand for optical pressings and ultra low expansion glass-ceramics declined. As a result, sales were ¥794 million, and operating income stood at ¥155 million.

## 2. Qualitative Information on Consolidated Financial Position

### (1) Financial position

Total assets at the end of the third quarter amounted to ¥52,922 million (down 12.4% from the end of the previous fiscal year), primarily reflecting declines in notes and accounts receivable-trade and in property, plant, and equipment.

Total liabilities stood at ¥12,224 million (falling 24.4%), mainly attributable to decreases in notes and accounts payable-trade, income taxes payable, and provision for bonuses despite a rise in long-term loans payable.

Net assets were ¥40,698 million (declining 8.0%). An increase in the valuation difference on available-for-sale securities associated with rising stock prices was more than offset by a fall in the foreign currency translation adjustment associated with the appreciation of the yen and a decline in retained earnings because of the net loss and dividends paid.

### (2) Consolidated cash flows

Cash and cash equivalents (hereinafter "cash") at the end of the third quarter under review rose ¥2,131 million from the end of the previous fiscal year, to ¥8,339 million.

The following is a description of each cash flow category and key factors:

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥3,135 million (down 10.8% year on year).

The major factors behind the cash inflow included a decrease in notes and accounts receivable-trade of ¥5,679 million and depreciation and other amortization of ¥1,836 million, offsetting a loss before income taxes and minority interests of ¥848 million and a decrease in notes and accounts payable-trade of ¥2,291 million.

#### (Cash flows from investing activities)

Net cash used in investing activities was ¥979 million (down ¥73.6% year on year).

The cash outflow resulted primarily from payments of ¥1,582 million for the acquisition of tangible fixed assets, despite proceeds from sales of securities of ¥500 million.

#### (Cash flows from financial activities)

Net cash provided by financial activities was ¥499 million (net cash used of ¥3,349 million a year ago).

Dividends paid of ¥607 million were outweighed by proceeds from long-term loans payable of ¥1,000 million.

## 3. Qualitative Information on the Forecast of Consolidated Results

### (Forecast for the current fiscal year)

Our forecast of consolidated results for the fiscal year ending October 31, 2009, which was announced on May 21, 2009, remains unchanged.

## 4. Others

(1) Important changes in subsidiaries during the term (changes in specified subsidiaries that lead to a change in the scope of consolidation): No

(2) Adoption of simplified accounting preparation or accounting preparation unique to the preparation of quarterly consolidated financial statements: The simplified accounting preparation is applied for certain matters, but they are not significant.

(3) Changes in accounting principles, procedures, and presentation methods relating to the preparation of quarterly consolidated financial statements

#### (i) Adoption of Accounting Standard for Quarterly Financial Reporting

Commencing the current fiscal year, the Company is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared under the Rules for Quarterly Consolidated Financial Statements.

#### (ii) Application of Accounting Standard for Lease Transactions

Finance lease transactions that do not transfer ownership were accounted for in a manner similar to the accounting treatment of ordinary rental transactions.

However, since the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 issued on June 17, 1993 by the First Subcommittee of the Business Accounting Council and revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 issued on January 18, 1994

by the Accounting Practice Committee of The Japanese Institute of Certified Public Accountants and revised on March 30, 2007) can be applied to quarterly consolidated financial statements for consolidated financial years beginning on and after April 1, 2008, the Company is applying the accounting standard and guidance on accounting standard from the first quarter under review and is accounting for finance lease transactions that do not transfer ownership in a manner similar to that for ordinary sale and purchase transactions.

In the calculation of the depreciation of lease assets relating to finance lease transactions that do not transfer ownership, the straight-line method is adopted where the lease period is set to the durable years, and the residual value is set to zero. Finance lease transactions that do not transfer ownership which began before the first fiscal year that the account standard is applied are continuing to be accounted for in a manner similar to accounting treatment for ordinary rental transactions.

There are no effects of the change on earnings and segment information.

(iii) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the first quarter under review, the Company is applying the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) and is making the revisions necessary for consolidated accounting. The change does not affect earnings or segment information.

5. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS  
 (1) CONSOLIDATED BALANCE SHEETS

At July 31, 2009

(Thousands of yen)

	3Q FY2009	3Q FY2008
<b>Assets</b>		
Current assets		
Cash and deposits	6,731,307	6,274,569
Notes and accounts receivable-trade	4,663,449	11,013,864
Short-term investment securities	1,706,314	704,375
Merchandise and finished goods	1,725,096	2,094,200
Work in process	3,986,720	4,103,057
Raw materials and supplies	2,099,467	2,109,666
Deferred tax assets	524,306	799,822
Other	425,256	764,188
Allowance for doubtful accounts	(16,053)	(12,087)
Total Current assets	21,845,865	27,851,657
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,157,315	9,457,589
Accumulated depreciation	(4,504,267)	(4,323,064)
Buildings and structures, net	4,653,048	5,134,525
Machinery, equipment and vehicles	21,343,508	21,479,967
Accumulated depreciation	(12,917,440)	(12,224,715)
Machinery, equipment and vehicles, net	8,426,067	9,255,252
Tools, furniture and fixtures	11,948,731	11,891,534
Accumulated depreciation	(1,523,291)	(1,383,349)
Tools, furniture and fixtures, net	10,425,440	10,508,184
Land	211,575	407,732
Construction in progress	613,262	1,017,599
Total Property, plant and equipment	24,329,394	26,323,294
Intangible assets	63,910	69,252
Investments and other assets		
Investment securities	4,173,551	3,794,008
Long-term time deposits	1,800,000	1,800,000
Deferred tax assets	12,887	70,527
Other	696,671	485,461
Total Investments and other assets	6,683,110	6,149,997
Total Noncurrent assets	31,076,415	32,542,544
Total Assets	52,922,280	60,394,202

(Thousands of yen)

	3Q FY2009	3Q FY2008
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,312,945	4,183,570
Short-term loans payable	5,835,185	5,310,907
Current portion of bonds	12,500	125,000
Income taxes payable	18,574	818,357
Deferred tax liabilities	6,766	6,338
Provision for bonuses	334,363	736,433
Provision for directors' bonuses	33,550	68,484
Accounts payable-other	524,778	1,306,098
Other	400,500	666,225
Total Current liabilities	8,479,164	13,221,416
Noncurrent liabilities		
Long-term loans payable	888,260	165,739
Deferred tax liabilities	928,910	871,011
Provision for retirement benefits	1,131,594	1,029,850
Provision for directors' retirement benefits	268,711	283,409
Provision for special repairs	59,000	46,400
Provision for environmental measures	27,734	27,973
Long-term accounts payable-other	12,509	30,498
Negative goodwill	427,285	502,688
Other	870	870
Total Noncurrent liabilities	3,744,876	2,958,441
Total Liabilities	12,224,040	16,179,857
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,855,000	5,855,000
Capital surplus	7,930,785	7,930,785
Retained earnings	28,351,778	30,143,224
Treasury stock	(1,548,791)	(1,548,610)
Total Shareholders' equity	40,588,772	42,380,399
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,531,301	1,306,024
Foreign currency translation adjustment	(1,974,232)	(276,779)
Valuation and translation adjustments	(442,930)	1,029,245
Minority interests	552,397	804,700
Total Net assets	40,698,239	44,214,345
Total Liabilities and net assets	52,922,280	60,394,202

## (2) CONSOLIDATED STATEMENTS OF INCOME

The third quarter of fiscal Year ending October 31, 2009

(Thousands of yen)

**3Q FY2009**

Net sales	13,262,294
Cost of sales	10,156,835
Gross profit	3,105,458
Selling, general and administrative expenses	3,817,554
Operating loss	(712,096)
Non-operating income	
Interest income	41,017
Dividends income	68,052
Land and house rent received	9,245
Amortization of negative goodwill	75,403
Insurance return	117,826
Other	141,632
Total Non-operating income	453,177
Non-operating expenses	
Interest expenses	56,931
Foreign exchange losses	485,169
Other	17,666
Total Non-operating expenses	559,767
Ordinary loss	(818,686)
Extraordinary income	
Gain on sales of noncurrent assets	27,696
Total Extraordinary income	27,696
Extraordinary loss	
Loss on retirement of noncurrent assets	57,263
Total Extraordinary losses	57,263
Loss before income taxes and minority interests	(848,252)
Income taxes	508,713
Minority interests in loss	(185,779)
Net loss	(1,171,187)

## (3) CONSOLIDATED STATEMENTS OF CASH FLOWS

The third quarter of fiscal Year ending October 31, 2009

(Thousands of yen)

	<b>3Q FY2009</b>
Net cash provided by (used in) operating activities	
Loss before income taxes and minority interests	(848,252)
Depreciation and other amortization	1,836,124
Amortization of negative goodwill	(75,403)
Increase (decrease) in provision for retirement benefits	30,902
Increase (decrease) in provision for directors' retirement benefits	(14,697)
Increase (decrease) in provision for directors' bonuses	(23,808)
Increase (decrease) in provision for bonuses	(381,201)
Increase (decrease) in allowance for doubtful accounts	6,261
Increase (decrease) in provision for special repairs	12,600
Interest and dividends income	(109,070)
Interest expenses	56,931
Foreign exchange losses (gains)	139,334
Loss (gain) on sales of noncurrent assets	(27,696)
Loss on retirement of noncurrent assets	57,263
Decrease (increase) in notes and accounts receivable-trade	5,679,099
Decrease (increase) in inventories	(13,419)
Increase (decrease) in notes and accounts payable-trade	(2,291,886)
Other, net	(24,624)
Subtotal	4,008,455
Interest and dividends income received	120,596
Interest expenses paid	(77,616)
Proceeds from insurance income	86,718
Income taxes paid	(1,002,649)
Net cash provided by (used in) operating activities	3,135,504
Net cash provided by (used in) investment activities	
Proceeds from withdrawal of time deposits	202,005
Payments into time deposits	(77,409)
Proceeds from sales of short-term investment securities	500,000
Purchase of property, plant and equipment	(1,582,276)
Proceeds from sales of property, plant and equipment	27,964
Purchase of intangible assets	(18,809)
Other, net	(31,330)
Net cash provided by (used in) investment activities	(979,856)

(Thousands of yen)

<b>3Q FY2009</b>	
<b>Net cash provided by (used in) financing activities</b>	
Net increase (decrease) in short-term loans payable	636,477
Proceeds from long-term loans payable	1,000,000
Repayment of long-term loans payable	(384,290)
Redemption of bonds	(112,500)
Purchase of treasury stock	(180)
Cash dividends paid	(607,066)
Other, net	(15,456)
<b>Net cash provided by (used in) financing activities</b>	<b>499,317</b>
Effect of exchange rate change on cash and cash equivalents	(523,787)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,131,178</b>
Cash and cash equivalents at beginning of period	6,208,311
<b>Cash and cash equivalents at end of period</b>	<b>8,339,489</b>

Commencing the current fiscal year, the Company is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared under the Rules for Quarterly Consolidated Financial Statements.

- (4) Note for the assumption of going concern  
There is no applicable information.

(5) Segment Information

(Business segment information)

Third quarter of the fiscal year ended October 2009 (from November 1, 2008 to July 31, 2009)

(Thousands of yen)

	Optical Products	Electronics Products	Total	Elimination or company total	Consolidated
I. Net sales and operating income					
Net sales					
(1) Sales to external customers	9,111,751	4,150,542	13,262,294	-	13,262,294
(2) Intergroup sales and transfers	-	-	-	-	-
Total	9,111,751	4,150,542	13,262,294	-	13,262,294
Operating income	207,240	(919,337)	(712,096)	-	(712,096)

(Note 1.) Business classification method

Business segments are classified by categories which we have adopted for internal management.

(Note 2.) Main products by business segment

Segment	Main products
Optical business	Optical lens blanks, lens materials for optical equipment
Electronics business	Glass disks for hard disks devices, Quartz Glass, highly homogeneous glass materials for semiconductor exposure devices, special glass products for liquid crystal exposure devices

(Note 3.) Change in Business Segmentation

We divided our businesses into optical products and information products from the perspective of the similarity in functions among products. Starting the first quarter under review, however, we are dividing our businesses into the optical business and the electronics business based on similarity of product applications.

With Ohara Quartz Co., Ltd. becoming a consolidated subsidiary, we reviewed the business segmentation based on the development of the operations of the Group. As a consequence, we have changed the business segmentation so that it will reflect the actual status of business segments more appropriately and will increase the effectiveness of business segment information.

As a result of the change, net sales in the optical business fell ¥284,004 thousand in the third quarter under review compared with net sales calculated under the old segmentation method, while net sales in the electronics business rose by the same amount. Operating income in the optical business declined ¥21,891 thousand, while operating income in the electronics business increased by the same amount.

## (Geographical segment information)

Third quarter of the fiscal year ended October 2009 (from November 1, 2008 to July 31, 2009)

(Thousands of yen)

	Japan	Asia	North America	Europe	Total	Elimination of company total	Consolidated
I. Net sales and operating income							
Net sales							
(1) Sales to external customers	7,701,837	4,057,618	708,389	794,449	13,262,294	-	13,262,294
(2) Intergroup sales and transfers	2,931,137	2,462,092	-	-	5,393,230	(5,393,230)	-
Total	10,632,974	6,519,711	708,389	794,449	18,655,524	(5,393,230)	13,262,294
Operating income(loss)	(1,949,734)	319,208	87,828	155,309	(1,387,388)	675,291	(712,096)

(Note 1.) Geographical segments are classified by the geographical proximity of countries or regions.

(Note 2.) Countries or regions that belong to segments other than Japan

(1) Asia: Malaysia, Taiwan, Hong Kong, China

(2) North America: The United States

(3) Europe: Germany

## (Overseas sales)

Third quarter of the fiscal year ended October 2009 (from November 1, 2008 to July 31, 2009)

(Thousands of yen)

	Asia	North America	Europe	Total
I. Overseas sales	5,227,713	651,735	794,114	6,673,563
II. Consolidated sales	-	-	-	13,262,294
III. Ratio of overseas sales to consolidated sales (%)	39.4	4.9	6.0	50.3

(Note 1.) Geographical segments are classified by the geographical proximity of countries or regions.

(Note 2.) Countries or regions that belong to segments other than Japan

(1) Asia: Malaysia, Taiwan, China, etc.

(2) North America: The United States, Canada

(3) Europe: Germany, other European countries

(Note 3.) Overseas sales are the aggregate sum of sales of the Company and consolidated subsidiaries in countries or regions other than Japan.

(6) Notes regarding significant changes in the amount of shareholders' equity

There is no applicable information.