

OHARA INC.

March 11, 2010

Flash Report (Consolidated Basis)
Results for the first quarter of the fiscal year ending October 31, 2010

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
 Planned date for submission of quarterly securities report: March 12, 2010
 Planned date for commencement of dividend payments: ---

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

1. Consolidated Financial Results (for the three months ended January 31, 2010)
(1) Operating results

(Figures in percentages denote the increase or decrease from the previous 1Q period.)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY2010	6,417	6.6	619	(24.7)	536	127.2	477	---
1Q FY2009	6,021	---	822	---	236	---	(232)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
1Q FY2010	19.63	---
1Q FY2009	(9.55)	---

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q FY2010	52,851	38,967	73.2	1,591.21
FY2009	52,367	39,250	74.4	1,601.91

Reference: Own Capital: As of January 31, 2010: 38,707 million yen, As of October 31, 2009: 38,967 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. 2009	---	0.00	---	15.00	15.00
Year ending Oct. 2010 (result)	---				
Year ending Oct. 2010 (forecast)		0.00	---	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, 2010

(Percentages indicate year-on-year changes)

	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
Interim period	12,800	41.8	900	---	800	---	600	---	24.67
Full-year	25,000	28.3	1,400	---	1,500	---	900	---	37.00

Revision of the earnings estimates during this quarter: Yes

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: No
- (3) Changes of Accounting Methods and Presentation of Consolidated Financial Statements (to be described in the changes of fundamental and important matters for the preparation of Consolidated Financial Statements)
 - (a) Changes due to revisions of accounting standards, etc.: No
 - (b) Changes other than (a) above: No
- (4) Number of common shares issued
 - (a) Number of issued shares (including treasury shares)

January 31, 2010:	25,450,000 shares	October 31, 2009:	25,450,000 shares
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 - (b) Number of treasury shares

January 31, 2010:	1,124,281 shares	October 31, 2009:	1,124,281 shares
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 - (c) Average number of issued shares (for the first quarter of fiscal years)

January 31, 2010:	24,325,719 shares	January 31, 2009:	24,325,901 shares
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* Explanation about proper use of business outlook and other special remarks

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.

Qualitative Information, Financial Statements, etc.

1. Qualitative Information on Consolidated Operating Results

(Operating results for the first quarter under review)

Looking at an overview of the domestic and overseas economies in the first quarter under review, the Chinese and Indian economies, especially domestic demand, expanded partly because of economic stimulus measures, while other economies in Asia generally recovered. The U.S. and European economies faced a challenging situation as employment conditions continued to worsen, but managed a moderate recovery thanks to pump priming measures. The Japanese economy improved, albeit without any dynamism, as the employment situation remained tough and consumer prices experienced a sustained decline.

In the optical equipment market, demand for single-lens reflex digital cameras was firm, but demand for compact digital cameras was sluggish, and prices continued to fall. In the electronics equipment market, demand for hard disk drives for small mobile notebook computers increased, but prices remained on a downward trend. Demand for ultra low expansion glass-ceramics for exposure devices for LCDs recovered.

In this environment, net sales in the first quarter under review stood at ¥6,417 million, up 6.6% year on year, reflecting solid demand for optical glass products for single-lens reflex cameras and interchangeable lenses and a recovery in sales of hard disk substrates.

Gross profit was ¥1,889 million, down 14.9% year on year, as rises in the operation rate from the second half of the previous fiscal year and reductions in fixed costs were unable to offset falls in sales prices. Selling, general and administrative expenses declined 9.1%, to ¥1,270 million, reflecting Group-wide efforts to improve operating efficiency. Operating income was ¥619 million, down 24.7%. Ordinary profit came to ¥536 million, rising 127.2%, attributable to a declining foreign exchange loss and other factors.

As a result, net income stood at ¥477 million (compared with a net loss of ¥232 million for the same quarter of the previous fiscal year).

Results by business segment are as follows:

(i) Optical business

Looking at optical pressings, the core products in this segment, sales of lens blanks increased on the strength of firm demand for single-lens reflex digital cameras and interchangeable lenses, although prices of certain products declined. Demand for specified types of special-purpose optical blocks fell. As a result, sales for the segment came to ¥3,963 million (up 1.1% year on year), and operating income was ¥328 million (down 46.6%).

(ii) Electronics business

Demand for disk products, the core products in this segment, for hard disk drives for notebook computers rose substantially. Sales of ultra low expansion glass-ceramics for special purposes also rose. In contrast, the recovery in needs for highly homogeneous glass materials for semiconductor exposure devices and quartz glass was slow. Sales in the segment were ¥2,453 million (rising 16.8%). Operating income stood at ¥290 million (increasing 40.5%).

The following is a breakdown of results by geographical segment.

(i) Japan

Sales of optical pressings for digital cameras were solid, and demand for special-purpose ultra low expansion glass-ceramics and hard disk substrates rose. As a result, sales were ¥4,054 million (up 21.0% year on year), and operating income was ¥333 million (compared with an operating loss of ¥99 million in the same quarter last year).

(ii) Asia

Although demand for lens blanks for single-lens reflex digital cameras and interchangeable lenses increased, lens blanks for compact digital cameras faced a sluggish market, and their sales prices fell. Consequently, sales were ¥1,962 million (down 6.8%). Operating income stood at ¥522 million (rising 4.7%), reflecting an improvement in production efficiency, including the reduction of fixed costs.

(iii) North America

Demand for special-purpose optical products and highly homogeneous glass materials for semiconductor exposure devices fell. As a consequence, sales amounted to ¥197 million (falling 24.6%), and operating income was ¥17 million (dropping 64.5%).

(iv) Europe

Sales were ¥202 million (decreasing 33.2%), and operating income stood at ¥29 million (declining 60.8%), attributable to a decline in demand for optical pressings and ultra low expansion glass-ceramics.

2. Qualitative Information on Consolidated Financial Position

(1) Financial position

Total assets at the end of the first quarter amounted to ¥52,851 million (up 0.9% from the end of the previous fiscal year), primarily reflecting a rise in notes and accounts receivable-trade of ¥842 million and an increase in cash and deposits of ¥366 million despite a decrease in property, plant and equipment of ¥653 million.

Total liabilities stood at ¥13,883 million (rising 5.8%), mainly attributable to an increase in notes and accounts payable-trade of ¥1,020 million, among other factors, which offset a decrease in the provision for bonuses of ¥104 million and a reduction in accounts payable-other of ¥152 million.

Net assets were ¥38,967 million (declining 0.7%), principally because of cash dividends paid of ¥364 million and a change in foreign currency translation adjustments of ¥345 million associated with the appreciation of the yen, which offset net income of ¥477 million.

(2) Consolidated cash flows

Cash and cash equivalents (hereinafter "cash") at the end of the first quarter under review stood at ¥8,918 million, rising ¥346 million from the end of the previous fiscal year. A cash outflow, including an increase in notes and accounts receivable-trade, was more than offset by factors including income before income taxes and minority interests and an increase in notes and accounts payable-trade.

The following is a description of each category of cash flows and their factors:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,019 million (a cash inflow of ¥1,551 million in the year-earlier period).

The major factors behind the cash inflow included an increase in notes and accounts payable-trade of ¥1,208 million, income before income taxes and minority interests of ¥537 million, and depreciation and other amortization of ¥511 million, despite a cash outflow including an increase in notes and accounts receivable-trade of ¥1,031 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥148 million (a cash outflow of ¥328 million in the year-earlier period).

The cash outflow resulted primarily from payments of ¥119 million for the purchase of property, plant and equipment despite proceeds of ¥44 million from the withdrawal of time deposits.

(Cash flows from financial activities)

Net cash used in financial activities was ¥409 million (a cash outflow of ¥594 million in the year-earlier period).

The cash outflow primarily reflected a decrease in long-term and short-term loans of ¥38 million and cash dividends paid of ¥365 million.

3. Qualitative Information on the Forecast of Consolidated Results

Considering the results in the first quarter under review, we expect net sales and profits of the Group to exceed the consolidated results forecast for the first half of the current fiscal year. We consequently revised the consolidated results forecast announced on December 17, 2009. The economic outlook remains uncertain both in Japan and overseas, and for this reason we have not revised the initial full-year forecast.

Revision of Earnings Forecasts (Consolidated)

For the first half of the fiscal year ending October 31, 2010 (from November 1, 2009 to April 30, 2010)

	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
Previous Forecasts (A)	11,500	400	500	380	15.62
Revised Forecasts (B)	12,800	900	800	600	24.67
Difference (B)-(A)	1,300	500	300	220	---
Percentage Change (%)	11.3	125.0	60.0	57.9	---
(Ref.) 1H FY2009	9,028	(124)	(337)	(740)	(30.45)

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: No

5. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

At January 31, 2010

(Thousands of yen)

	1Q FY2010	FY2009
Assets		
Current assets		
Cash and deposits	7,180,563	6,814,275
Notes and accounts receivable-trade	8,065,689	7,222,694
Short-term investment securities	2,007,034	2,006,664
Merchandise and finished goods	1,299,068	1,511,876
Work in process	3,337,503	3,344,187
Raw materials and supplies	1,791,480	1,581,903
Deferred tax assets	573,112	478,791
Other	292,678	391,727
Allowance for doubtful accounts	(15,407)	(16,765)
Total Current assets	24,531,722	23,335,355
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,063,847	9,130,811
Accumulated depreciation	(4,625,169)	(4,562,911)
Buildings and structures, net	4,438,678	4,567,900
Machinery, equipment and vehicles	18,827,031	18,945,453
Accumulated depreciation	(11,713,204)	(11,446,860)
Machinery, equipment and vehicles, net	7,113,826	7,498,593
Tools, furniture and fixtures	11,825,430	11,858,782
Accumulated depreciation	(1,522,932)	(1,490,031)
Tools, furniture and fixtures, net	10,302,497	10,368,751
Land	209,007	210,498
Construction in progress	75,508	147,578
Total Property, plant and equipment	22,139,519	22,793,322
Intangible assets	60,824	57,999
Investments and other assets		
Investment securities	4,052,473	4,097,996
Long-term loans receivable	2,229	2,432
Long-term time deposits	1,400,000	1,400,000
Deferred tax assets	9,480	13,185
Other	654,997	667,700
Total Investments and other assets	6,119,181	6,181,314
Total Noncurrent assets	28,319,524	29,032,637
Total Assets	52,851,247	52,367,992

(Thousands of yen)

	1Q FY2010	FY2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,141,083	2,121,016
Short-term loans payable	5,809,240	5,834,360
Income taxes payable	108,642	62,635
Deferred tax liabilities	---	2,584
Provision for bonuses	331,291	435,955
Provision for directors' bonuses	13,566	56,056
Accounts payable-other	814,978	967,223
Other	406,290	347,455
Total Current liabilities	10,625,091	9,827,288
Noncurrent liabilities		
Long-term loans payable	759,970	773,280
Deferred tax liabilities	967,999	973,283
Provision for retirement benefits	1,187,960	1,161,203
Provision for directors' retirement benefits	239,052	280,257
Provision for special repairs	74,600	66,800
Provision for environmental measures	27,734	27,734
Long-term accounts payable-other	145	6,308
Other	870	870
Total Noncurrent liabilities	3,258,332	3,289,736
Total Liabilities	13,883,424	13,117,025
Net assets		
Shareholders' equity		
Capital stock	5,855,000	5,855,000
Capital surplus	7,930,785	7,930,785
Retained earnings	27,745,811	27,633,281
Treasury stock	(1,548,850)	(1,548,850)
Total Shareholders' equity	39,982,746	39,870,215
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,459,076	1,486,252
Foreign currency translation adjustment	(2,734,505)	(2,388,936)
Total Valuation and translation adjustments	(1,275,429)	(902,683)
Minority interests	260,505	283,434
Total Net assets	38,967,823	39,250,967
Total Liabilities and net assets	52,851,247	52,367,992

(2) CONSOLIDATED STATEMENTS OF INCOME

The first Quarter of fiscal Year ending October 31, 2010

(Thousands of yen)

	1Q FY2009	1Q FY2010
Net sales	6,021,180	6,417,041
Cost of sales	3,800,899	4,527,516
Gross profit	2,220,281	1,889,524
Selling, general and administrative expenses	1,398,044	1,270,264
Operating income	822,237	619,260
Non-operating income		
Interest income	21,117	6,492
Dividends income	9,366	6,415
Land and house rent received	3,588	3,338
Amortization of negative goodwill	25,134	---
Other	22,537	29,249
Total Non-operating income	81,743	45,496
Non-operating expenses		
Interest expenses	16,950	20,608
Foreign exchange losses	642,289	102,667
Other	8,719	5,237
Total Non-operating expenses	667,959	128,514
Ordinary income	236,021	536,242
Extraordinary income		
Gain on sales of noncurrent assets	352	1,060
Total Extraordinary income	352	1,060
Extraordinary loss		
Loss on retirement of noncurrent assets	215	270
Loss on valuation of investment securities	164,750	---
Total Extraordinary losses	164,965	270
Income before income taxes and minority interests	71,408	537,032
Income taxes	335,561	53,466
Minority interests in income (loss)	(31,834)	6,148
Net income (loss)	(232,317)	477,416

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

The first Quarter of fiscal Year ending October 31, 2010

(Thousands of yen)

	1Q FY2009	1Q FY2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	71,408	537,032
Depreciation and amortization	599,973	511,917
Amortization of negative goodwill	(25,134)	---
Increase (decrease) in provision for retirement benefits	23,748	20,533
Increase (decrease) in provision for directors' retirement benefits	(34,429)	6,916
Increase (decrease) in provision for bonuses	(340,341)	(101,351)
Increase (decrease) in allowance for doubtful accounts	(1,843)	(493)
Increase (decrease) in provision for special repairs	(2,700)	7,800
Loss (gain) on valuation of investment securities	164,750	---
Interest and dividends income	(30,483)	(12,908)
Interest expenses	16,950	20,608
Foreign exchange losses (gains)	257,450	56,940
Loss (gain) on sales of noncurrent assets	(352)	(1,060)
Loss on retirement of noncurrent assets	215	270
Decrease (increase) in notes and accounts receivable-trade	1,829,264	(1,031,114)
Decrease (increase) in inventories	(434,730)	(111,551)
Increase (decrease) in notes and accounts payable-trade	(160,529)	1,208,872
Other, net	411,994	(13,202)
Subtotal	2,345,211	1,099,209
Interest and dividends income received	31,049	12,536
Interest expenses paid	(13,773)	(11,261)
Income taxes paid	(811,156)	(80,994)
Net cash provided by (used in) operating activities	1,551,332	1,019,490
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	214,899	44,016
Payments into time deposits	(2,844)	(67,870)
Purchase of property, plant and equipment	(528,315)	(119,302)
Proceeds from sales of property, plant and equipment	551	1,581
Purchase of intangible assets	(14,567)	(7,484)
Other, net	1,568	658
Net cash provided by (used in) investing activities	(328,708)	(148,400)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	136,477	6,000
Repayment of long-term loans payable	(116,430)	(44,430)
Purchase of treasury stock	(16)	---
Cash dividends paid	(608,326)	(365,077)
Other, net	(5,835)	(5,996)
Net cash provided by (used in) financing activities	(594,131)	(409,503)
Effect of exchange rate change on cash and cash equivalents	(626,583)	(115,335)
Net increase (decrease) in cash and cash equivalents	1,908	346,249
Cash and cash equivalents at beginning of period	6,208,311	8,572,320
Cash and cash equivalents at end of period	6,210,219	8,918,570

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

(5) Segment Information

(Business segment information)

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

(Thousands of yen)

	Optical business	Electronics business	Total	Elimination or company total	Consolidated
Net sales					
(1) Sales to external customers	3,919,560	2,101,620	6,021,180	---	6,021,180
(2) Intergroup sales and transfers	---	---	---	(---)	---
Total	3,919,560	2,101,620	6,021,180	(---)	6,021,180
Operating income	615,564	206,672	822,237	(---)	822,237

First quarter of the fiscal year ended October 2010 (from November 1, 2009 to January 31, 2010)

(Thousands of yen)

	Optical business	Electronics business	Total	Elimination or company total	Consolidated
Net sales					
(1) Sales to external customers	3,963,156	2,453,884	6,417,041	---	6,417,041
(2) Intergroup sales and transfers	---	---	---	(---)	---
Total	3,963,156	2,453,884	6,417,041	(---)	6,417,041
Operating income	328,843	290,417	619,260	(---)	619,260

(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 for semiconductor exposure devices, special glass products for liquid crystal exposure devices

(Geographical segment information)

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

(Thousands of yen)

	Japan	Asia	North America	Europe	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external customers	3,349,350	2,106,745	262,238	302,846	6,021,180	---	6,021,180
(2) Intergroup sales and transfers	1,388,600	1,563,422	---	---	2,952,022	(2,952,022)	---
Total	4,737,950	3,670,167	262,238	302,846	8,973,203	(2,952,022)	6,021,180
Operating income	(99,814)	499,230	50,215	75,731	525,361	296,875	822,237

First quarter of the fiscal year ended October 2010 (from November 1, 2009 to January 31, 2010)

(Thousands of yen)

	Japan	Asia	North America	Europe	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external customers	4,054,247	1,962,914	197,715	202,164	6,417,041	---	6,417,041
(2) Intergroup sales and transfers	1,545,726	1,577,111	---	---	3,122,838	(3,122,838)	---
Total	5,599,974	3,540,025	197,715	202,164	9,539,879	(3,122,838)	6,417,041
Operating income	333,930	522,744	17,816	29,691	904,813	(284,922)	619,260

(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)

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

(Thousands of yen)

	Asia	North America	Europe	Total
I. Overseas sales	2,703,460	237,192	300,046	3,240,699
II. Consolidated sales	---	---	---	6,021,180
III. Ratio of overseas sales to consolidated sales (%)	44.9	3.9	5.0	53.8

First quarter of the fiscal year ended October 2010 (from November 1, 2009 to January 31, 2010)

(Thousands of yen)

	Asia	North America	Europe	Total
I. Overseas sales	3,041,733	184,015	203,225	3,428,974
II. Consolidated sales	---	---	---	6,417,041
III. Ratio of overseas sales to consolidated sales (%)	47.4	2.9	3.1	53.4

(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, etc.

(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.

6. Other Information

There is no applicable information.