



# Presentation of Financial Results

## First Half of Fiscal Year

### Ending October 31, 2008

**June 12, 2008 (Thursday)**

**OHARA INC. (Code: 5218)**

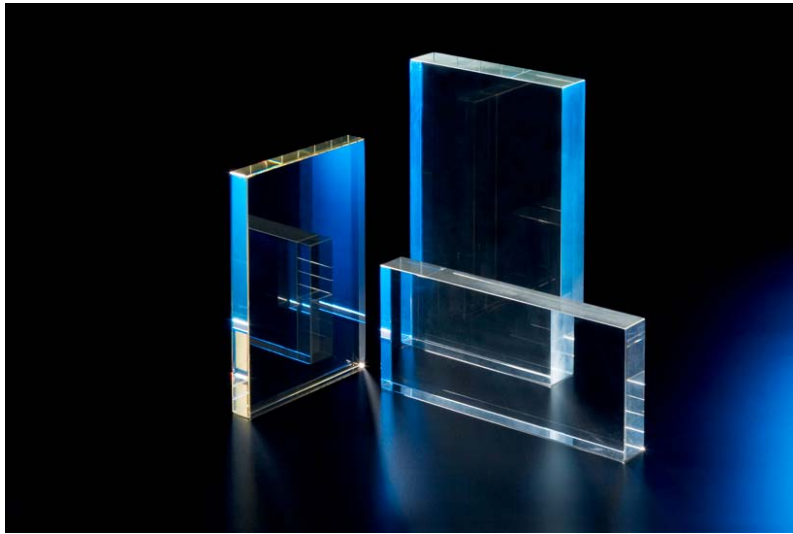
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# Overview of FY2008 1H



# Summary of Results



(Million yen, %)

	FY2007 1H		FY2008 1H		Change	
	Result	% of sales	Result	% of sales	Amount	%
Net Sales	13,331		14,864		1,532	11.5%
Gross Profit	5,707	42.8%	6,170	41.5%	462	8.1%
Operating Profit	3,316	24.9%	3,475	23.4%	158	4.8%
Ordinary Profit	3,771	28.3%	3,555	23.9%	(215)	(5.7%)
Net Income	2,322	17.4%	1,892	12.7%	(430)	(18.5%)
Yen/1USD		118.71		107.03		
Yen/1EUR		155.99		162.24		

# Main Points of Financial Results

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**Net sales increased in both Optical Products and Information Products.**

**Income declined in Optical Products but increased in Information Products.**

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**◆ Net sales    →    Increased**

- Sales of optical pressings increased thanks to robust demand for optical pressings for digital cameras
- In optical blocks, sales of highly homogeneous optical glass for semiconductor equipment declined
- Sales of glass substrates for HD increased significantly, particularly for notebook PCs



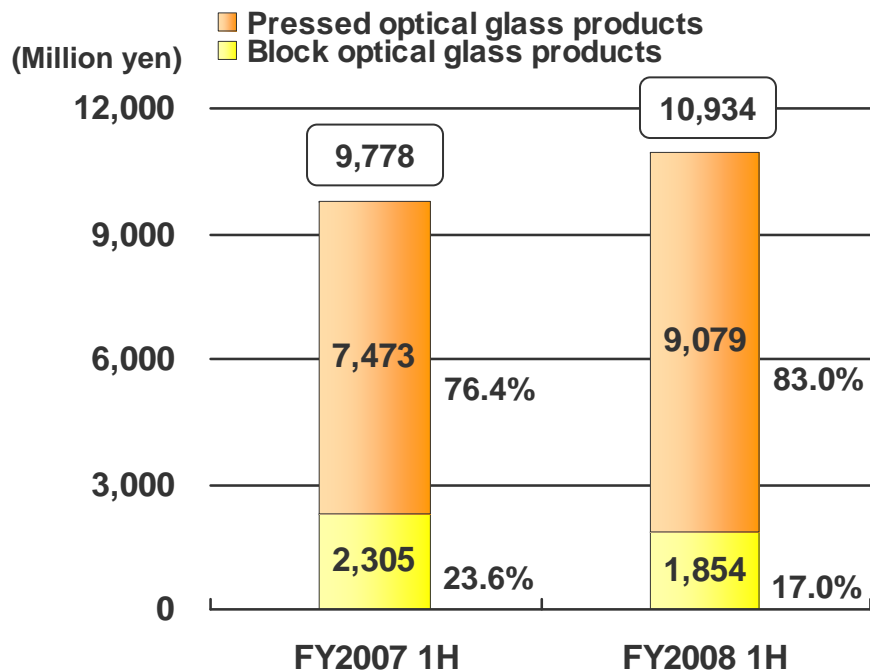
**◆ Operating income    →    Increased**

- The increase in income in Information Products offset the decrease in income in Optical Products
- For operating expenses by segment, we reviewed the allocation calculation reflecting improvement in the accuracy of cost accounting

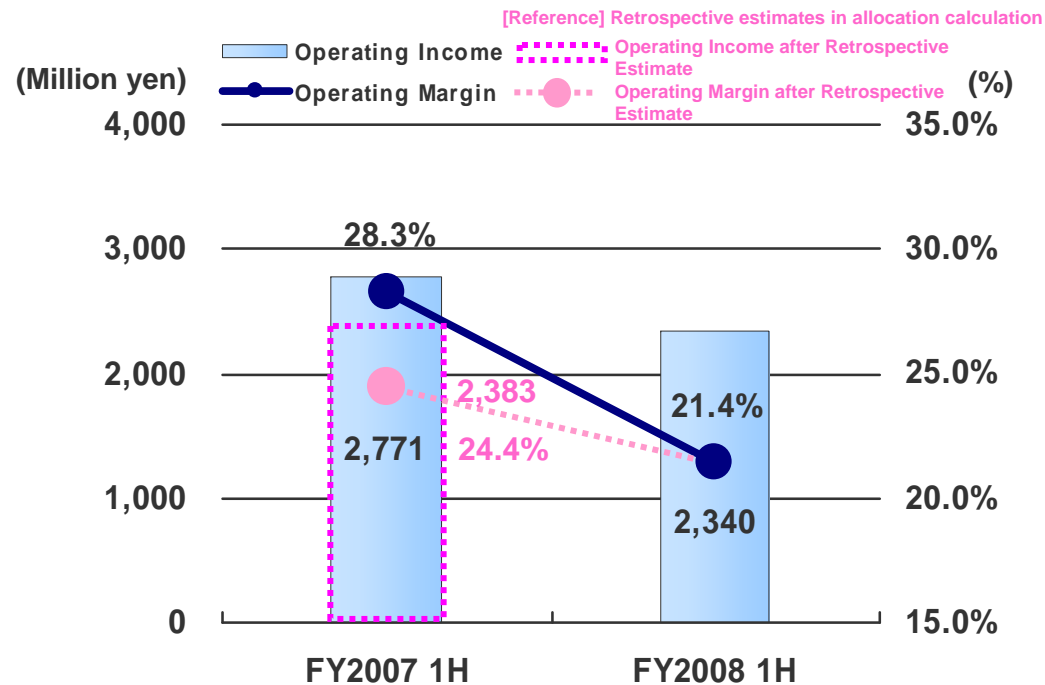


# Optical Products

## Net Sales



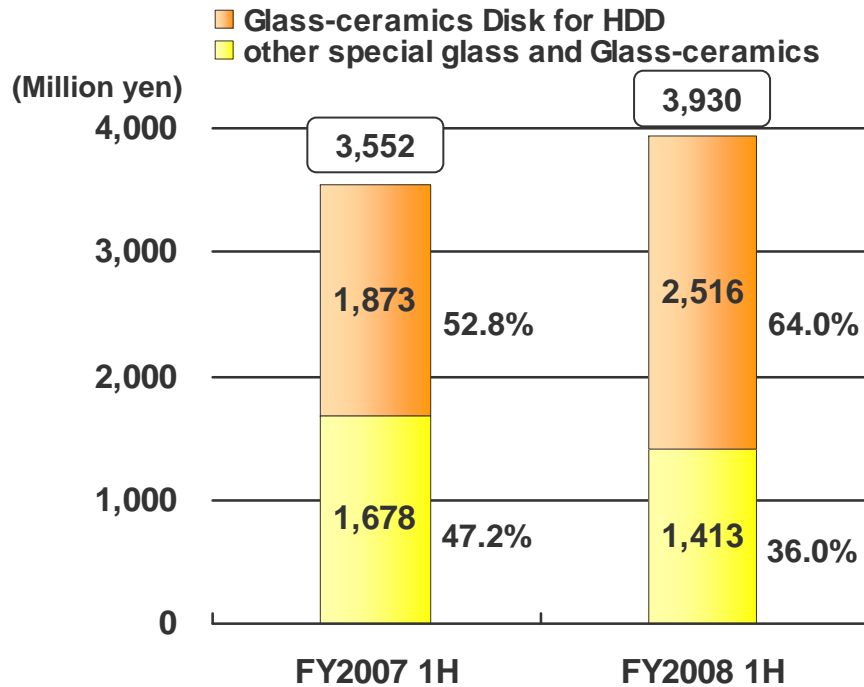
## Operating Profit



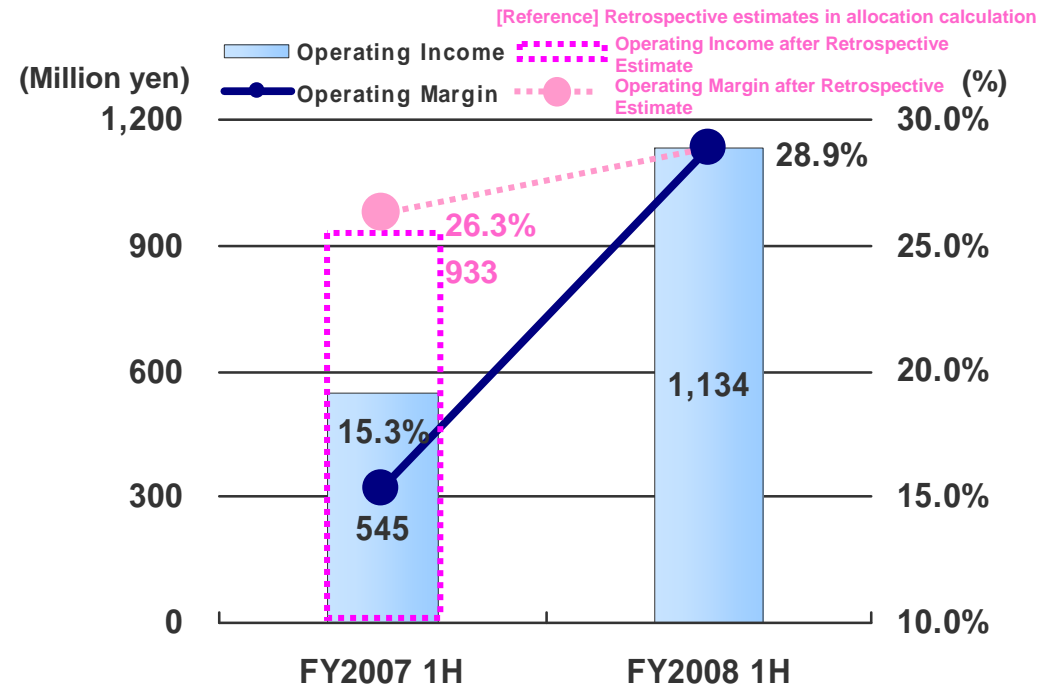
(Million yen, %)

	FY2007 1H		FY2008 1H		Change	
	Result	% of sales	Result	% of sales	Amount	%
Net Sales	9,778		10,934		1,155	11.8%
Operating Profit	2,771	28.3%	2,340	21.4%	(431)	(15.5%)

## Net Sales



## Operating Profit



	FY2007 1H		FY2008 1H		Change	
	Result	% of sales	Result	% of sales	Amount	%
Net Sales	3,552		3,930		377	10.6%
Operating Profit	545	15.3%	1,134	28.9%	588	107.9%

(Million yen, %)

# Financial Position

(Million yen)

	FY2007 1H	FY2007	FY2008 1H	Change (from end of previous fiscal period)
Cash on hand and in banks	9,788	10,520	7,465	(3,054)
Notes and accounts receivable, trade	7,723	8,935	8,640	(295)
Inventories	5,315	5,125	5,717	591
Other current assets	1,200	2,224	2,682	458
<b>Total current assets</b>	<b>24,027</b>	<b>26,806</b>	<b>24,506</b>	<b>(2,300)</b>
Tangible fixed assets	20,345	20,343	22,504	2,160
Intangible assets	57	50	60	9
Investment and other assets	11,667	9,122	8,153	(969)
<b>Total fixed assets</b>	<b>32,070</b>	<b>29,516</b>	<b>30,718</b>	<b>1,201</b>
<b>Total assets</b>	<b>56,097</b>	<b>56,323</b>	<b>55,224</b>	<b>(1,099)</b>
Current liabilities	8,554	7,936	8,590	653
Long-term liabilities	5,122	4,194	3,642	(551)
<b>Total liabilities</b>	<b>13,677</b>	<b>12,131</b>	<b>12,233</b>	<b>102</b>
<b>Total net assets</b>	<b>42,419</b>	<b>44,192</b>	<b>42,991</b>	<b>(1,201)</b>
<b>Total liabilities and net assets</b>	<b>56,097</b>	<b>56,323</b>	<b>55,224</b>	<b>(1,099)</b>

# Statement of Cash Flows

	(Million yen)			
	FY2007 1H	FY2007	FY2008 1H	Change (year-on-year)
Cash flow from operating activities	2,276	4,834	3,519	1,242
Cash flow from investing activities	(3,775)	(5,825)	(2,087)	1,688
Free cash flow	(1,498)	(991)	1,431	2,930
Cash flow from financing activities	(1,377)	(2,087)	(3,020)	(1,643)
Balance of cash and equivalents at end of term	9,392	9,160	7,421	(1,970)



## Outlook for FY2008



# Summary of Results Forecast



(Million yen, %)

	FY2007		FY2008		Change		As of the end of FY2008 1H	
	Results	% of sales	Estimate	% of sales	Amount	%	Amount	%
<b>Net Sales</b>	<b>28,248</b>		<b>29,600</b>		<b>1,352</b>	<b>4.8%</b>	<b>14,864</b>	<b>50.2%</b>
<b>Gross Profit</b>	<b>12,074</b>	<b>42.7%</b>	<b>12,900</b>	<b>43.6%</b>	<b>825</b>	<b>6.8%</b>	<b>6,170</b>	<b>47.8%</b>
<b>Operating Profit</b>	<b>7,074</b>	<b>25.0%</b>	<b>7,200</b>	<b>24.3%</b>	<b>126</b>	<b>1.8%</b>	<b>3,475</b>	<b>48.3%</b>
<b>Ordinary Profit</b>	<b>7,403</b>	<b>26.2%</b>	<b>7,400</b>	<b>25.0%</b>	<b>(3)</b>	<b>(0.0%)</b>	<b>3,555</b>	<b>48.0%</b>
<b>Net Income</b>	<b>4,790</b>	<b>17.0%</b>	<b>4,700</b>	<b>15.9%</b>	<b>(90)</b>	<b>(1.9%)</b>	<b>1,892</b>	<b>40.3%</b>
<b>Yen/1USD</b>	<b>118.76</b>		<b>102.00</b>					
<b>Yen/1EUR</b>	<b>159.50</b>		<b>157.00</b>					

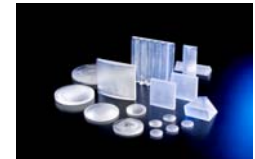
# Main Points of Results Forecast

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## Generate profit in Optical Products by expanding sales of products

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- ◆ In optical pressings, generate profit by increasing sales following vigorous activities in the digital camera market



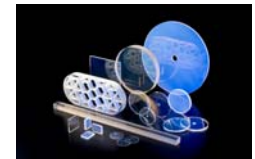
- ◆ In optical blocks, aim to achieve the initial projection while sales of highly homogeneous lens materials for steppers decelerate



- ◆ In glass substrates for HD, respond to higher demand by increasing capacity under favorable market conditions



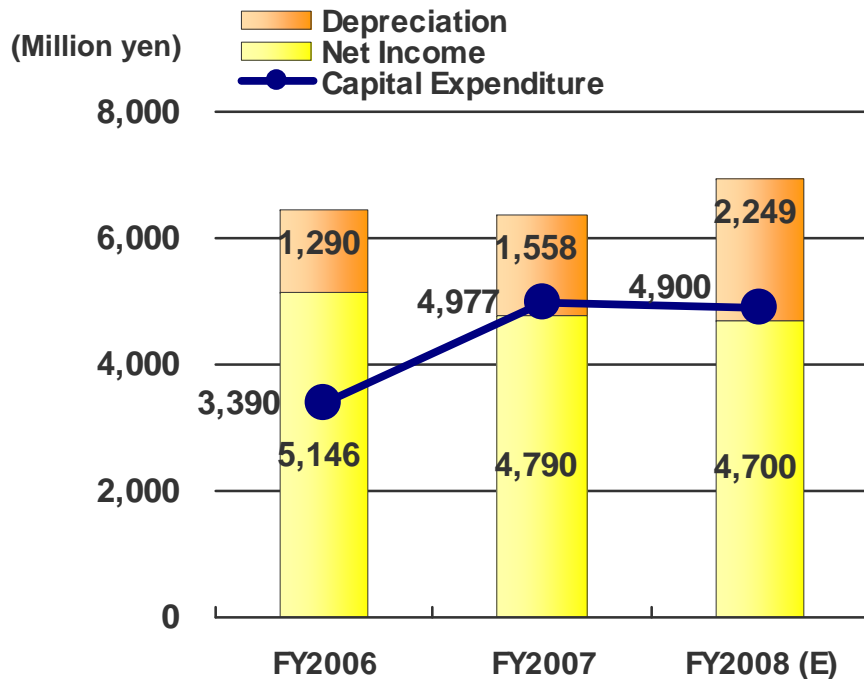
- ◆ In other specialty glass, aim to obtain large new projects for Ultra Low Expansion Glass-Ceramics



# Forecasts of Capital Expenditure, Depreciation, Research and Development Expenses



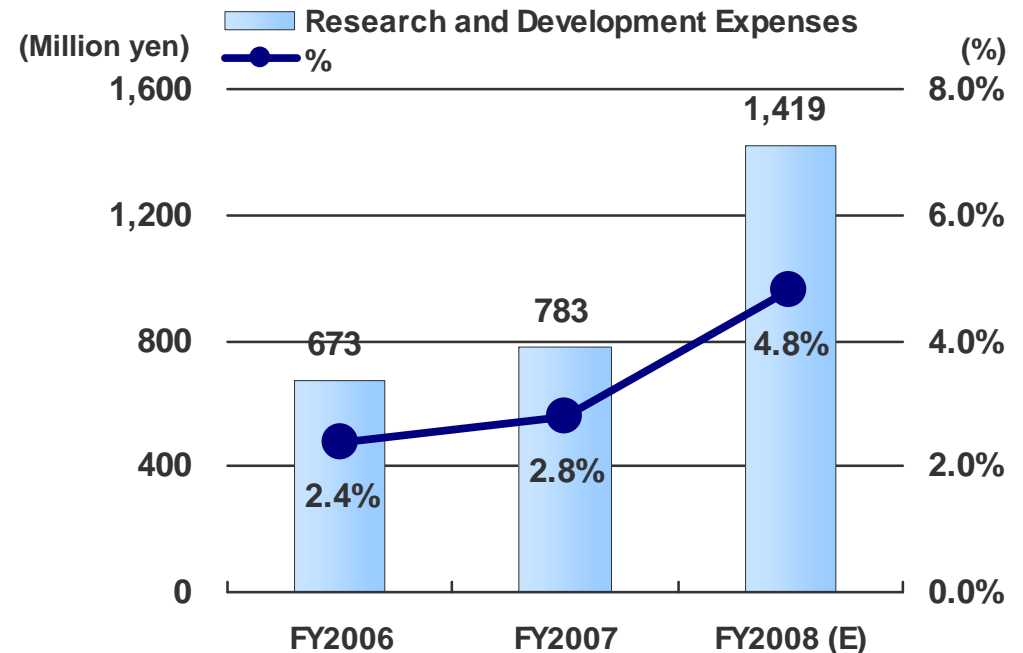
## Capital Expenditure, Depreciation



(Million yen)

	FY2006	FY2007	FY2008 (Estimate)
Depreciation	1,290	1,558	2,249
Net Income	5,146	4,790	4,700
CAPEX	3,390	4,977	4,900

## Research and Development Expenses



(Million yen, %)

	FY2006	FY2007	FY2008 (Estimate)
Net Sales	27,761	28,248	29,600
Research and Development Expenses	673	783	1,419
%	2.4%	2.8%	4.8%

# Topics (1)

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## Repurchase of the Company's shares

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<b>Date of repurchase</b>	<b>March 14, 2008</b>
<b>Number of shares repurchased</b>	<b>1,122,400 shares</b>
<b>Amount of shares repurchased</b>	<b>1,544,422,400 yen (1,376 yen per share)</b>
<b>Number of treasury shares as of the end of FY2008 1H</b>	<b>1,123,845 shares (4.4%) (Fifth among 4,552 shareholders)</b>

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# Topics (2)

## Strengthening the Group structure

- ◆ Ohara Quartz Co., Ltd has become a consolidated subsidiary

### Overview of Ohara Quartz Co., Ltd

Head Office	Wakayama-shi, Wakayama
Founded	July 1, 2008
Business	Manufacture of synthetic quartz preforms such as substrates for liquid-crystal projectors and glass substrates for liquid-crystal display photomasks
Fiscal year end	August 31
Net sales	5,618 million yen (FY07/3)
Total assets	6,960 million yen (as of the end of September 2007)
Amount of shares acquired	674 million yen (shareholding: 71%)

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