



**Presentation of Financial Results  
Fiscal Year Ended October 31, 2010**

**December 15, 2010 (Wednesday)**

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

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◆ **Overview of FY2010** **P03-09**

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◆ **Outlook for FY2011** **P10-19**

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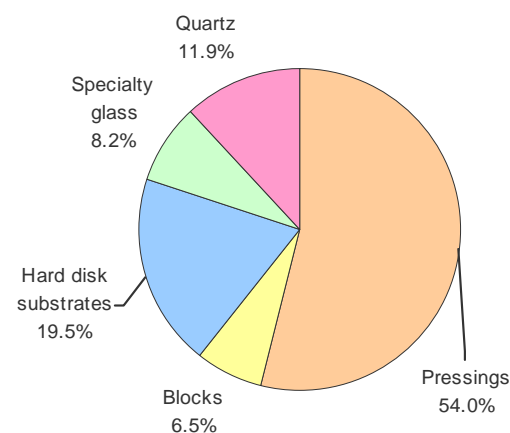
# Overview of FY2010

# Summary of Results

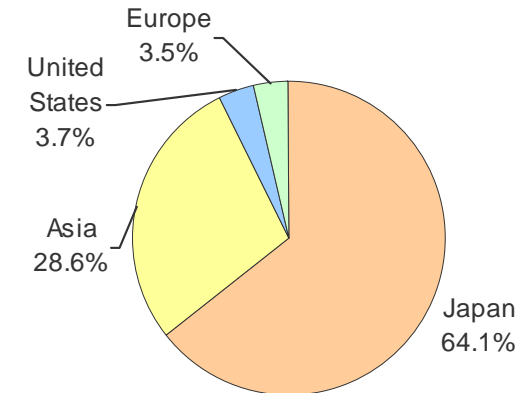
(Million yen, %)

	FY2009	FY2010	Change (year on year)
<b>Net Sales</b>	<b>19,490</b>	<b>27,456</b>	<b>7,965</b> 40.9%
<b>Gross Profit</b>	<b>4,519</b>	<b>8,675</b>	<b>4,156</b>
[Gross margin]	23.2%	31.6%	92.0%
<b>Operating Income</b>	<b>-605</b>	<b>3,275</b>	<b>3,880</b>
[Operating margin ratio]	-	11.9%	-
<b>Ordinary Profit</b>	<b>-736</b>	<b>3,105</b>	<b>3,841</b>
[Ordinary profit ratio]	-	11.3%	-
<b>Net Income</b>	<b>-1,848</b>	<b>1,963</b>	<b>3,811</b>
[Net income ratio]	-	7.2%	-
<b>Exchange rate</b>			
Yen / USD	94.38	88.88	
Yen / euro	128.70	119.82	

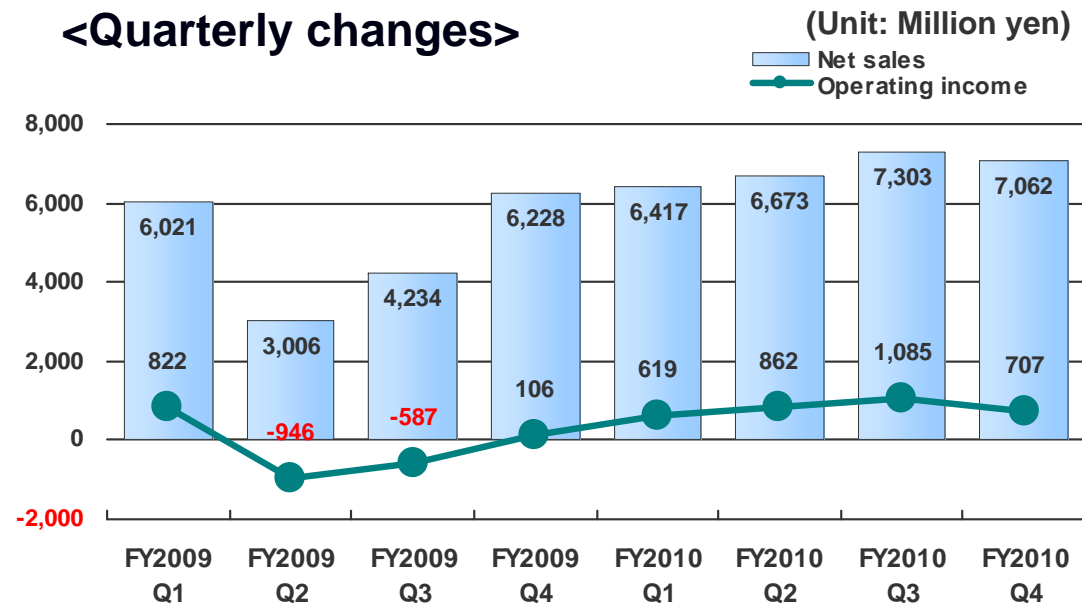
## <Breakdown of sales by product>



## <Breakdown of sales by geographical area>



## <Quarterly changes>



# Main Points of Results

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## <External environment in second half>

- ◆ Expansion of the digital camera market, especially the market for single-lens reflex digital cameras
- ◆ Slower growth of the HD market
- ◆ Strong performance of the semiconductor and liquid crystal exposure devices market

## <Results of the Company in the second half>


- ◆ High capacity utilization rates, but surges in prices of raw materials in optical glass
- ◆ Adjustments of hard disk glass substrates toward the end of the fiscal year
- ◆ Growth in special glass for semiconductor exposure devices/exposure devices for LCDs

# Factors of Changes in Earnings (Full-Year Results, Year on Year)


 **(1) Gross Profit** 8,675 million yen (up 92.0% year on year)

 Significant improvement in capacity utilization rate

 Successful cost cutting initiatives

 **(2) Operating Income** 3,275 million yen (Operating loss of 605 million yen a year ago)

 Fall in SG&A ratio

 **(3) Ordinary Profit** 3,105 million yen (Ordinary loss of 736 million yen a year ago)

 Foreign exchange loss declined (to 352 million yen from 584 million yen a year ago)

 Loss on valuation of investment securities posted (295 million yen)

 **(4) Net Income** 1,963 million yen (Net loss of 1,848 million yen a year ago)

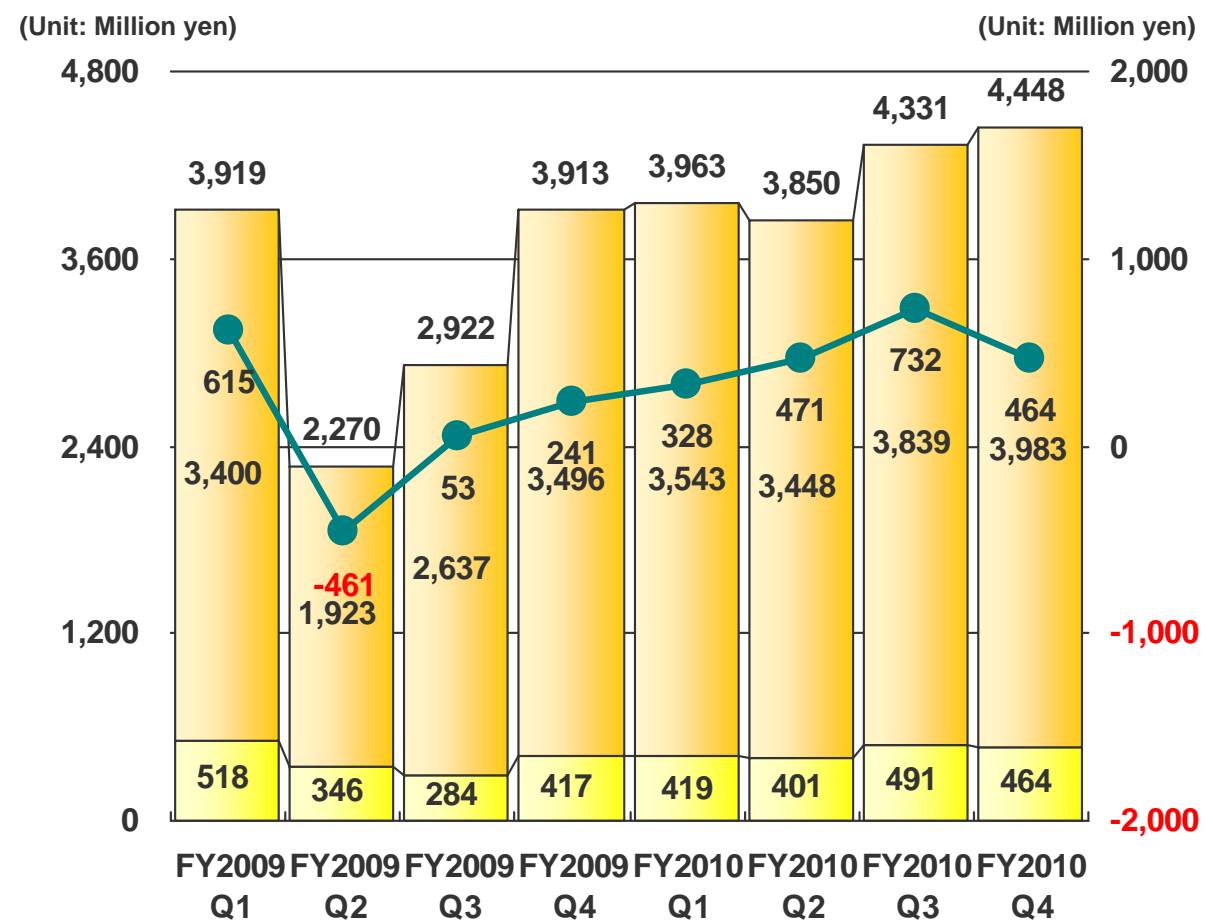
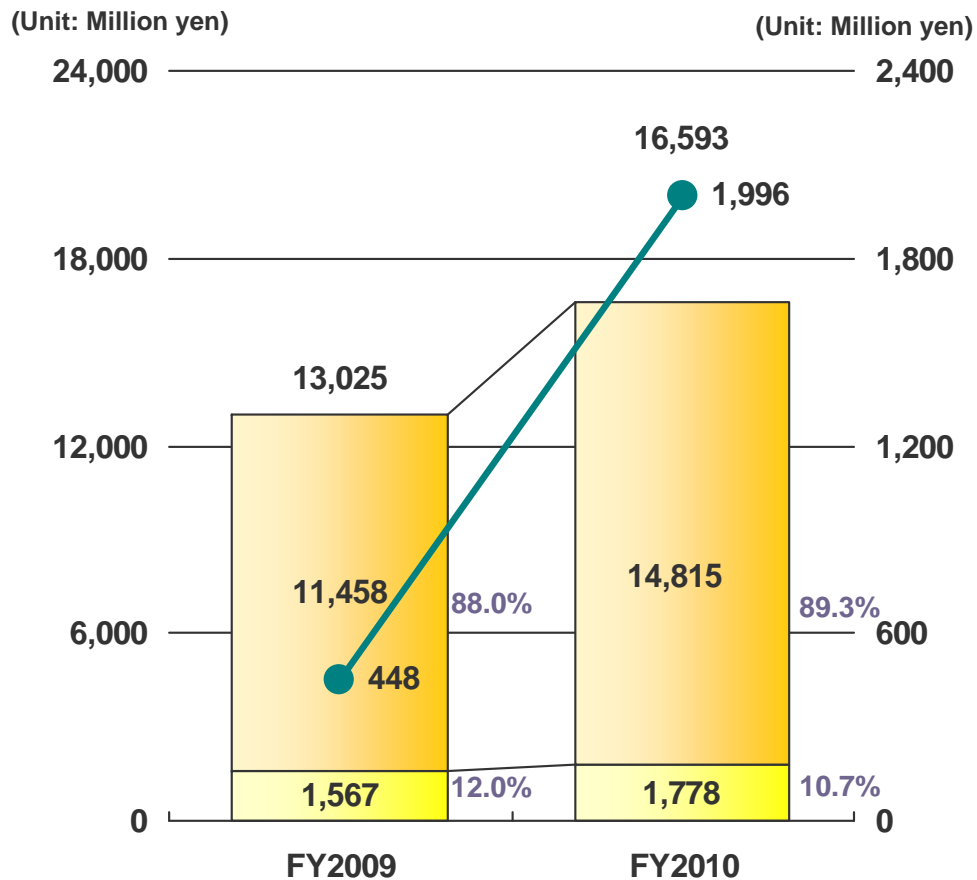
# Optical Business

## <Full-year comparison>

## <Quarterly changes>

- Net sales of pressed optical glass products (left axis)
- Net sales of block optical glass products (left axis)
- Operating income (right axis)

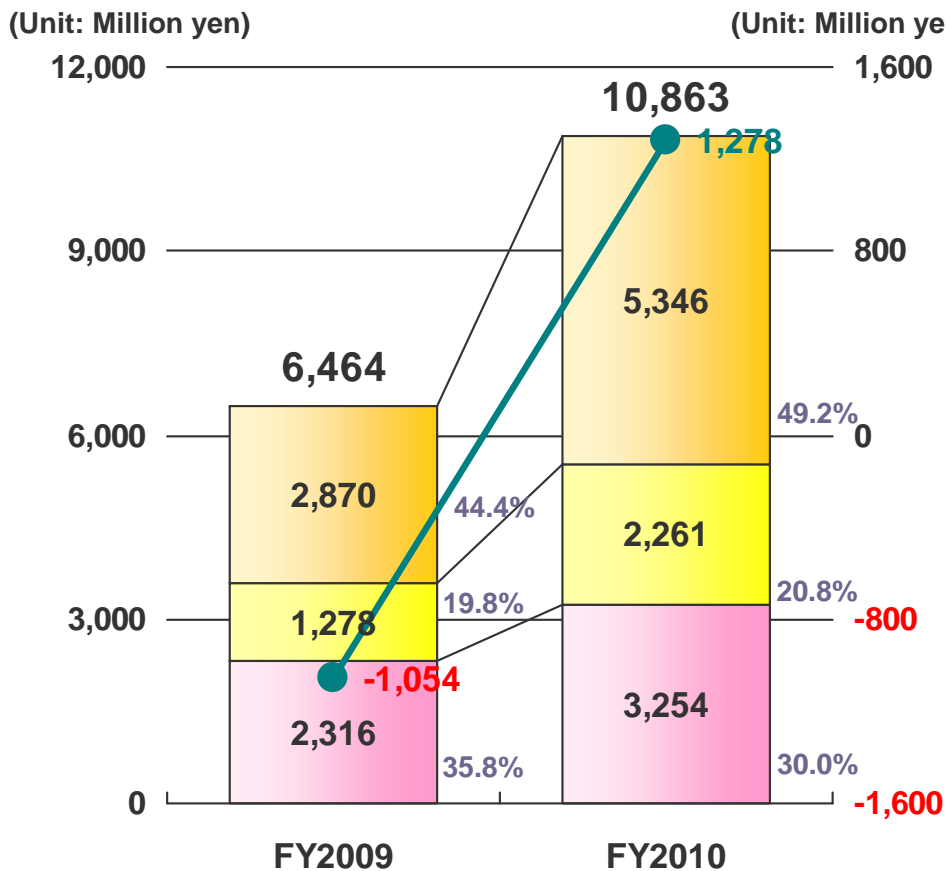
- Net sales of pressed optical glass products (left axis)
- Net sales of block optical glass products (left axis)
- Operating income (right axis)



# Electronics Business

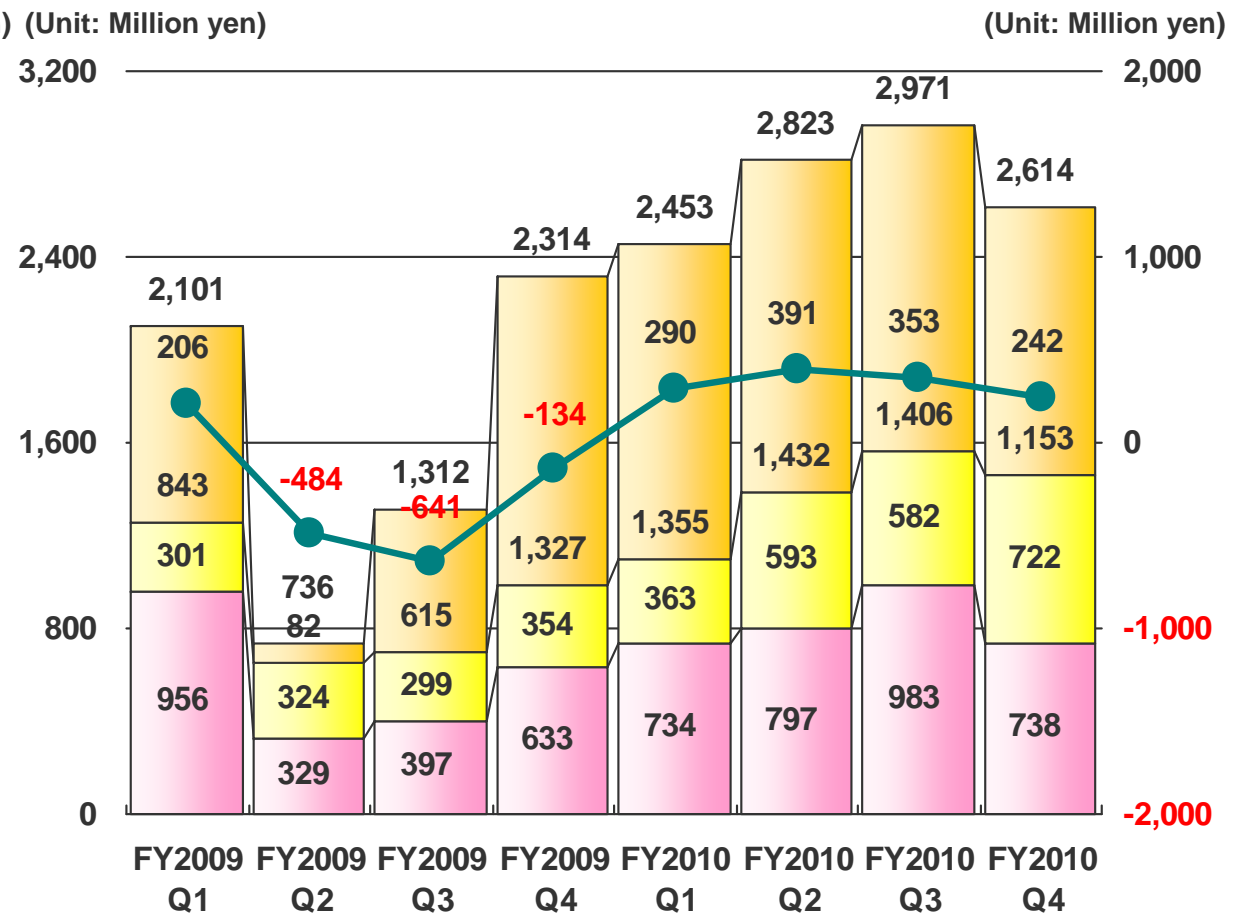
## <Full-year comparison>

- Glass-ceramics disk for HDD (left axis)
- Other special glass and glass-ceramics (left axis)
- Quartz (left axis)
- Operating income (right axis)



## <Quarterly changes>

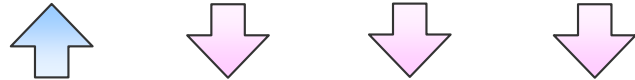
- Glass-ceramics disk for HDD (left axis)
- Other special glass and glass-ceramics (left axis)
- Quartz (left axis)
- Operating income (right axis)



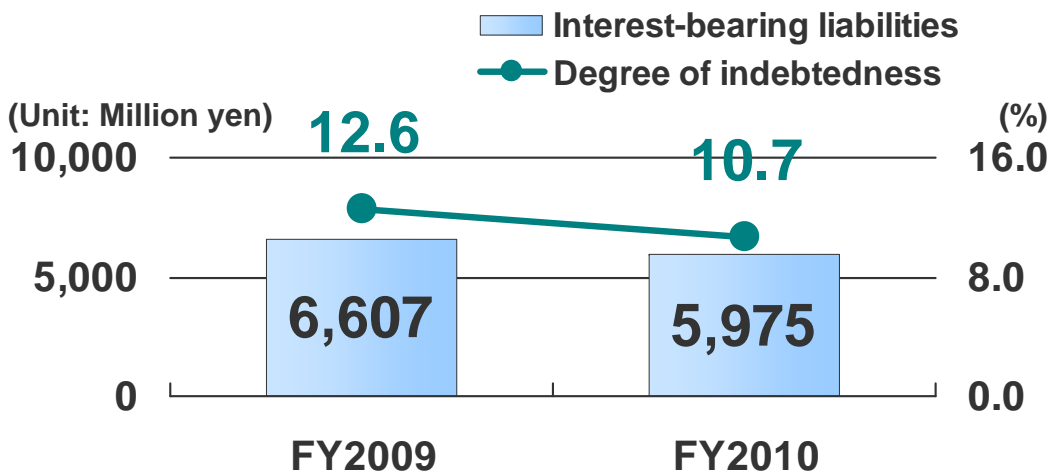
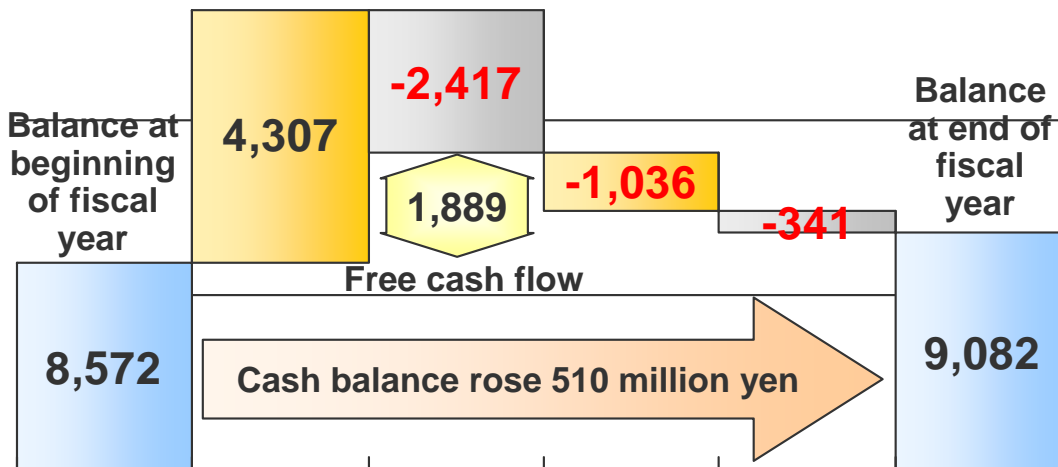
# Statement of Cash Flows

(Unit: Million yen)

CF from operating activities    CF from investing activities    CF from financing activities    Other



(Unit: Million yen)



## Factors of change in operating CF (3,571 a year ago)

Increase in inventories (increase is negative)	-1,016
Increase in accounts receivable-trade (increase is negative)	-1,773
Increase in notes and accounts payable-trade	1,858
Net income before income taxes and minority interests	2,773
Depreciation and amortization	2,131

## Factors for change in investing CF (-895 a year ago)

Purchase of property, plant and equipment	-2,547
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## Factors for change in financial CF (364 a year ago)

Decline in borrowings	-632
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# Outlook for FY2011

# Summary of Full Year Results Forecast



(Million yen, %)

	FY2010 Results	FY2011 Estimates	Change
<b>Net Sales</b>	<b>27,456</b>	<b>30,000</b>	<b>2,544</b> 9.3%
<b>Gross Profit</b>	<b>8,675</b>	<b>8,500</b>	<b>-175</b>
[Gross margin]	31.6%	28.3%	-2.0%
<b>Operating Income</b>	<b>3,275</b>	<b>2,700</b>	<b>-575</b>
[Operating margin ratio]	11.9%	9.0%	-17.6%
<b>Ordinary Profit</b>	<b>3,105</b>	<b>2,900</b>	<b>-205</b>
[Ordinary profit ratio]	11.3%	9.7%	-6.6%
<b>Net Income</b>	<b>1,963</b>	<b>1,700</b>	<b>-263</b>
[Net income ratio]	7.2%	5.7%	-13.4%
<b>Exchange rate</b>			
Yen / USD	88.88	80.00	
Yen / euro	119.82	110.00	

# Key Points in Full-Year Results Forecast

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## <External environment>

- ◆ Robust digital camera market, especially the market for single-lens reflex digital cameras
- ◆ The HD market will perform well.
- ◆ Strong performance of the semiconductor and liquid crystal exposure devices market

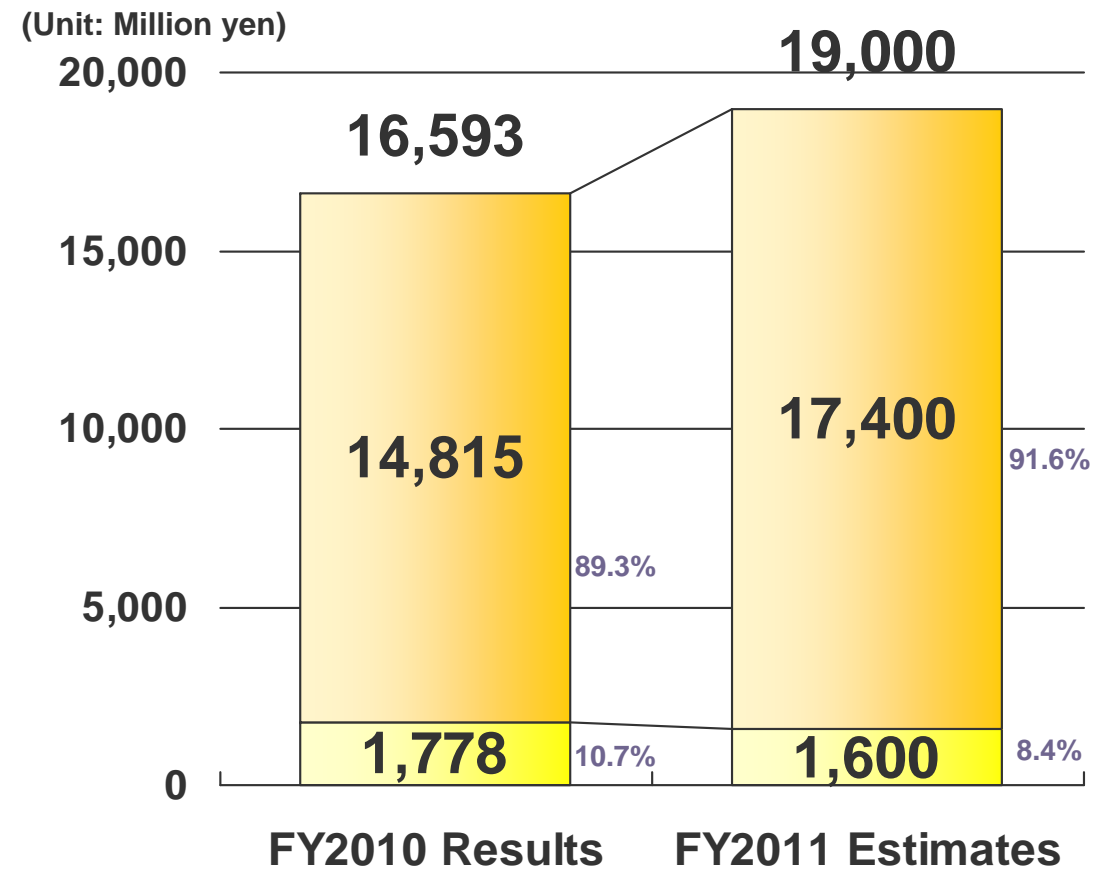
## <Results of the Company>

- ◆ Income will decline in the optical glass market, reflecting high raw material prices.
- ◆ The timing of investment in additional facilities for hard disk glass substrates will be reviewed.
- ◆ Special glass for semiconductor exposure devices/exposure devices for LCDs will perform well.

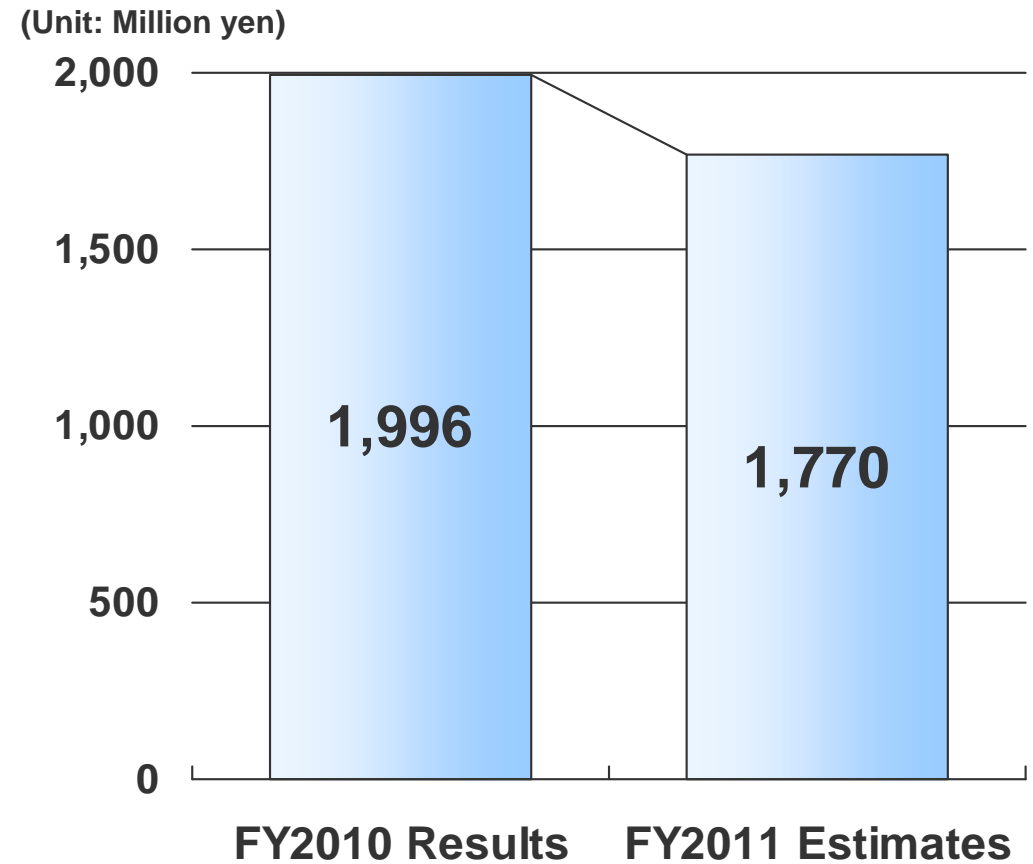
# Forecast for Optical Business

## Net Sales

- Pressed optical glass products
- Block optical glass products

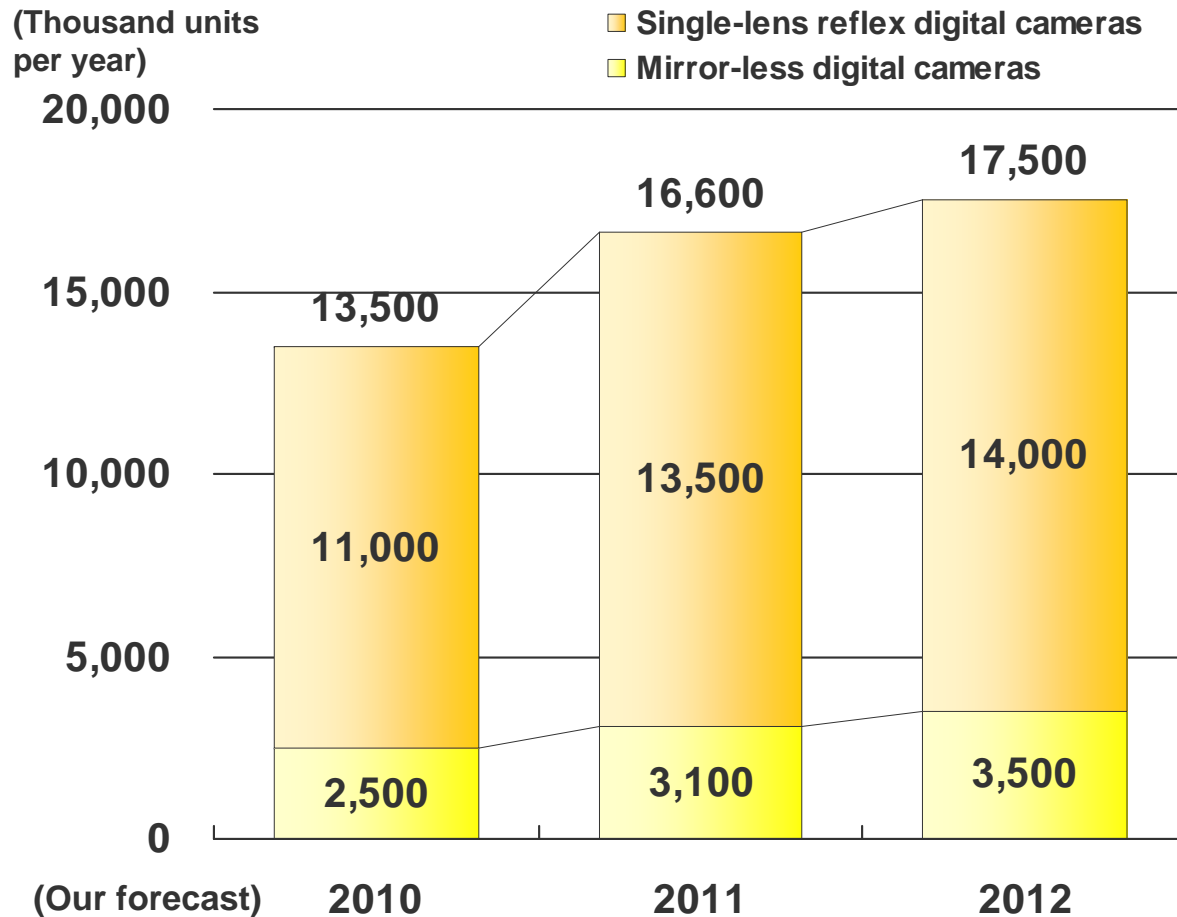


## Operating Income

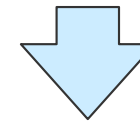


# Trends in Optical Equipment Market

## <Trends in the market for single-lens reflex digital cameras>



◆ The market will be strong in 2011 and is expected to grow in subsequent years.



◆ Will develop high value-added products, including low Tg optical glasses

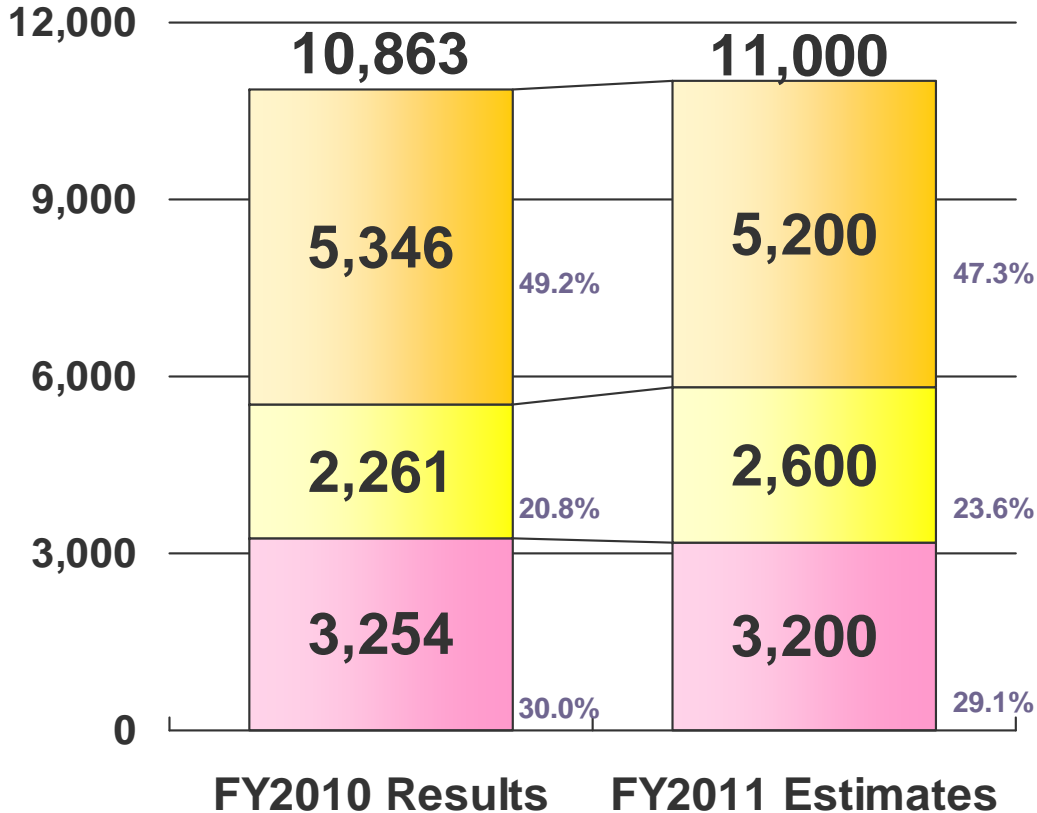
◆ Will sell general-purpose products in volume zones, using OEM

# Outlook for the Electronics Business

## Net Sales

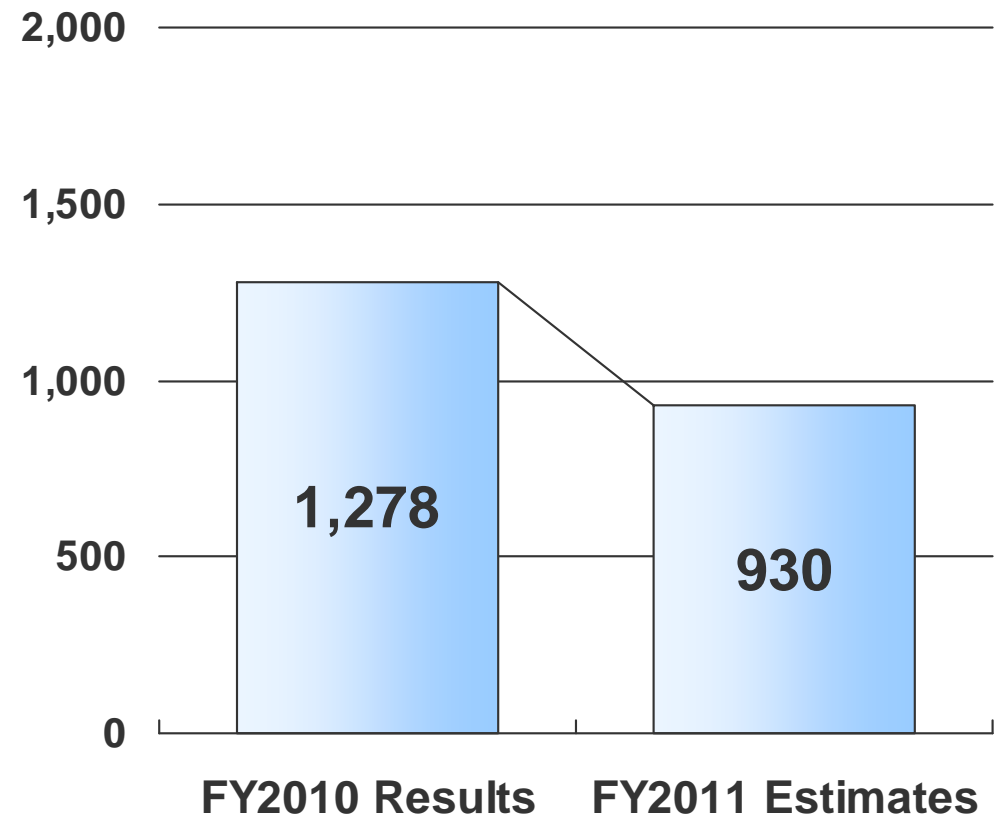
- Glass-ceramics disk for HDD
- Other special glass and glass-ceramics
- Quartz

(Unit: Million yen)



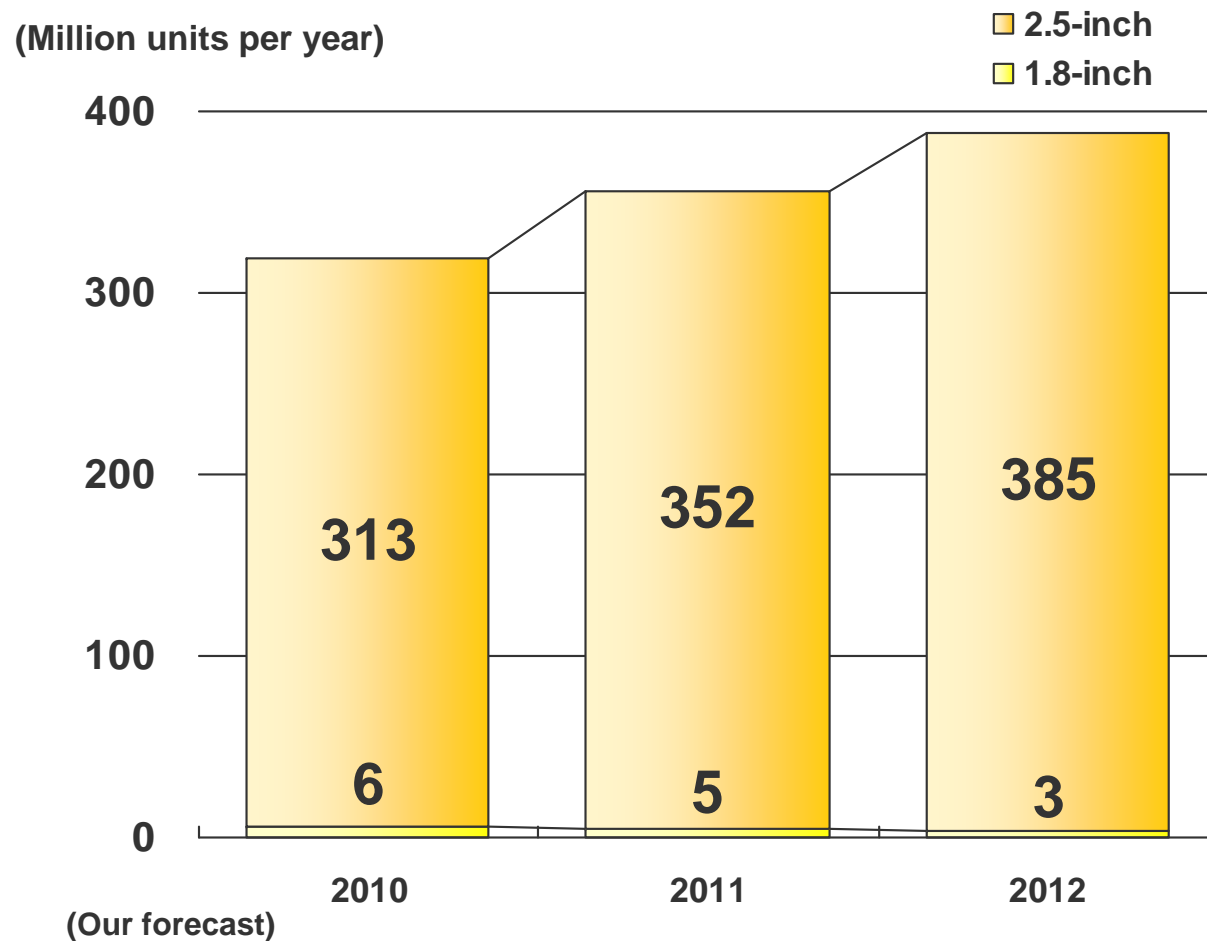
## Operating Income

(Unit: Million yen)

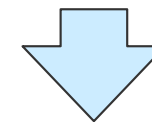


# Trends in Electronics Market

## <Trends in the HDD market>



- ◆ Long-term trends are unclear because of the spread of SSD-equipped PCs and tablet PCs. However, the market is expected to grow 10% annually until 2012 or 2013.



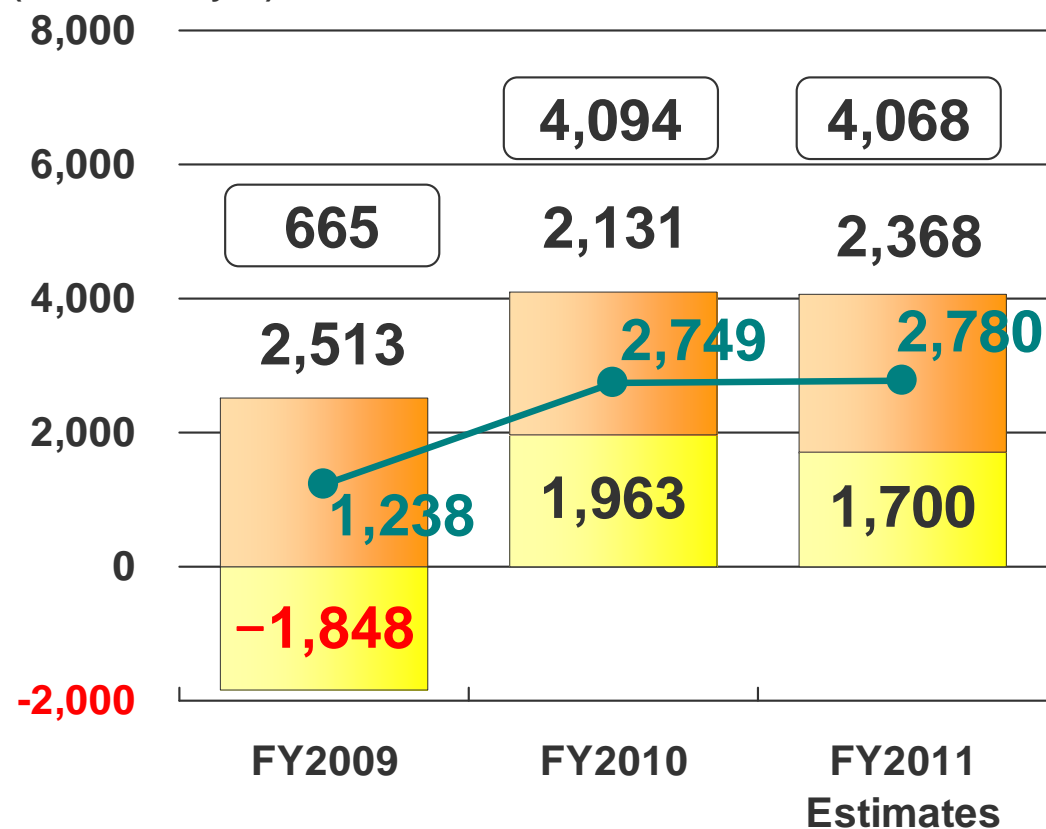
- ◆ We will launch new materials compatible with next-generation PCs in a timely manner.

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

## Capital Expenditure, Depreciation

■ Net income      ■ Depreciation  
● Capital expenditure       Net income + Depreciation

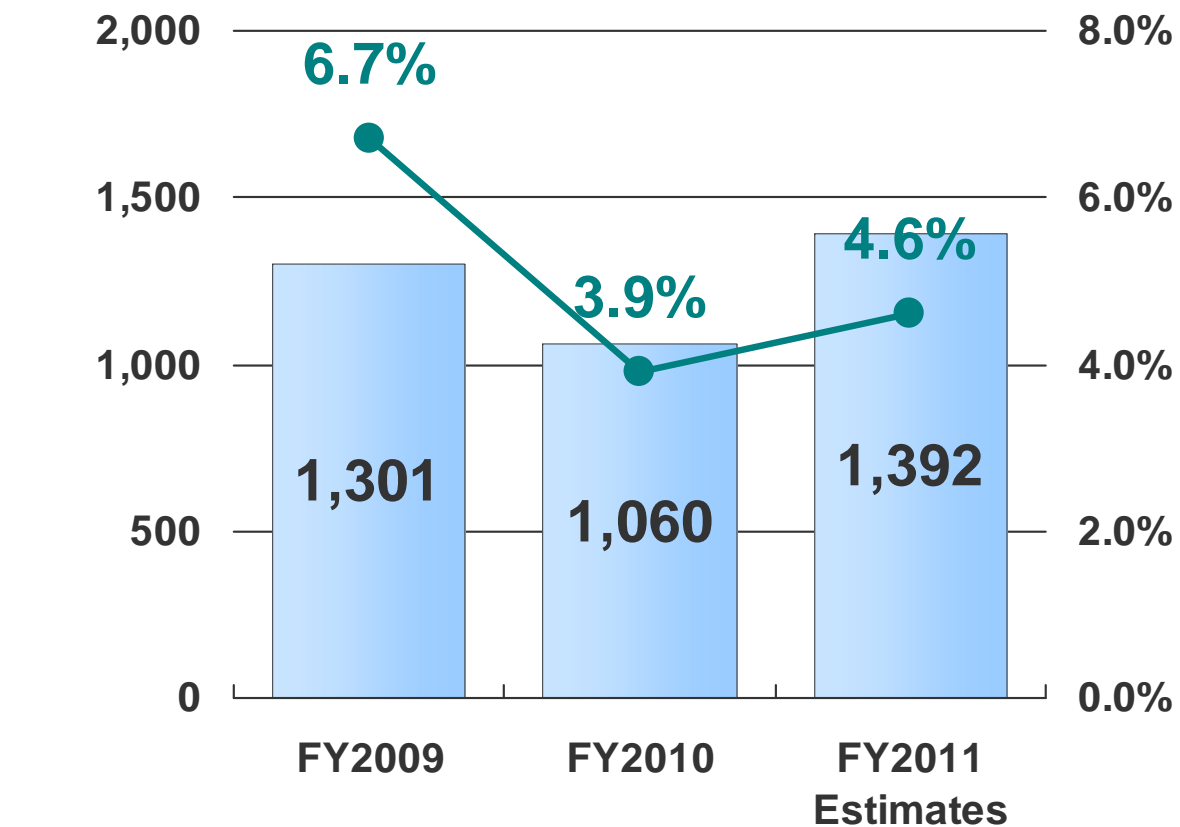
(Unit: Million yen)



## Research and Development Expenses

■ Research and development expenses  
● % of sales

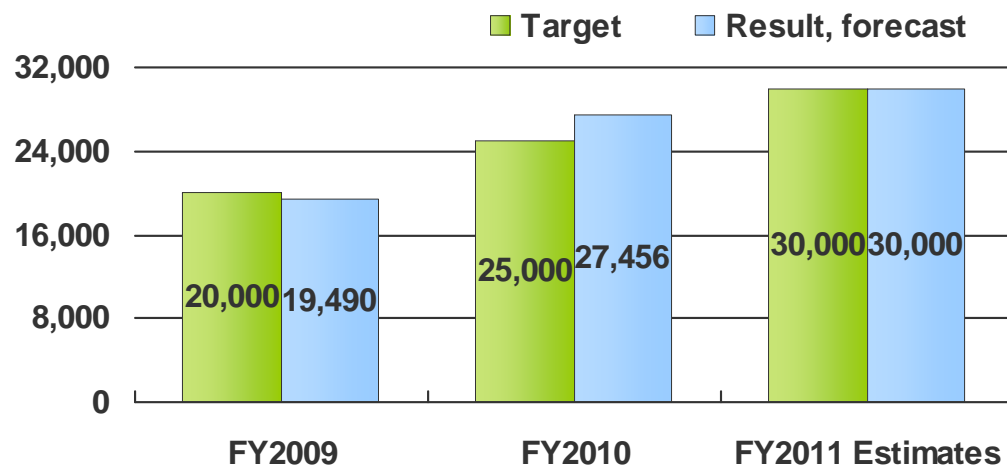
(Unit: Million yen)



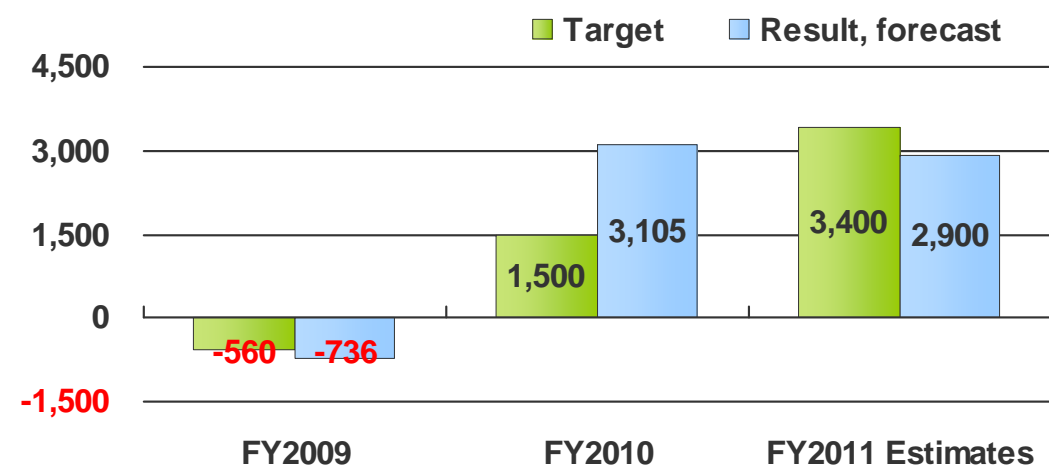
# Progress Towards Medium-Term Management Plan

Target for FY2011	Forecast for FY2011
◆ Net sales of ¥30 billion or more	¥30 billion
◆ Ordinary profit of ¥3.4 billion or more	¥2.9 billion
◆ ROA (return on assets) of 5% or more	5% or more
◆ Ratio of interest-bearing debt to total assets of 10% or less	10% or less

## Progress of sales



## Progress of ordinary profit



**<Started negotiations with Hubei New Huaguang Information Materials Co., LTD to establish a joint venture and cooperate in other areas>**

**<Purpose of cooperation>**

- ◆ **To respond to growing demand for optical glass in association with growth in the market for cameras, especially single-lens reflex cameras**
- ◆ **To secure a share in the volume zone by enhancing price competitiveness**
- ◆ **To provide a stable supply of lanthanum glass**

**OHARA**