

OHARA INC.

June 10, 2010

Flash Report (Consolidated Basis)**Results for the second 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: June 14, 2010

Planned date for commencement of dividend payments: ---

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

1. Consolidated Financial Results (for the six months ended April 30, 2010)**(1) Operating results**

(Figures in percentages denote the increase or decrease from the previous 2Q period.)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q FY2010	13,090	45.0	1,481	---	1,604	---	1,187	---
2Q FY2009	9,028	---	(124)	---	(337)	---	(740)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2Q FY2010	48.83	---
2Q FY2009	(30.45)	---

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q FY2010	54,473	40,358	73.6	1,647.80
FY2009	52,367	39,250	74.4	1,601.91

Reference: Own Capital: As of April 30, 2010: 40,084 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)	---	0.00	---	---	---
Year ending Oct. 2010 (forecast)	---	---	---	20.00	20.00

Revision of estimates for cash dividends for shareholders of common stock during this quarter: Yes

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
Full-year	27,500	41.1	3,000	---	3,100	---	2,000	---	82.22

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)

April 30, 2010:	25,450,000 shares	October 31, 2009:	25,450,000 shares
-----------------	-------------------	-------------------	-------------------
 - (b) Number of treasury shares

April 30, 2010:	1,124,284 shares	October 31, 2009:	1,124,281 shares
-----------------	------------------	-------------------	------------------
 - (c) Average number of issued shares (for the second quarter of fiscal years)

April 30, 2010:	24,325,719 shares	April 30, 2009:	24,325,893 shares
-----------------	-------------------	-----------------	-------------------

* 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

Despite fiscal concerns, especially in Europe, in the first half of the fiscal year under review, the global economy recovered moderately, aided by government stimulus. The employment situation remained difficult, but there were signs of a recovery in personal spending and capital expenditure. The Japanese economy faced a challenging employment situation, but exports to Asia increased. Emerging economies, including the Chinese and Indian economies, continued to expand.

In the optical equipment market, demand for compact digital cameras increased, especially in emerging markets, and needs for single-lens reflex digital cameras and interchangeable lenses grew steadily in major markets. In the electronics equipment market, the unit prices of hard disk drives fell, but demand, especially for small mobile notebook computers, rose sharply. Although demand for semiconductor exposure devices recovered, demand for glass materials of the Company was sluggish, reflecting inventory adjustments. In contrast, demand for glass materials for exposure devices for electronic components increased. With regard to liquid crystal exposure devices, capital expenditure by liquid crystal panel manufacturers began to recover, and demand for glass materials of the Company also recovered.

In this environment, net sales in the first half under review stood at ¥13,090 million, up 45.0% year on year, thanks to solid demand for optical glass products for single-lens reflex cameras and interchangeable lenses and a sharp rise in shipments of hard disk substrates with a recovery in demand from the previous fiscal year, when there were production and inventory adjustments.

The gross margin on sales rose 3.9 percentage points year on year, to 31.4%, reflecting a sharp improvement in the capacity utilization ratio and the results of efforts to cut costs. Gross profit was ¥4,104 million, up 65.0% year on year. Although certain expenses declined through activities to improve operating efficiency, freight costs and supplies expenses increased in association with an increase in sales. Consequently, selling, general and administrative expenses were ¥2,622 million (rising 0.4% year on year), and operating income was ¥1,481 million (compared with an operating loss of ¥124 million for the same period of the previous fiscal year). Ordinary profit came to ¥1,604 million (compared with an ordinary loss of ¥337 million for the year-ago period) partly due to foreign exchange gains. As a result of the posting of a loss on the retirement of noncurrent assets as an extraordinary loss, net income amounted to ¥1,187 million (compared with a net loss of ¥740 million for the year-earlier period).

Results by business segment are as follows:

(i) Optical business

Looking at optical pressings, the core products in this segment, demand for lens blanks increased on the strength of solid demand for single-lens reflex digital cameras and interchangeable lenses. On the other hand, demand for optical blocks was sluggish.

As a result, sales for the segment came to ¥7,813 million (up 26.2% year on year), and operating income was ¥800 million (increasing 420.0%).

(ii) Electronics business

Demand for disk products, the core products in this segment, for hard disk drives for notebook computers rose substantially. Demand for quartz glass for projector substrates also increased. Reflecting a recovery in capital expenditure by liquid crystal panel manufacturers, demand for ultra low expansion glass-ceramics for liquid crystal exposure devices climbed. Although demand for highly homogeneous glass materials for semiconductor exposure devices was sluggish, primarily because of glass material inventory adjustments, demand for highly homogeneous glass materials for exposure devices for electronic components rose.

Sales in the segment were ¥5,277 million (rising 85.9%). Operating income stood at ¥681 million (compared with an operating loss of ¥277 million in the same period last year).

The following is a breakdown of results by geographical segment.

(i) Japan

Demand for optical pressings for digital cameras were solid in the optical business, and demand for hard-disk substrates increased sharply in the electronics business. Demand for ultra low expansion glass-ceramics and quartz glass also rose.

As a consequence, sales were ¥8,594 million (up 70.2% year on year), and operating income was ¥852 million (compared with an operating loss of ¥1,230 million in the same period last year).

(ii) Asia

Sales were ¥3,665 million (up 27.0%), and operating income stood at ¥755 million (rising 89.6%), reflecting increases in demand for optical pressings for digital cameras, interchangeable lenses and projectors, and optical blocks in the optical business.

(iii) North America

Although demand for special products in the electronics business rose, demand for optical pressings and blocks in the optical business fell. As a result, sales amounted to ¥435 million (falling 12.6%), and operating income was ¥28 million (dropping 58.5%).

(iv) Europe

Although demand for highly homogeneous glass materials in the electronics business increased, demand for optical pressings in the optical business declined. Consequently, sales were ¥394 million (decreasing 33.5%), and operating income stood at ¥66 million (declining 53.4%).

2. Qualitative Information on Consolidated Financial Position

(1) Financial position

Total assets at the end of the second quarter amounted to ¥54,473 million (up 4.0% from the end of the previous fiscal year), primarily reflecting a rise in notes and accounts receivable-trade of ¥1,237 million in association with an increase in sales, and climbs in work in process of ¥232 million and in raw materials and supplies of ¥357 million, offsetting a decrease of ¥828 million in property, plant and equipment primarily due to depreciation.

Total liabilities stood at ¥14,115 million (rising 7.6%), mainly attributable to an increase in long-term loans payable of ¥1,475 million and a rise in notes and accounts payable-trade of ¥914 million, which offset a decrease in short-term loans payable of ¥1,787 million and a fall in accounts payable-other of ¥309 million.

Net assets were ¥40,358 million (increasing 2.8%), principally because of net income of ¥1,187 million and a rise in the valuation difference on available-for-sale securities of ¥432 million through estimates of actual values of investment securities, which offset a decline in foreign currency translation adjustments of ¥150 million associated with the appreciation of the yen.

(2) Consolidated cash flows

Cash and cash equivalents (hereinafter "cash") at the first half under review stood at ¥8,796 million, rising ¥223 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, an increase in notes and accounts payable-trade, and depreciation and amortization.

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 ¥1,510 million (a cash inflow of ¥3,103 million in the year-earlier period).

The major factors behind the cash inflow included an increase in notes and accounts payable-trade of ¥1,053 million, income before income taxes and minority interests of ¥1,599 million, and depreciation and other amortization of ¥1,037 million, despite a cash outflow including an increase in notes and accounts receivable-trade of ¥1,315 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥558 million (a cash outflow of ¥743 million in the year-earlier period).

The cash outflow resulted primarily from payments of ¥409 million for the purchase of property, plant and equipment and payments for investments in capital of ¥98 million.

(Cash flows from financial activities)

Net cash used in financial activities was ¥688 million (a cash inflow of ¥757 million in the year-earlier period).

The cash outflow primarily reflected a decrease in long-term and short-term loans of ¥312 million and cash dividends paid of ¥364 million.

3. Qualitative Information on the Forecast of Consolidated Results

Considering the results in the first half under review, we expect net sales and profits of the Group to exceed the consolidated results forecast. We consequently revised the consolidated results forecast announced on December 17, 2009.

Revision of Earnings Forecasts (Consolidated)

For the fiscal year ending October 31, 2010 (from November 1, 2009 to October 31, 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)	25,000	1,400	1,500	900	37.00
Revised Forecasts (B)	27,500	3,000	3,100	2,000	82.22
Difference (B)-(A)	2,500	1,600	1,600	1,100	---
Percentage Change (%)	10.0	114.3	106.7	122.2	---
(Ref.) FY2009	19,490	(605)	(736)	(1,848)	(75.98)

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 April 30, 2010

(Thousands of yen)

	2Q FY2010	FY2009
Assets		
Current assets		
Cash and deposits	7,034,221	6,814,275
Notes and accounts receivable-trade	8,459,868	7,222,694
Short-term investment securities	2,007,378	2,006,664
Merchandise and finished goods	1,347,981	1,511,876
Work in process	3,576,479	3,344,187
Raw materials and supplies	1,939,247	1,581,903
Deferred tax assets	605,364	478,791
Other	403,524	391,727
Allowance for doubtful accounts	(15,180)	(16,765)
Total Current assets	25,358,886	23,335,355
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,105,804	9,130,811
Accumulated depreciation	(4,716,566)	(4,562,911)
Buildings and structures, net	4,389,237	4,567,900
Machinery, equipment and vehicles	19,027,732	18,945,453
Accumulated depreciation	(12,132,830)	(11,446,860)
Machinery, equipment and vehicles, net	6,894,902	7,498,593
Tools, furniture and fixtures	11,825,100	11,858,782
Accumulated depreciation	(1,544,206)	(1,490,031)
Tools, furniture and fixtures, net	10,280,894	10,368,751
Land	206,692	210,498
Construction in progress	192,773	147,578
Total Property, plant and equipment	21,964,500	22,793,322
Intangible assets	64,249	57,999
Investments and other assets		
Investment securities	4,827,615	4,097,996
Long-term loans receivable	2,025	2,432
Long-term time deposits	1,400,000	1,400,000
Deferred tax assets	52,053	13,185
Other	804,070	667,700
Total Investments and other assets	7,085,765	6,181,314
Total Noncurrent assets	29,114,515	29,032,637
Total Assets	54,473,401	52,367,992

(Thousands of yen)

	2Q FY2010	FY2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,035,674	2,121,016
Short-term loans payable	4,047,240	5,834,360
Income taxes payable	433,276	62,635
Deferred tax liabilities	9,977	2,584
Provision for bonuses	494,816	435,955
Provision for directors' bonuses	26,688	56,056
Accounts payable-other	657,944	967,223
Other	282,334	347,455
Total Current liabilities	8,987,953	9,827,288
Noncurrent liabilities		
Long-term loans payable	2,248,330	773,280
Deferred tax liabilities	1,339,357	973,283
Provision for retirement benefits	1,186,677	1,161,203
Provision for directors' retirement benefits	241,829	280,257
Provision for special repairs	82,400	66,800
Provision for environmental measures	27,734	27,734
Long-term accounts payable-other	134	6,308
Other	870	870
Total Noncurrent liabilities	5,127,333	3,289,736
Total Liabilities	14,115,286	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	28,467,176	27,633,281
Treasury stock	(1,548,855)	(1,548,850)
Total Shareholders' equity	40,704,106	39,870,215
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,919,094	1,486,252
Foreign currency translation adjustment	(2,539,174)	(2,388,936)
Total Valuation and translation adjustments	(620,080)	(902,683)
Minority interests	274,089	283,434
Total Net assets	40,358,115	39,250,967
Total Liabilities and net assets	54,473,401	52,367,992

(2) CONSOLIDATED STATEMENTS OF INCOME

The Second Quarter of fiscal Year ending October 31, 2010

(Thousands of yen)

	2Q FY2009	2Q FY2010
Net sales	9,028,000	13,090,752
Cost of sales	6,541,175	8,986,603
Gross profit	2,486,825	4,104,148
Selling, general and administrative expenses	2,610,955	2,622,370
Operating income (loss)	(124,129)	1,481,778
Non-operating income		
Interest income	33,140	11,030
Dividends income	49,497	46,547
Land and house rent received	6,598	6,625
Foreign exchange gains	---	17,748
Amortization of negative goodwill	50,268	---
Insurance return	117,826	235
Fiduciary obligation fee	---	34,400
Other	106,511	50,728
Total Non-operating income	363,842	167,315
Non-operating expenses		
Interest expenses	34,539	38,193
Foreign exchange losses	532,168	---
Other	10,407	6,504
Total Non-operating expenses	577,115	44,698
Ordinary income (loss)	(337,402)	1,604,395
Extraordinary income		
Gain on sales of noncurrent assets	27,696	1,153
Total Extraordinary income	27,696	1,153
Extraordinary loss		
Loss on retirement of noncurrent assets	56,897	5,586
Total Extraordinary losses	56,897	5,586
Income (loss) before income taxes and minority interests	(366,603)	1,599,963
Income taxes	478,029	402,164
Minority interests in income (loss)	(103,914)	10,091
Net income (loss)	(740,718)	1,187,707

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

The Second Quarter of fiscal Year ending October 31, 2010

(Thousands of yen)

	2Q FY2009	2Q FY2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(366,603)	1,599,963
Depreciation and other amortization	1,202,481	1,037,441
Amortization of negative goodwill	(50,268)	---
Increase (decrease) in provision for retirement benefits	66,239	54,909
Increase (decrease) in provision for directors' retirement benefits	(26,243)	(38,428)
Increase (decrease) in provision for directors' bonuses	(33,061)	(27,779)
Increase (decrease) in provision for bonuses	(329,021)	61,162
Increase (decrease) in allowance for doubtful accounts	165	(1,033)
Increase (decrease) in provision for special repairs	4,800	15,600
Interest and dividends income	(82,637)	(57,577)
Interest expenses	34,539	38,193
Foreign exchange losses (gains)	189,487	13,325
Loss (gain) on sales of noncurrent assets	(27,696)	(1,153)
Loss on retirement of noncurrent assets	56,897	5,586
Decrease (increase) in notes and accounts receivable-trade	6,090,026	(1,315,832)
Decrease (increase) in inventories	(490,276)	(487,348)
Increase (decrease) in notes and accounts payable-trade	(2,198,689)	1,053,910
Other, net	(108,638)	(320,368)
Subtotal	3,931,500	1,630,571
Interest and dividends income received	93,284	57,848
Interest expenses paid	(70,283)	(30,609)
Proceeds from insurance income	86,718	4,162
Income taxes paid	(937,223)	(151,098)
Net cash provided by (used in) operating activities	3,103,998	1,510,874
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	201,534	55,305
Payments into time deposits	(69,691)	(65,430)
Proceeds from sales of short-term investment securities	500,000	---
Purchase of property, plant and equipment	(1,329,288)	(409,751)
Proceeds from sales of property, plant and equipment	534	2,043
Purchase of intangible assets	(15,498)	(16,047)
Payments for investments in capital	---	(98,917)
Other, net	(31,165)	(25,467)
Net cash provided by (used in) investing activities	(743,574)	(558,265)

(Thousands of yen)

	2Q FY2009	2Q FY2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	656,478	(2,156,000)
Proceeds from long-term loans payable	1,000,000	2,000,000
Repayment of long-term loans payable	(267,860)	(156,070)
Redemption of bonds	(12,500)	---
Purchase of treasury stock	(23)	(4)
Cash dividends paid	(606,490)	(364,030)
Other, net	(11,750)	(12,076)
Net cash provided by (used in) financing activities	757,853	(688,181)
Effect of exchange rate change on cash and cash equivalents	(599,192)	(40,599)
Net increase (decrease) in cash and cash equivalents	2,519,084	223,827
Cash and cash equivalents at beginning of period	6,208,311	8,572,320
Cash and cash equivalents at end of period	8,727,396	8,796,148

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

(5) Segment Information

(Business segment information)

Second quarter of the fiscal year ended October 2009 (from November 1, 2008 to April 30, 2009)

(Thousands of yen)

	Optical business	Electronics business	Total	Elimination or company total	Consolidated
Net sales					
(1) Sales to external customers	6,189,613	2,838,386	9,028,000	---	9,028,000
(2) Intergroup sales and transfers	---	---	---	(---)	---
Total	6,189,613	2,838,386	9,028,000	(---)	9,028,000
Operating income	153,862	(277,992)	(124,129)	(---)	(124,129)

Second quarter of the fiscal year ended October 2010 (from November 1, 2009 to April 30, 2010)

(Thousands of yen)

	Optical business	Electronics business	Total	Elimination or company total	Consolidated
Net sales					
(1) Sales to external Customers	7,813,374	5,277,377	13,090,752	---	13,090,752
(2) Intergroup sales and transfers	---	---	---	(---)	---
Total	7,813,374	5,277,377	13,090,752	(---)	13,090,752
Operating income	800,102	681,675	1,481,778	(---)	1,481,778

(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)

Second quarter of the fiscal year ended October 2009 (from November 1, 2008 to April 30, 2009)

(Thousands of yen)

	Japan	Asia	North America	Europe	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external Customers	5,050,282	2,885,527	498,361	593,828	9,028,000	---	9,028,000
(2) Intergroup sales and transfers	1,877,922	2,046,613	---	---	3,924,535	(3,924,535)	---
Total	6,928,205	4,932,141	498,361	593,828	12,952,536	(3,924,535)	9,028,000
Operating income	(1,230,792)	398,354	67,711	142,816	(621,909)	497,779	(124,129)

Second quarter of the fiscal year ended October 2010 (from November 1, 2009 to April 30, 2010)

(Thousands of yen)

	Japan	Asia	North America	Europe	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external customers	8,594,716	3,665,397	435,693	394,945	13,090,752	---	13,090,752
(2) Intergroup sales and transfers	3,386,720	3,038,009	---	461	6,425,191	(6,425,191)	---
Total	11,981,436	6,703,406	435,693	395,407	19,515,943	(6,425,191)	13,090,752
Operating income	852,756	755,178	28,104	66,584	1,702,623	(220,845)	1,481,778

(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)

Second quarter of the fiscal year ended October 2009 (from November 1, 2008 to April 30, 2009)

(Thousands of yen)

	Asia	North America	Europe	Total
I. Overseas sales	3,514,416	450,522	593,698	4,558,637
II. Consolidated sales	---	---	---	9,028,000
III. Ratio of overseas sales to consolidated sales (%)	38.9	5.0	6.6	50.5

Second quarter of the fiscal year ended October 2010 (from November 1, 2009 to April 30, 2010)

(Thousands of yen)

	Asia	North America	Europe	Total
I. Overseas sales	5,949,131	410,360	398,540	6,758,032
II. Consolidated sales	---	---	---	13,090,752
III. Ratio of overseas sales to consolidated sales (%)	45.5	3.1	3.0	51.6

(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.