



Presentation of Financial Results

First Half of Fiscal Year Ending October 31, 2011

June 9, 2011 (Thursday)
OHARA INC. (Code: 5218)

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◆ **Overview of FY2011 H1** **P03-10**

◆ **Outlook for FY2011** **P11-19**



Overview of FY2011 H1

<External environment>

- ◆ The Great East Japan Earthquake caused a temporary downturn in demand for optical glass.
- ◆ The market for digital cameras was robust, especially for single-lens reflex cameras.
- ◆ Rare earth metal prices soared with tougher export license limits in China.
- ◆ The market for hard disks suffered weak demand growth, against a backdrop of the strong popularity of tablet PCs.
- ◆ The markets for semiconductor and liquid crystal exposure devices remained strong.

<Results of the Company>

- ◆ Damage from the Great East Japan Earthquake was minor.
- ◆ Optical glass segment performed well, but earnings were squeezed by soaring material prices, such as lanthanum.
- ◆ Glass disks for hard disks devices faced a challenging environment as a result of a decline in demand.
- ◆ Special glass performed well, especially for use in exposure devices.

Summary of Results



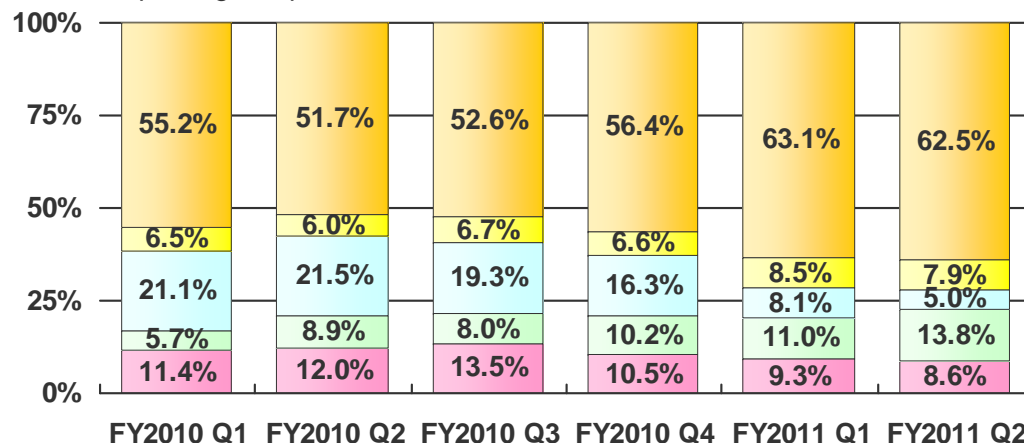
(Million yen, %)

	FY2010 H1	FY2011 H1	Change
Net Sales	13,090	13,061	-28
			-0.2%
Gross Profit	4,104	2,895	-1,208
[Gross margin]	31.4%	22.2%	-29.4%
Operating Income	1,481	196	-1,285
[Operating margin ratio]	11.3%	1.5%	-86.7%
Ordinary Profit	1,604	317	-1,287
[Ordinary profit ratio]	12.3%	2.4%	-80.2%
Net Income	1,187	202	-984
[Net income ratio]	9.1%	1.6%	-82.9%
Exchange rate Yen / USD	90.73	82.75	
Yen / euro	127.78	113.51	

<Breakdown of sales by product>

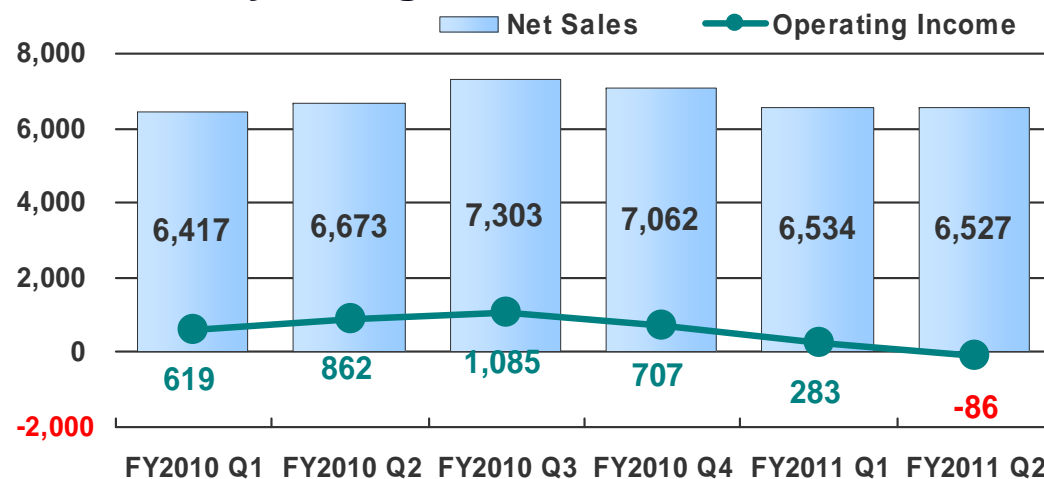
(%)

- Quartz glass
- Glass-ceramics disk for HDD
- Pressed optical glass products
- Other special glass and glass-ceramics
- Block optical glass products



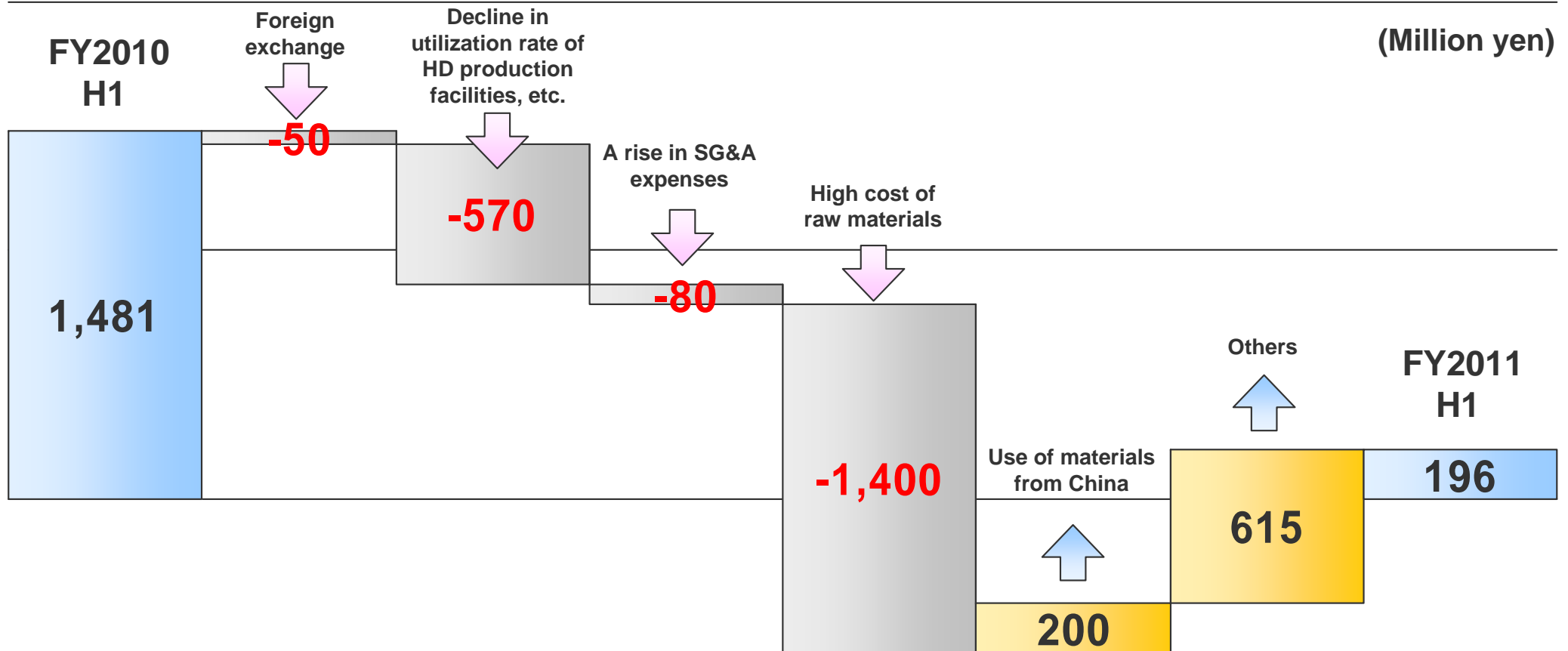
<Quarterly changes>

(Million yen)



Factors of Changes in Earnings (1)

Operating Income/Loss 196 Million Yen (down **86.7%** year on year)

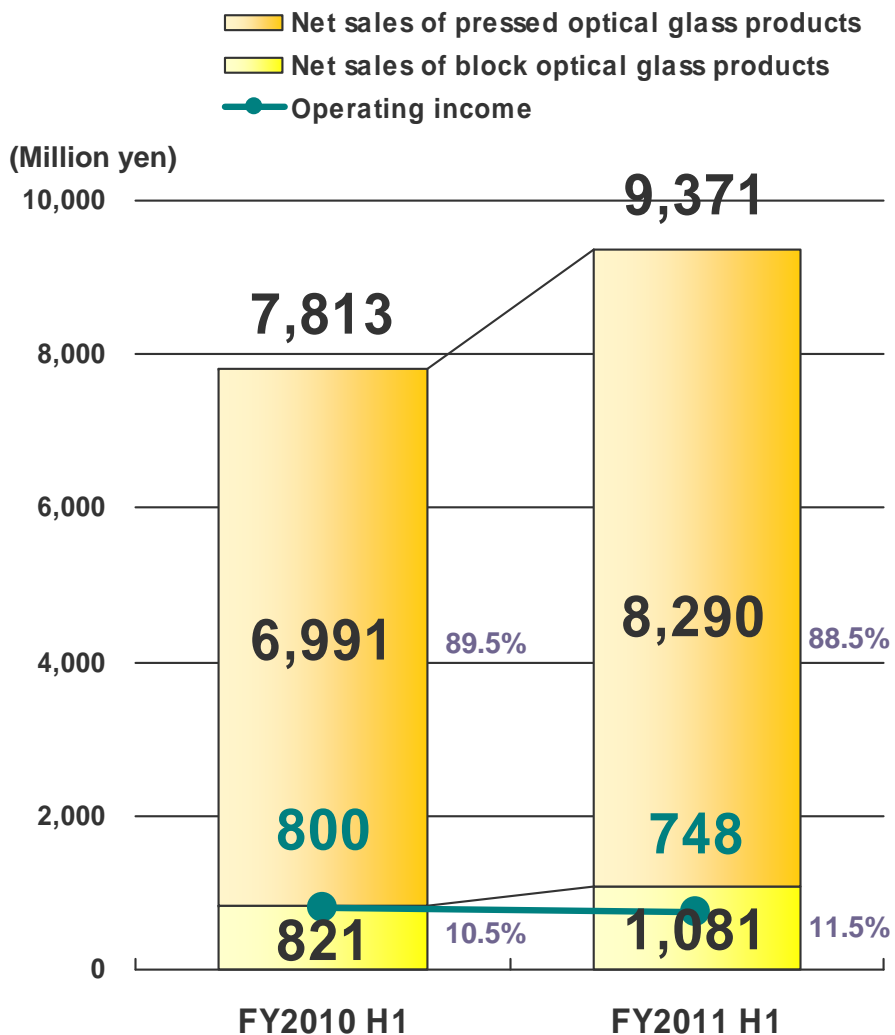


Factors of Changes in Earnings (2)

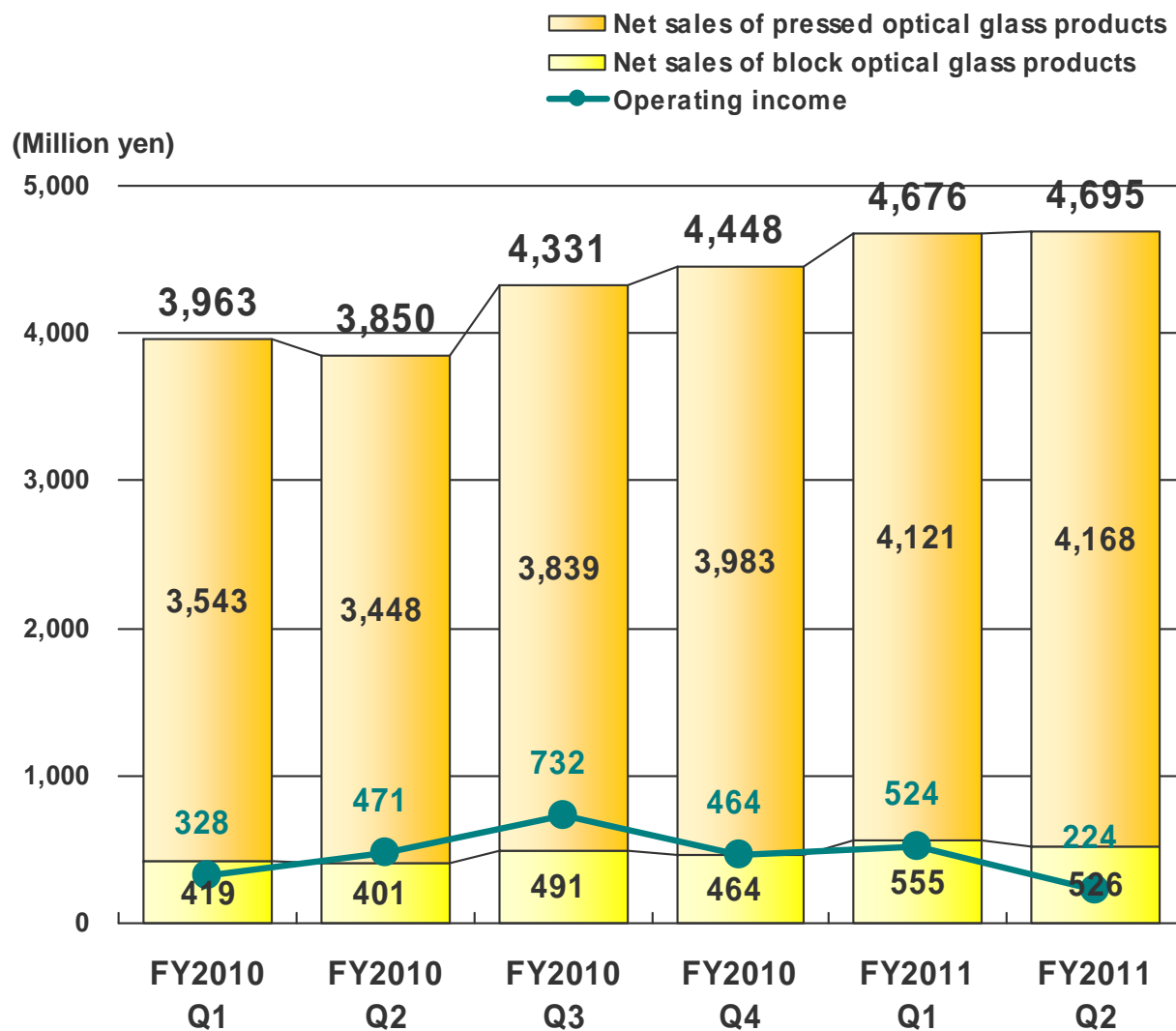
(Million yen)

	<Non-operating income/Loss>	120	Compared to the first half of the previous fiscal year	-2
	Financial account balance			9
	Profit or loss on foreign exchange			11
	Other			-22
	<Extraordinary income/loss>	425	Compared to the first half of the previous fiscal year	430
	Loss on disaster			-46
	→ Loss on abandonment of inventories, etc.			-28
	→ Impact of production facilities shutdown			-16
	Amount affected by the application of the accounting standard for asset retirement obligations			-86
	Profit from the revision of the retirement benefit scheme			551
	Other			11

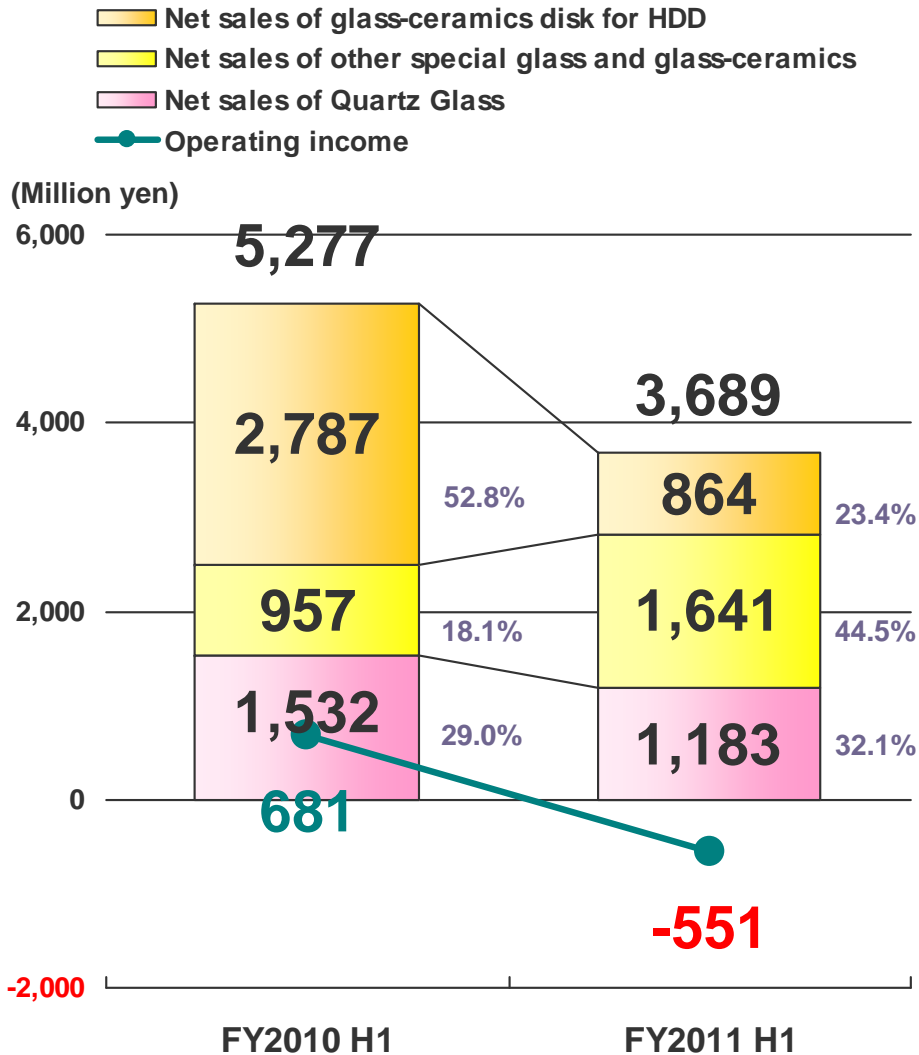
<First half results, year on year>



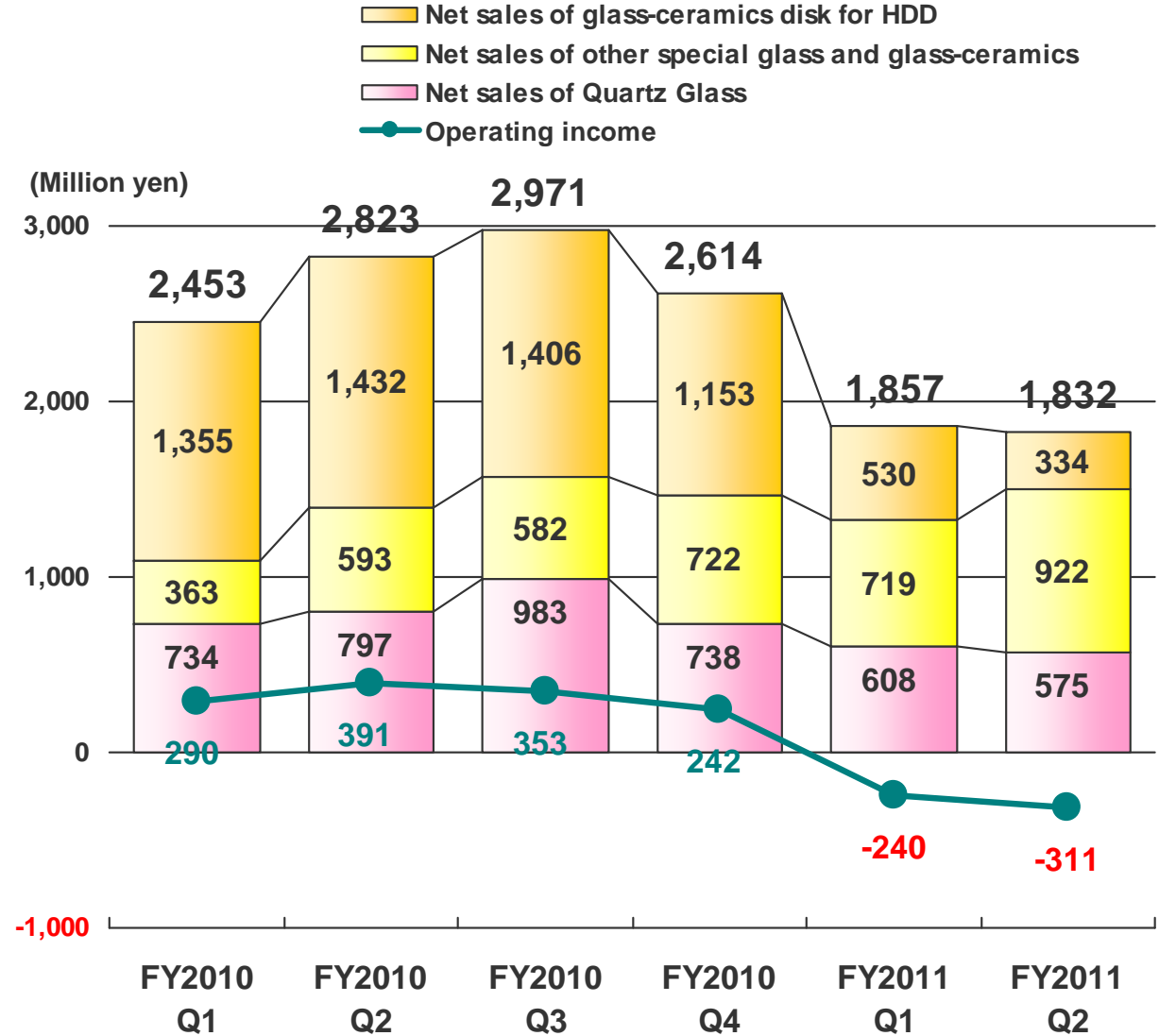
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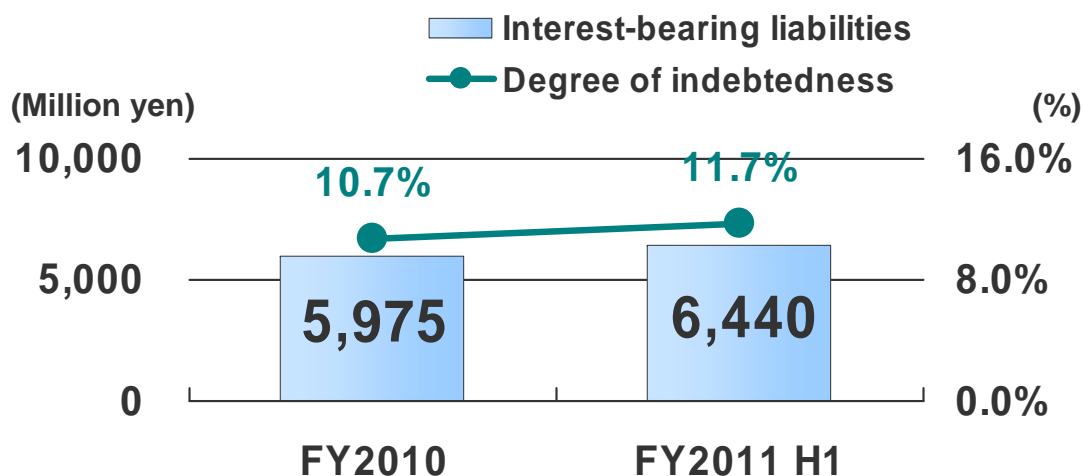
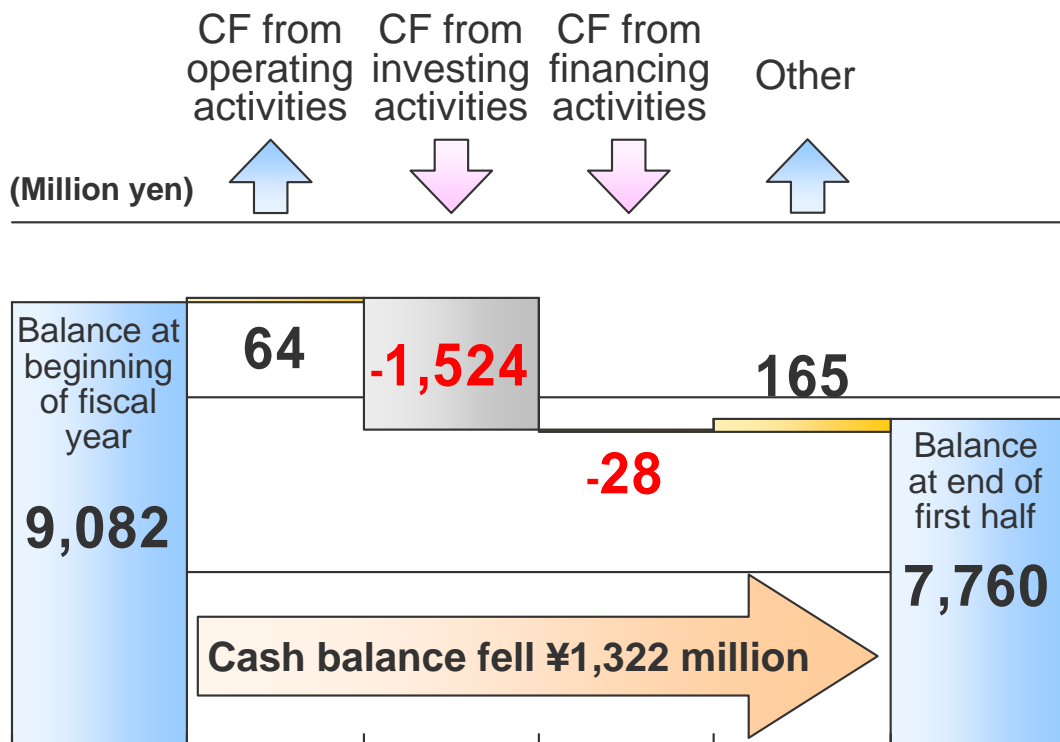
<First half results, year on year>



<Quarterly changes>



Statement of Cash Flows



(Million yen)

Factors of change in operating CF (1,510 a year ago)

Increase/decrease in inventories (increase is negative)	-1,413
Increase/decrease in accounts receivable-trade (increase is negative)	1,472
Increase/decrease in notes and accounts payable-trade (decrease is negative)	369
Net income before income taxes and minority interests	742
Depreciation and amortization	976

Factors for change in investing CF (-558 a year ago)

Purchase of property, plant and equipment	-856
Payment of capital	-625

Factors for change in financial CF (-688 a year ago)

Increase in borrowings	465
Payment of dividends	-487



Outlook for FY2011

Summary of Full Year Results Forecast



(Million yen, %)

	FY2010 Results	Revised forecast for FY2011 (2011/6/9)	Change	Initial forecast for FY2011 (2010/12/15)
Net Sales	27,456	28,000	544 2.0%	30,000
Gross Profit [Gross margin]	8,675 31.6%	6,700 23.9%	-1,975 -22.8%	8,500 28.3%
Operating Income [Operating margin ratio]	3,275 11.9%	900 3.2%	-2,375 -72.5%	2,700 9.0%
Ordinary Profit [Ordinary profit ratio]	3,105 11.3%	1,100 3.9%	-2,005 -64.6%	2,900 9.7%
Net Income [Net income ratio]	1,963 7.2%	700 2.5%	-1,263 -64.4%	1,700 5.7%
Exchange rate Yen / USD	88.88	80.00		80.00
Yen / euro	119.82	110.00		110.00
Full-Year Dividend (Yen)	20.00	20.00		20.00

<External environment>

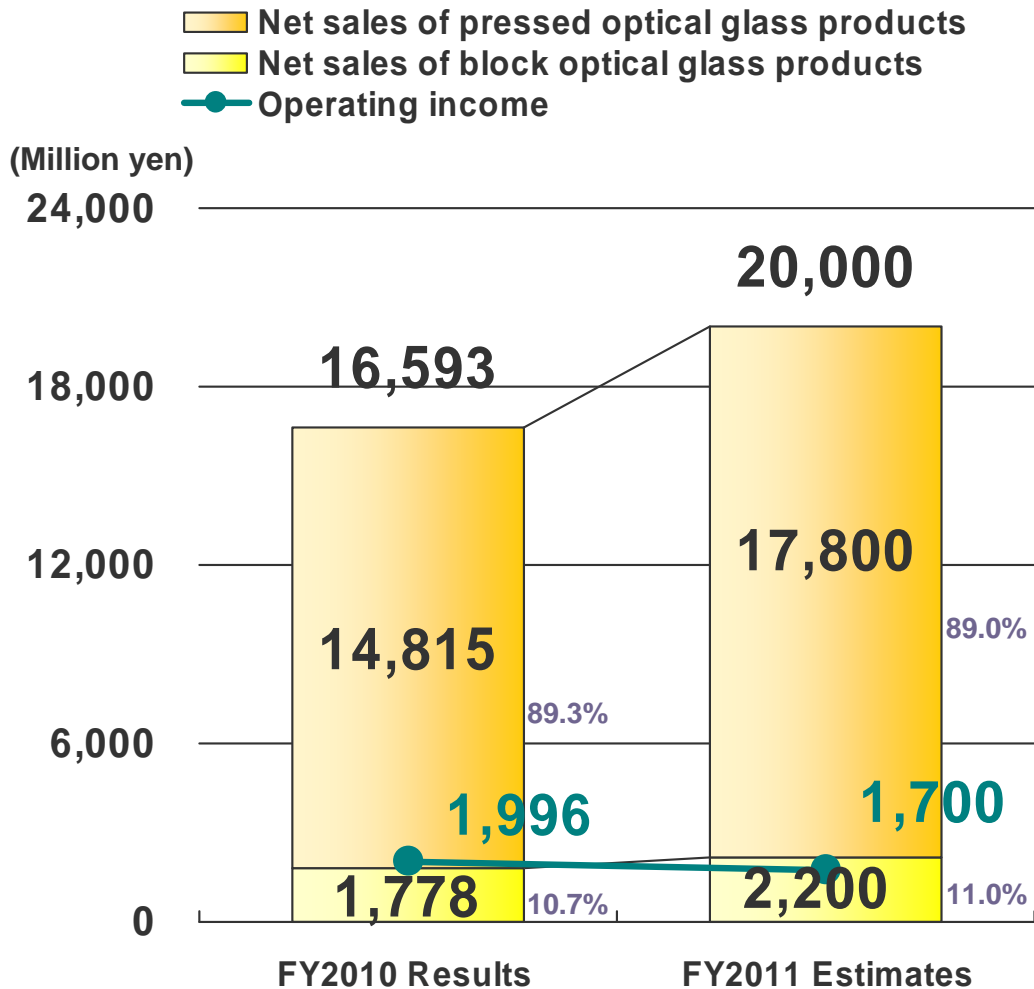
- ◆ Single-lens reflex cameras to remain strong
- ◆ Demand for compact cameras to hold firm, despite price cuts
- ◆ Rare earth metal prices to show upward trends

<Results of the Company>

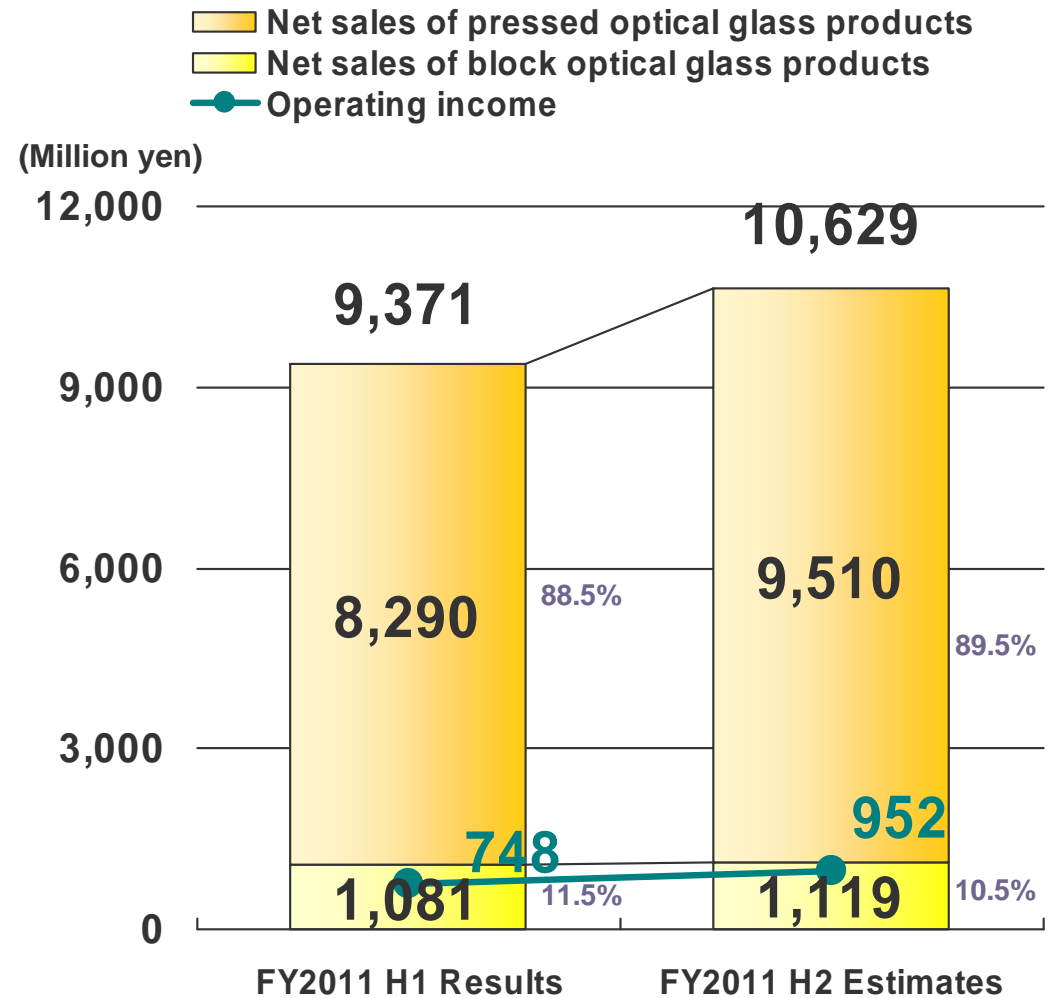
- ◆ Demand for optical glass to be strong and maintain a high utilization rate
- ◆ Diversified sources of raw material procurement to improve profit margins
- ◆ The Company will pass on to customers part of the increase in raw material prices.

Forecasts for Optical Business

<Full-year results, year on year>



<Compared to the first half of the previous fiscal year>



Key Points in the Electronics Business Forecast



<External environment>

- ◆ The market for hard disks to continue to grow, albeit at a slower pace
- ◆ The markets for semiconductor and liquid crystal exposure devices to remain strong

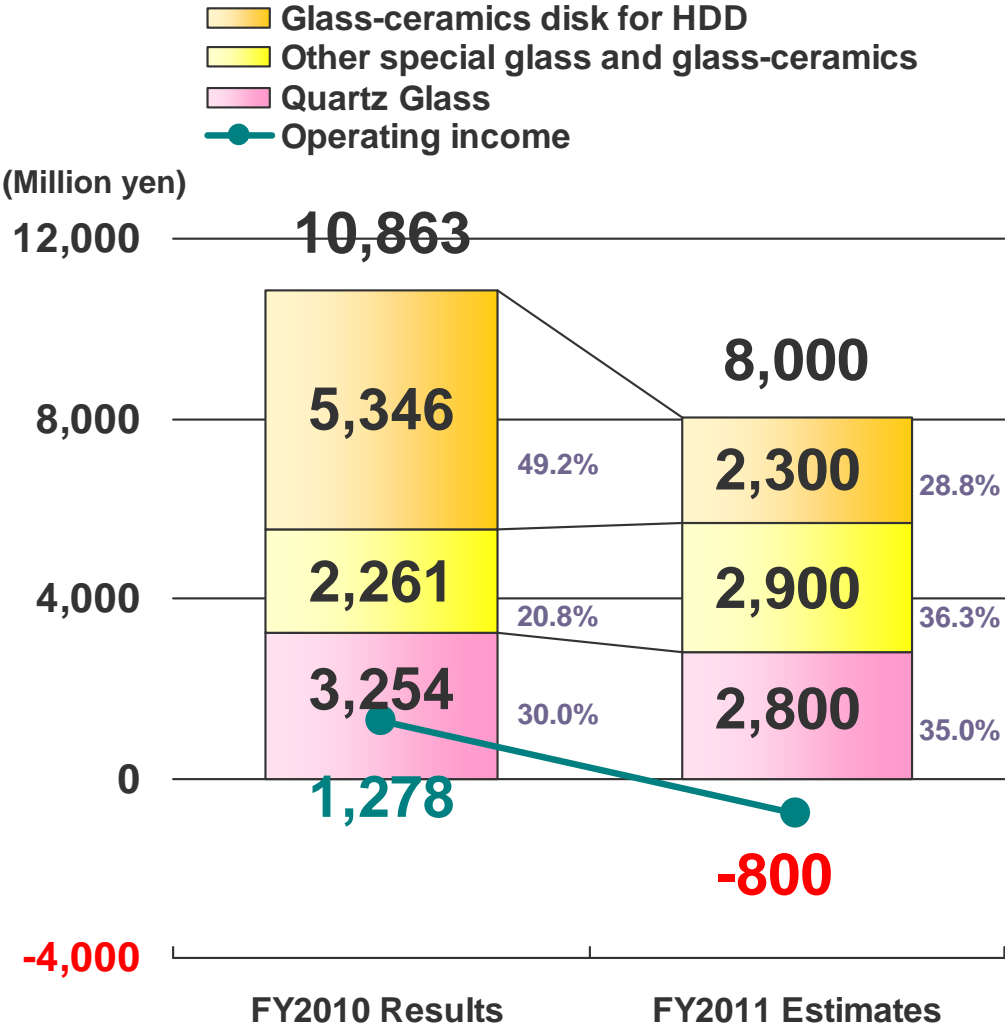
<Results of the Company>

- ◆ Demand for glass disks for hard disks devices to stage a mild recovery
- ◆ Other special glass segment to face some movements of inventory adjustment
- ◆ Demand for quartz glass to recover

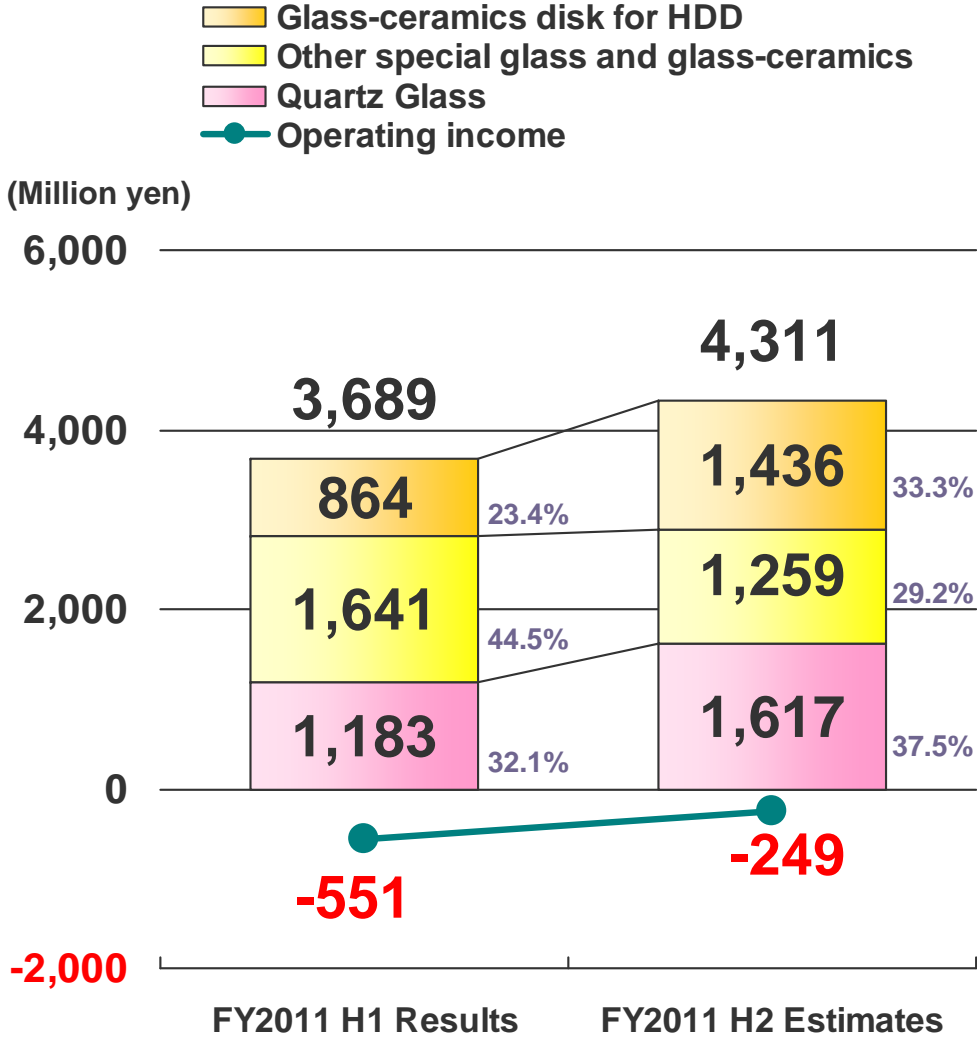
Forecasts for Electronics Business



<Full-year results, year on year>

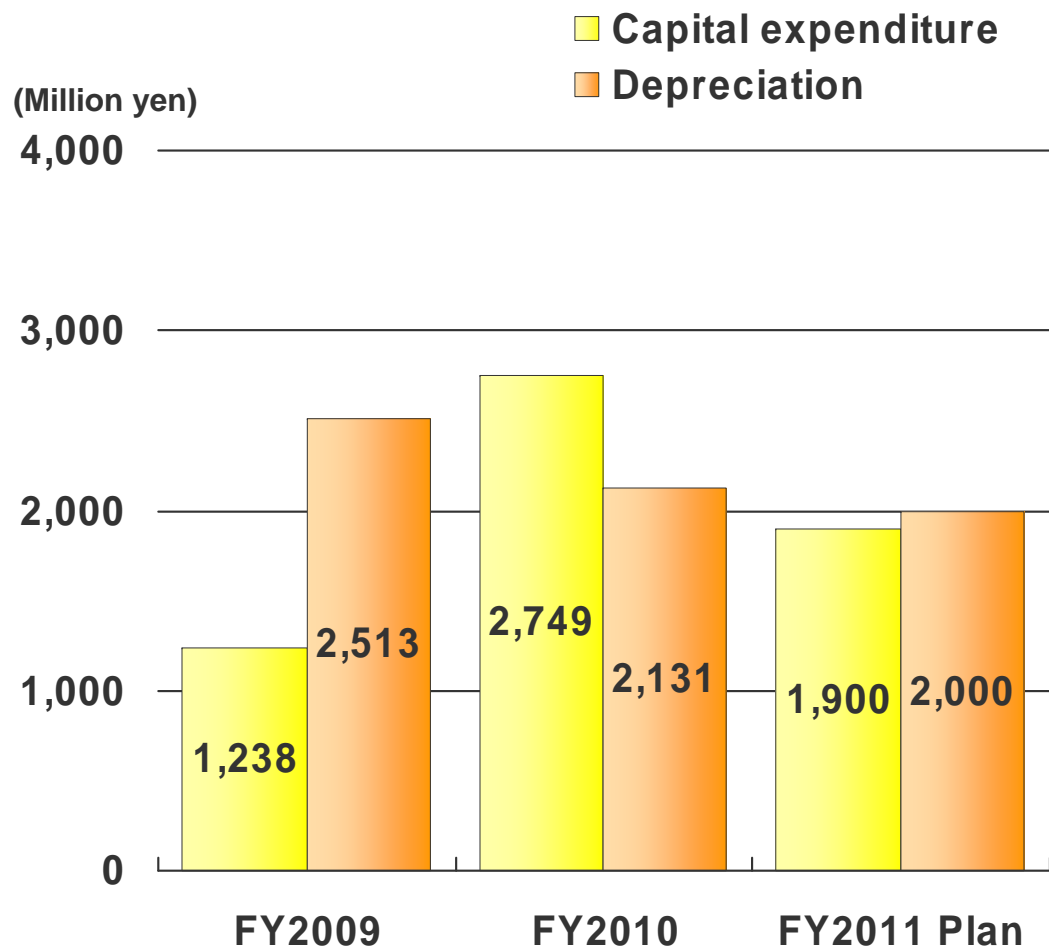


<Compared to the first half of the previous fiscal year>

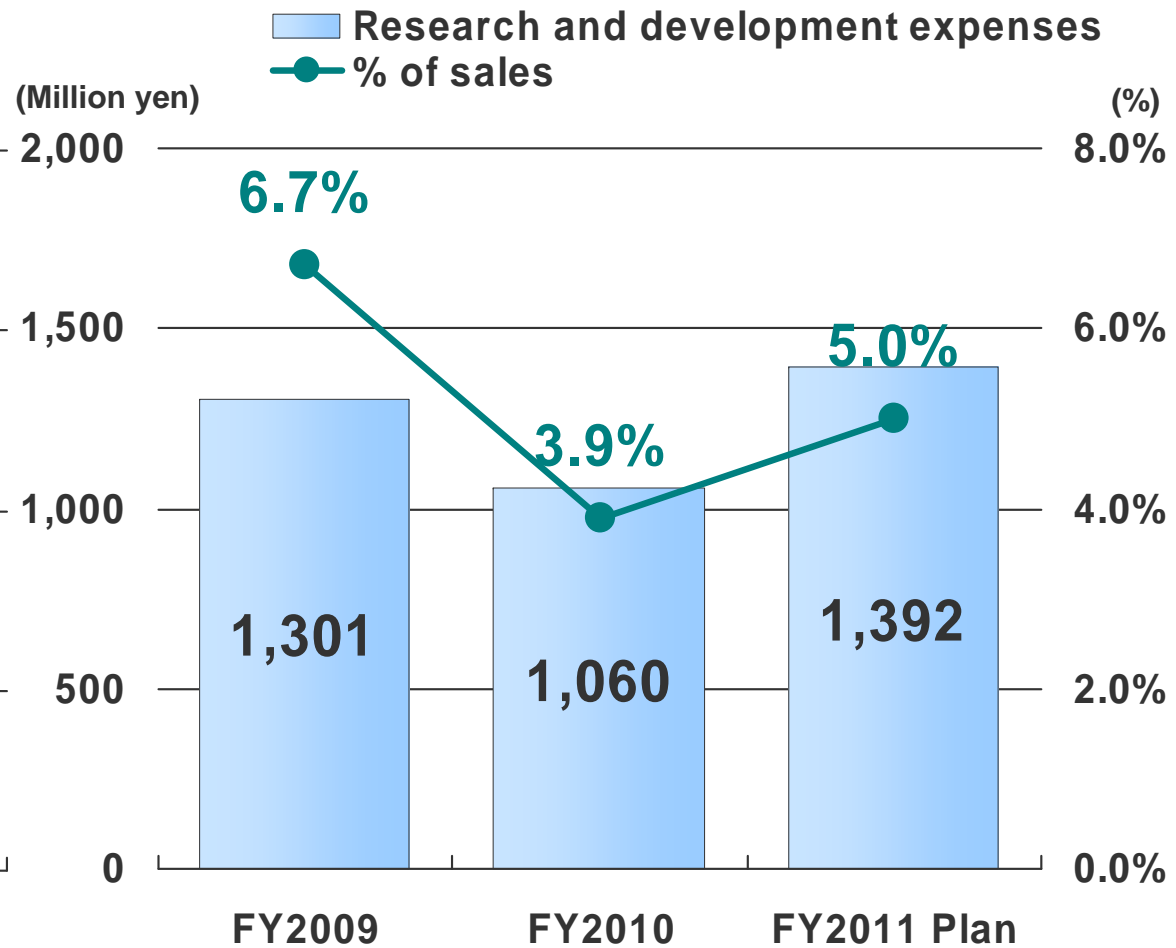


Forecasts of Capital Expenditure, Depreciation and Research and Development Expenses

Capital Expenditure, Depreciation



Research and Development Expenses



Establishment of specialist organizations to focus management recourses

1. Procurement Department

Strengthening of global procurement

2. Production technology project at a joint venture

Early implementation of optical glass production in China

3. Incubation Center

Acceleration of new business launches

Engagements in the Second Half (ii)

Joint venture with Hubei New Huaguang Information Materials Co., LTD (NHG)

Launch of

NHG-OHARA OPTICS (XIANGYANG) Co.,Ltd

<Company overview>

- | | |
|--------------------------|---|
| (1) Location | Xiangyang, Hubei Province, China |
| (2) Contents of business | Manufacture and sale of optical glass
Planned production capacity:
130 tons per month |
| (3) Capital | 15 million US dollars |
| (4) Establishment | March 2011 |
| (5) Fiscal term end | December |
| (6) Investment ratio | NHG: 51%
Ohara Inc.: 49% |



Scenes when melting works started



OHARA