

Summary of Financial Results (Consolidated)

Fiscal Year 2009 (Jan. 1 to Dec. 31, 2009)



February 12, 2010

Market on which listed : Tokyo

Company : OPTEX CO., LTD.

Code No. : 6914

(URL <http://www.optex.co.jp>)

Representative : Toru Kobayashi, President and Representative Director

Inquiries to : Akira Higashi, Executive Officer and General Manager, Administrative Division

Telephone : (077) 579-8000

Date planned for ordinary general meeting of shareholders : March 27, 2010

Date planned for the submission of securities report : March 29, 2010

1. Consolidated financial results for F.Y.2009 (Jan. 1 to Dec. 31, 2009)

(1) Consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales		Operating income		Ordinary income	
	JPY Million	%	JPY Million	%	JPY Million	%
December-09	15,124	27.7	620	76.7	735	70.5
December-08	20,916	5.6	2,661	30.9	2,489	38.9

	Net income		Net income per share	Net income per share	Net income on	Ordinary income	Operating income
	JPY Million	%	per share	fully diluted	shareholders' equity	on total assets	on sales
December-09	332	66.9	JPY 20.07	JPY —	% 2.0	% 3.5	% 4.1
December-08	1,004	57.8	59.74	59.72	5.7	11.0	12.7

Notes : Earnings of equity method in December-09 : 6 million JPY, December-08 : 1 million JPY

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	JPY Million	JPY Million	%	JPY
December-09	20,735	18,013	81.5	1,021.52
December-08	21,391	18,074	79.0	1,020.22

Notes : Shareholders' equity at end of term (JPY Million) December-09 : 16,908 , December-08 : 16,890

(3) Consolidated statement of cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	JPY Million	JPY Million	JPY Million	JPY Million
December-09	1,989	730	651	6,447
December-08	1,764	1,724	1,033	5,683

2. Dividends

(Base date)	Annual dividends per share (JPY)					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on net assets ratio(Consolidated)
	1st Q.	2nd Q.	3rd Q.	Year-end	Annual (Total)			
	JPY	JPY	JPY	JPY	JPY	JPY Million	%	%
December-08	—	20.00	—	20.00	40.00	670	66.7	4.0
December-09	—	15.00	—	15.00	30.00	496	149.5	2.9
December-10 (Forecast)	—	15.00	—	15.00	30.00		57.7	

3. Consolidated financial forecast for F.Y.2010 (Jan. 1 to Dec. 31, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%	JPY
2nd Quarter	8,050	10.9	320	237.3	370	140.6	240	333.8	14.50
Annual	17,300	14.4	1,200	93.4	1,300	76.8	860	158.9	51.96

4. Other information

(1) Changes in important subsidiaries during the term under review

(Changes in specified subsidiaries requiring a change in the scope of consolidation) : No

(2) Changes in accounting policies and procedure or method of presentation, etc. for the preparation of consolidated financial statements

(Items noted in the Changes in the Basis of Presenting Consolidated Financial Statements section)

1. Changes related to the revision of accounting standards, etc. : Yes

2. Changes other than the changes set out in 1. above : No

(3) Total number of outstanding shares at end of term (common shares)

1. Number of outstanding shares at end of term (including treasury stocks)

December-09 : 16,984,596 shares, December-08 : 16,984,596 shares

2. Number of treasury stocks at end of term

December-09 : 432,223 shares, December-08 : 428,728 shares

1. Non-consolidated financial results for F.Y.2009 (Jan. 1 to December. 31, 2009)

(1) Non-consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales		Operating income		Ordinary income	
	JPY Million	%	JPY Million	%	JPY Million	%
December-09	8,510	25.9	322	73.5	622	54.2
December-08	11,485	11.9	1,219	46.3	1,359	49.0

	Net income		Net income per share	Net income per share fully diluted
	JPY Million	%	JPY	JPY
December-09	363	26.2	21.97	—
December-08	493	72.6	29.31	29.30

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	JPY Million	JPY Million	%	JPY
December-09	16,126	14,507	90.0	876.02
December-08	16,337	14,653	89.7	884.77

Notes : Shareholders' equity at end of term (JPY Million) December-09 : 14,507 , December-08 : 14,653

*Explanation about proper use of business outlook and other special remarks

Above forecasts are based on information available as of date when this information is disclosed, so our actual performance could be different from it due to possible factors from now on.

1. Operating Results

(1) Analysis of Operating Results

1. Overview of the Consolidated Fiscal Period under Review

The economy continued to struggle during the consolidated fiscal year under review. Corporate revenues and profits were struggled, as the employment market deteriorated, and personal consumption stagnated, all affected by the global recession caused by financial crisis. During the second half of the year, economies around the world showed signs of a gradual recovery in certain sectors; however, lack of growth in construction demand, limited capital investment, and other factors contributed to a continued lack of certainty about the future.

Faced with these economic challenges, the OPTEX Group has pursued a management philosophy of companywide speed and flexibility, quickly launching new products, establishing a new sales channel structure, and improving its sales agent education system. These initiatives are designed to allow for opportunistic investment allocation in the creation of new businesses. However, the impact of weakening demand and the strong valuation of the yen have resulted in the OPTEX Group recording Net Sales of ¥15.124 billion for the consolidated fiscal year under review (year-on-year decline of 27.7%). Adopting measures to reduce personnel costs by limiting overtime labor and changing rules regarding the utilization of temporary development engineering staff—as well as reducing contract design costs and other expenses—the OPTEX Group successfully introduced year-on-year cost savings of more than ¥1.3 billion. However, the dramatic decline in demand placed a damper on profits. The Group recorded Operating Income of ¥620 million (76.7% year-on-year decline), and Ordinary Income of ¥735 million (70.5% year-on-year decrease). While recording Extraordinary Losses in connection with lower mark-to-market valuations of investment securities, the Group wrote off Deferred Tax Liabilities in accordance with the adoption of a policy to not accrue dividends from overseas subsidiaries. Accordingly, Net Income amounted to ¥332 million, representing a 66.9% year-on-year decrease.

Net Sales in the Group's Security Sensor segment amounted to ¥7.216 billion (26.0% year-on-year decrease). Domestically, orders from security, electrical materials and home electronics industries have been weak, underperforming the same period in the prior year. Overseas, the Group noted a small trend toward recovery in the important European market; however, sales experienced significant declines due to the impact of a weak construction market, particularly among the leading world economies.

Net Sales for the Group's Automatic Door Sensor segment amounted to ¥3.619 billion (31.7% year-on-year decrease). Domestically, demand for automatic door sensors declined due to weakness in the construction market. In addition, the effects of investment pullback in the retail industry have resulted in Net Sales in the customer traffic counting systems significantly underperforming the same period in the prior fiscal year. Overseas, the Automatic Door Sensor segment in the United States and Europe has experienced even worse conditions than those in Japan. As a result, Net Sales in this area experienced a year-on-year decline.

Net Sales in the Group's Industrial Machinery sensor segment amounted to ¥3.190 billion (24.3% year-on-year decrease). Domestically, sales of image sensors to the food, medical and cosmetics industries continued to be strong. However, sales to the semiconductor and automobile sectors have continued to suffer from the impact of the economic recession. As a result, sales as a whole underperformed the prior fiscal year. Overseas, the important European market showed signs of recovery, up from a low point in Q2. A strong sentiment for conservative capital investment, however, pushed sales lower compared to the prior fiscal year.

Net Sales and Operating Income from the Group's Electronic Device business both exceed 90% of the totals for all business segments. Accordingly, we have omitted a detailed review of business segment information.

The following details performance by geographic segment.

(a) Japan

The Group's Security Sensor segment suffered due to declining orders from the security, electrical materials and home electronics industries domestically, combined with inventory reductions by distributors overseas, and lower demand in general for exports. The Automatic Door Sensor segment also experienced the effects of fewer automated door installations, resulting in lower demand for sensors. Weak retail performance led to significant declines in orders for customer traffic counting systems. As a result, performance in this segment fell below prior-year figures. While domestic sales of Industrial Machinery Sensor segment to the food, medical and cosmetics industries were strong, exports to Europe experienced a significant decline. As a result, Net Sales amounted to ¥9.931 billion (25.9% year-on-year decline), and Operating Income amounted to ¥601 million (74.8% year-on-year decline).

(b) North America

Both the Security Sensor and Automatic Door Sensor segments were negatively impacted by the weak construction market and the strong valuation of the yen, resulting in lower revenues. As a result, Net Sales amounted to ¥1.563 billion (24.4% year-on-year decline), and Operating Income amounted to ¥19 million (70.8% year-on-year decline).

(c) Europe

The downturn in the construction market in Europe resulted in a dramatic deceleration in demand for the Group's Security Sensor segment. Despite a gain in market share due to the introduction of new products in the prior fiscal year, the Group's Automatic Door Sensor segment significantly underperformed the same period in the prior fiscal year due to a weak automatic door sector. As a result, Net Sales amounted to ¥2.304 billion (33.2% year-on-year decline), and Operating Loss amounted to ¥77 million (compared to ¥28 million in Operating Income for the prior fiscal year).

(d) Asia

With sales in China growing and the strong performance of sales to security companies in Korea, Net Sales experienced year-on-year growth for the Group's Security Sensor segment. Meanwhile, the volume of products produced by the Group's Contract Manufacturing service experienced a wide decline partly due to the worldwide recession, leading to a dramatic drop in revenues. As a result, Net Sales amounted to ¥1.325 billion (33.4% year-on-year decrease), while Operating Income amounted to ¥155 million (36.8% year-on-year decrease).

2. Financial Forecast for Fiscal 2010

The economic outlook for fiscal 2010 remains unclear, as the global economy continues to experience a recession. The industries in which the OPTEX Group operates are not expected to recover in the short term until there is a recovery in construction demand and capital investment. As a whole, the business environment for fiscal 2010 is likely to be a challenge.

In response to this environment, the OPTEX Group will concentrate management resources opportunistically in growth segments, engage in further cost cutting and quality improvement measures, and promote a Group-wide push toward a stronger corporate structure that supports improved revenues and profitability.

Growth in our Security Sensor segment in Europe and our Industrial Machinery Sensor segment domestically, as well as growth in new business segments, leads management to forecast consolidated Net Sales of ¥17.3 billion (14.4% year-on-year growth) for fiscal 2010. Management expects Operating Income to reach ¥1.2 billion (93.4% year-on-year growth) due to greater profitability, with Ordinary Income of ¥1.3 billion (76.8% year-on-year growth), and Net Income of ¥860 million (158.9% year-on-year growth). These forecasts assume currency exchange rates of ¥90 to the U.S. dollar and ¥130 to the Euro.

(2) Analysis of Financial Position

1. Assets, Liabilities, and Net Assets

(Assets)

As of the last day of the consolidated fiscal year under review, Assets amounted to ¥20.735 billion, representing a ¥655 million decrease compared to the last day of the prior consolidated fiscal year.

Current Assets amounted to ¥14.233 billion, increasing ¥80 million year-on-year. This increase was mainly due to a decrease in ¥536 million in Notes and Accounts Receivable, and a decrease of ¥615 million in Inventories. These decreases were offset by an increase of ¥523 million in Cash and Deposits, and an increase of ¥771 million in Marketable Securities.

Fixed assets amounted to ¥6.502 billion, representing a year-on-year decrease of ¥735 million. This decrease was mainly due to a decrease in Tangible Fixed Assets of ¥318 million due to lower capital investment, as well as a ¥328 million decrease in Deferred Tax Assets and other items under the classification of Investments and Other Assets.

(Liabilities)

As of the last day of the consolidated fiscal year under review, Liabilities amounted to ¥2.722 billion, representing a 594 million decrease compared to the last day of the prior consolidated fiscal year.

Current Liabilities amounted to ¥1.552 billion, down ¥574 million from the last day of the prior fiscal year. This decrease was mainly due to a decrease of ¥189 million in Notes and Accounts Payable, as well as a decrease of ¥250 million in Corporate Income Taxes Payable.

Long-Term Liabilities amounted to ¥1.170 billion, down ¥19 million from the last day of the prior fiscal year. While the Reserve for Employee Retirement Benefits increased by ¥96 million, Deferred Tax Liabilities decreased by ¥126 million in connection with a write-off in accordance with a revision in the Japanese tax law.

(Net Assets)

As of the last day of the consolidated fiscal year under review, Net Assets amounted to ¥18.013 billion, down ¥60 million compared to the last day of the prior consolidated fiscal year. While Foreign Exchange Translation Adjustments (due to weakness in foreign currencies) and other Valuations and Adjustments increased by ¥268 million, Minority Interest decreased by ¥81 million. Payments of dividends resulted in a ¥247 million decrease in Retained Earnings.

2. Cash Flows

As of the last day of the consolidated fiscal year under review, Cash and Cash Equivalents (“Cash”) amounted to ¥6.447 billion on a consolidated basis, representing an increase of ¥764 million compared to the last day of the prior consolidated fiscal year. Consolidated cash flows and major factors for the fiscal year under review are as presented below.

(Cash Flows from Operating Activities)

Net cash from operations amounted to ¥1.989 billion (compared to ¥1.764 billion for the prior fiscal year). While Notes and Accounts Payable decreased (¥245 million), Inventories and Accounts Receivable-Trade both decreased by ¥669 million and ¥582 million, respectively. Net Income before Taxes and Adjustments amounted to ¥547 million. The result of these factors was a net increase to Cash for the fiscal year.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥730 million (compared to ¥1.724 billion for the prior fiscal year). This amount was the result of ¥415 million in net cash used for the purchase/sale of marketable securities and investment securities in connection with funds management, as well as ¥188 million in net cash used for the purchase of Tangible Fixed Assets such as dies and other capital equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥651 million (compared to ¥1.033 billion for the prior fiscal year). This was mainly the result of dividend payments of ¥578 million.

Valuation and translation differences related to Cash and Cash Equivalents amounted to ¥155 million, due to foreign exchange valuation gains in foreign-denominated deposits due to a declining yen valuation.

Cash flow ratios for the OPTEX Group are shown below:

	FYE 12/2006	FYE 12/2007	FYE 12/ 2008	FYE 12/ 2009
Shareholders' Equity Ratio (%)	77.9	78.5	79.0	81.5
Shareholders' Equity Ratio based on Current Value (%)	194.2	119.4	62.1	67.2
Cash Flow to Interest-Bearing Debt Ratio (year)	0.0	0.1	0.1	0.0
Interest Coverage Ratio (multiple)	684.7	241.7	282.8	540.4

(Note) Shareholders' Equity Ratio: Capital/Total Assets

Shareholders' Equity Ratio based on Current Value: Market Capitalization/Total Assets

Cash Flow to Interest-Bearing Debt Ratio: Interest-Bearing Debt/Cash Flow from Operations

Interest Coverage Ratio: Cash Flow from Operations/Interest Payments

*1. For all indices, numerical values of financial results are calculated on a consolidated basis.

*2. Market capitalization is calculated as the closing share price at fiscal year end multiplied by the number of issued shares at fiscal year end (after subtracting treasury shares).

*3. Cash flow from operations uses "cash flows from operating activities" taken from the Consolidated Statement of Cash Flows. Interest-bearing debt is subject to all interest on debt posted on the Consolidated

Balance Sheet. Interest payments use the “cash paid during period for interest” in the Consolidated Statement of Cash Flows.

(3) Policy on Dividend Appropriations for the Current and Subsequent Fiscal Periods

The OPTEX Group recognizes the return of profits to shareholders as one of our most important management responsibilities.

In determining dividend payouts, the OPTEX Group pursues a basic policy of distributing profits based on corporate earnings, reflecting a comprehensive approach that considers the financial foundation needed for future growth, balanced by the need for stable and sustainable profit distribution.

The intent of this policy is to earn the ongoing support of our shareholders, to improve profitability, and to secure higher returns for our shareholders.

The period-end dividend for the fiscal year under review has been set to ¥15 per share. Including an interim dividend of ¥15 per share declared in September, the OPTEX Group plans to pay a full-year dividend of ¥30 per share.

OPTEX Group management expects that the business environment will continue to be difficult over the next fiscal year. Based on the aforementioned policy of stable and sustainable return of profits to our shareholders, the Group intends to pay a full-year dividend of ¥30 per share (¥15 per share at interim; ¥15 per share at fiscal year end) for the next fiscal period.

2. Status of the OPTEX Group

The OPTEX Group is comprised of OPTEX CO., LTD., 15 subsidiary companies, and two affiliated companies. The OPTEX Group is engaged in the development, design, manufacturing and sales of sensors and related systems. The following describes the different companies within the OPTEX Group and their relationship to the various Group business segments.

<Electronic Device Business>

(1) OPTEX CO., LTD.

OPTEX CO., LTD. is engaged in the development, design, and sales of sensors and related systems. OPTEX CO., LTD. products are manufactured by affiliated manufacturing companies or contract

manufacturers, and then sold to end users, mainly through distributors in Japan and overseas, as well as through sales subsidiaries or agents overseas.

(2) Affiliates

1. Development and Sales Companies

Consolidated subsidiaries OPTEX FA CO., LTD., GIKEN TRASTEM CO., LTD. and ZENIC INC. serve development and sales functions for the OPTEX Group.

OPTEX FA CO., LTD. is engaged in the development and design of factory automation products. Products manufactured by affiliated manufacturing companies or contract manufacturers are sold both domestically and overseas.

GIKEN TRASTEM CO., LTD. is engaged in the development and design of products used in customer traffic counting systems. Products manufactured by contract manufacturers are sold both domestically and overseas.

ZENIC INC. is a contract developer of IC/LSI for image processing applications. The company also designs and sells private label ICs (mainly for factory automation applications.)

· JAPAN FA SYSTEMS CORP. is the only company in the OPTEX Group that serves development, manufacturing and sales functions. The company is engaged in the development, design and manufacturing of factory automation products and consumer image-processing devices, selling these products in Japan.

· Affiliate company SICK OPTEX CO., LTD. is the only development affiliate within the OPTEX Group. SICK OPTEX CO., LTD. plans and develops factory automation products under contract to OPTEX FA CO., LTD.

2. Sales Companies

· Eight consolidated subsidiaries within the OPTEX Group operate as sales affiliates: OPTEX INCORPORATED, OPTEX TECHNOLOGIES INC., OPTEX (EUROPE), LTD., FARSIGHT SECURITY SERVICES, LTD., OPTEX SECURITY SAS, OPTEX TECHNOLOGIES B.V., OPTEX SECURITY Sp.z o.o., and OPTEX KOREA CO., LTD.

OPTEX INCORPORATED sells security products provided by OPTEX CO., LTD. to the North, Central, and South American regional markets.

OPTEX TECHNOLOGIES INC. sells automatic door products supplied by OPTEX CO., LTD. to the North American regional market.

OPTEX (EUROPE), LTD. markets security products supplied by OPTEX CO., LTD., to the U.K. and other markets.

FARSIGHT SECURITY SERVICES, LTD. provides the U.K. market with services for systems related to remote video surveillance.

OPTEX SECURITY SAS sells security products supplied by OPTEX CO., LTD. to the market in France.

OPTEX TECHNOLOGIES B.V. sells automatic door products and industrial machinery sensors supplied by OPTEX CO., LTD. to the European regional market.

OPTEX SECURITY Sp.z o.o. sells security products supplied by OPTEX CO., LTD. to the Eastern European and Russian regional markets.

OPTEX KOREA CO., LTD. sells security products supplied by OPTEX CO., LTD. to the South Korean market.

3. Manufacturing and Component Procurement Companies

- OPTEX (H.K.), LTD. is the only consolidated subsidiary in the OPTEX Group that is engaged in component procurement and sales functions. OPTEX (H.K.), LTD. markets products supplied by OPTEX (DONGGUAN) CO., LTD. as the consigning manufacturer. OPTEX (H.K.), LTD. also procures components, selling them to OPTEX (DONGGUAN) CO., LTD.
- OPTEX (DONGGUAN) CO., LTD. is the only consolidated subsidiary in the OPTEX Group that is engaged in manufacturing and sales functions. The company receives components from OPTEX (H.K.), LTD. and assembles end products. OPTEX (DONGGUAN) CO., LTD. supplies these products to other OPTEX Group companies, and also sells them inside China.
- OFROM CO., LTD. is the only affiliated company in the OPTEX Group that operates as a manufacturing affiliate. The company receives manufacturing orders, assembling products and supplying them to other OPTEX Group companies.

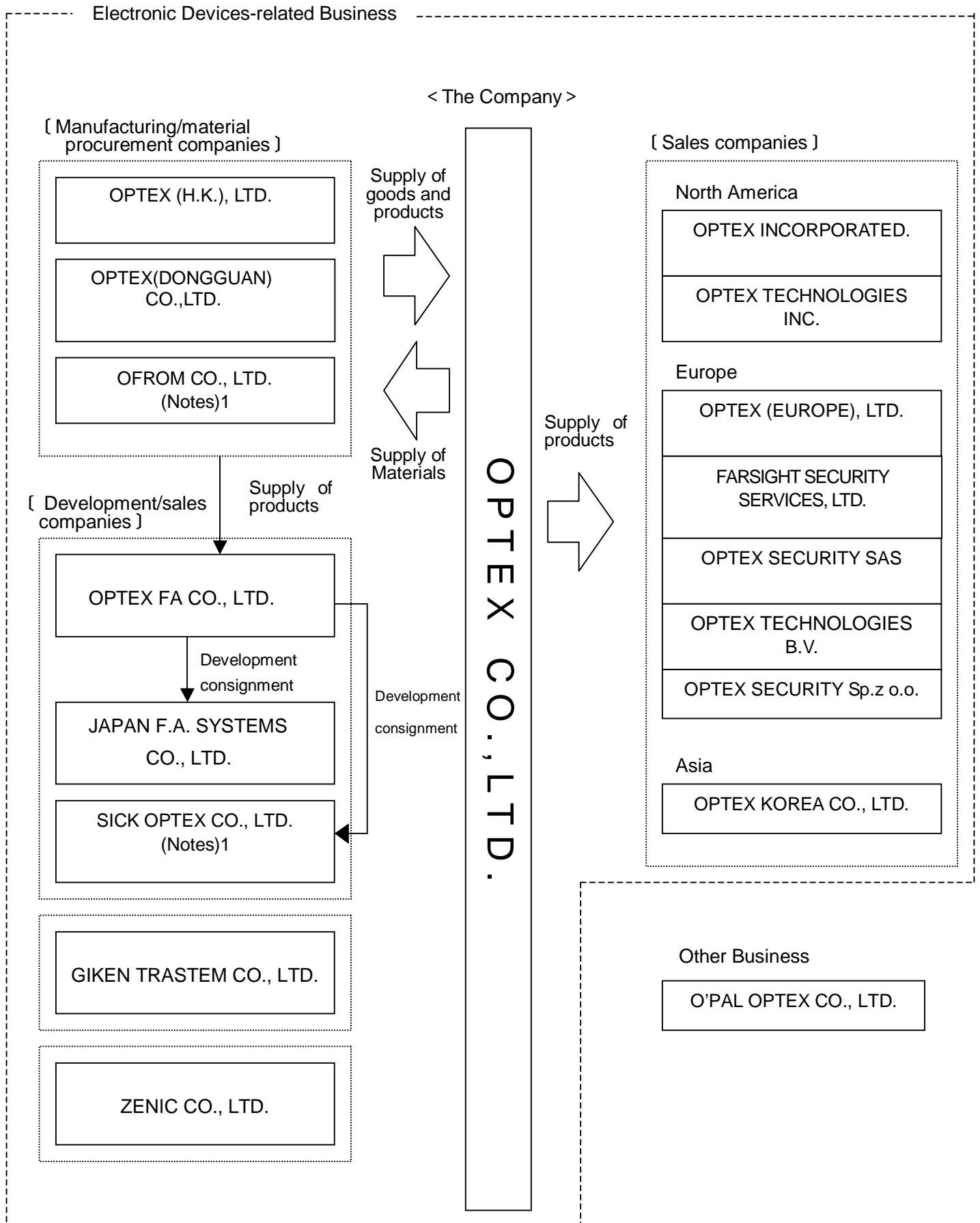
<Other Businesses>

Consolidated subsidiary O'PAL OPTEX CO., LTD. manages membership sports clubs.

The following is an organizational chart for the OPTEX Group.

The dotted lines in the chart below encompass companies involved in the Electronic Devices business.

The following is an organizational chart of the above Group companies. The dotted line in the chart indicates the electronics device-related business information on business segment.



(Note)

1. Equity method affiliates

2. Companies other than indicated in Note 1 are consolidated subsidiaries.

3. OPTEX ELECTRONICS (TAIWAN), LTD., formerly a consolidated subsidiary, was dissolved and liquidated as of August 21, 2009.

3. Management Policy

(1) Basic Management Policies

The corporate philosophy of the OPTEX Group is to be an organization that builds the future, working to create a comfortable existence for I.F.C.S. (Individuals, Families, the Company, Society). We envision ourselves as a total solutions provider, offering original ideas, exceptional technical expertise, and security, safety and comfort in the face of anxieties and difficulties that challenge our industry and society as a whole.

(2) Management Performance Targets

The OPTEX Group recognizes the expectations of our shareholders, continuing to create and cultivate new businesses. Accordingly, we are always in active pursuit of opportunistic investments. To maintain corporate financial health, the Group has targeted a break-even ratio of 70% or less, with 20% year-to-year growth in consolidated Net Sales.

(3) Mid- to Long-Term Corporate Strategies and Issues

By combining new innovations with our core infrared- and image-sensing technologies, the OPTEX Group plans to develop original applications rolled out on a global scale.

During the consolidate fiscal year under review, the global financial crisis and ensuing economic recession resulted in significant declines in OPTEX Group earnings. The Group recognizes that the business environment will continue to be challenging, with the timing and degree of economic recovery difficult to predict.

Faced with these trying economic circumstances, our most issue is to formulate a new growth-strategy designed to help us recover as quickly as possible. We are presently reviewing the markets, the competitive environment, and our policies, pursuing opportunistic selectivity and focus. We are working to strengthen our corporate underpinnings by eliminating waste and improving profitability.

In our existing business lines, we are capitalizing on our strength in sensing technologies to roll out a total solutions business, offering high-precision camera controls for video surveillance—a market in which we expect high near-term growth. At the same time, we will focus on developing stronger sales channels in high-growth emerging markets.

At the same time, we will pursue solutions along our strengths in outdoor sensor controls, building new business in the LED light field. Demand in this field is being driven by needs in eco-conscious

markets. We expect medium- and long-term growth in this area, as we build businesses around our proprietary technologies.

Another strategic initiative for the OPTEX Group is the coordination of technical development, production management, and quality management departments across our organization. Closer coordination will allow us to be more efficient, standardize our operations, and better support our business activities. We have already been engaged in the standardization of design, establishing better systems for technology information, building stronger group-wide quality management, and the visualization of management results. By linking these initiatives with our IT strategy under the newly established Information Systems Management division, we will be in a position to optimize Group-wide management resources.

Our focus is to correctly assess client needs, and offer unique ideas for products and services in growth fields where we have the competitive advantage. By doing so, we will be able to move back on track toward growth. At the same time, we will be worthy of the trust that society has placed in us, being seriously engaged in building stronger internal controls and exercising comprehensive compliance as we work to create greater corporate value within the OPTEX Group.

Consolidated Financial Statements

Consolidated balance sheets

JPY Million

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Assets		
Current assets		
Cash and deposits	5,683	6,206
Notes and accounts receivable-trade	4,069	3,532
Short-term investment securities	695	1,466
Inventories	2,644	-
Merchandise and finished goods	-	1,379
Work in process	-	62
Raw materials and supplies	-	587
Deferred tax assets	453	323
Other	637	706
Allowance for doubtful accounts	30	31
Total current assets	14,153	14,233
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,924	2,926
Accumulated depreciation	1,480	1,579
Buildings and structures, net	1,443	1,347
Machinery, equipment and vehicles	483	525
Accumulated depreciation	277	350
Machinery, equipment and vehicles, net	206	175
Tools, furniture and fixtures	3,798	3,881
Accumulated depreciation	3,223	3,500
Tools, furniture and fixtures, net	575	381
Land	1,203	1,203
Construction in progress	5	8
Total property, plant and equipment	3,433	3,115
Intangible assets		
Goodwill	260	149
Others	241	263
Total intangible assets	501	413
Investments and other assets		
Investment securities	2,149	2,010
Long-term loans receivable	39	29
Deferred tax assets	805	647
Other	325	342
Allowance for doubtful accounts	17	56
Total investments and other assets	3,301	2,972
Total noncurrent assets	7,237	6,502
Total assets	21,391	20,735

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	849	660
Short-term loans payable	86	77
Current portion of long-term loans payable	12	6
Income taxes payable	294	44
Deferred tax liabilities	25	18
Provision for bonuses	59	75
Other	798	668
Total current liabilities	2,127	1,552
Noncurrent liabilities		
Long-term loans payable	7	-
Deferred tax liabilities	196	69
Deferred tax liabilities for land revaluation	6	6
Provision for retirement benefits	598	695
Provision for directors' retirement benefits	363	382
Other	16	16
Total noncurrent liabilities	1,189	1,170
Total liabilities	3,317	2,722
Net assets		
Shareholders' equity		
Capital stock	2,798	2,798
Capital surplus	3,653	3,653
Retained earnings	12,081	11,834
Treasury stock	534	537
Total shareholders' equity	17,998	17,748
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	37	36
Revaluation reserve for land	10	10
Foreign currency translation adjustment	1,080	886
Total valuation and translation adjustments	1,107	839
Subscription rights to shares	0	2
Minority interests	1,183	1,101
Total net assets	18,074	18,013
Total liabilities and net assets	21,391	20,735

Consolidated Statements of income

JPY Million

	F.Y. 2008 From Jan. 1to Dec. 31, 2008	F.Y. 2009 From Jan. 1to Dec. 31, 2009
Net sales	20,916	15,124
Cost of sales	9,951	7,543
Gross profit	10,965	7,581
Selling, general and administrative expenses		
Promotion expenses	65	29
Warranty	66	52
Packing and transportation expenses	322	256
Advertising expenses	183	135
Provision of allowance for doubtful accounts	24	20
Directors' compensations, salaries and allowances	2,735	2,577
Provision for bonuses	41	34
Retirement benefit expenses	104	116
Provision for directors' retirement benefits	42	18
Depreciation	205	208
Commission fee	131	92
Research and development expenses	1,810	1,440
Amortization of goodwill	173	89
Other	2,395	1,886
Total selling, general and administrative expenses	8,303	6,960
Operating income	2,661	620
Non-operating income		
Interest income	174	85
Rent income	28	20
Foreign exchange gains	-	37
Other	44	67
Total non-operating income	247	209
Non-operating expenses		
Interest expenses	5	3
Foreign exchange losses	329	-
Rent expenses	45	23
Equity in losses of affiliates	1	6
Loss on investments in partnership	-	58
Other	37	4
Total non-operating expenses	419	95
Ordinary income	2,489	735

	F.Y. 2008 From Jan. 1 to Dec. 31, 2008	F.Y. 2009 From Jan. 1 to Dec. 31, 2009
Extraordinary income		
Gain on sales of noncurrent assets	5	1
Gain on sales of investment securities	0	17
Gain on redemption of investment securities	-	89
Gain on forgiveness of debts	39	-
Total extraordinary income	45	107
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	12	6
Loss on valuation of investment securities	354	189
Loss on redemption of investment securities	88	-
Loss on sales of stocks of subsidiaries and affiliates	29	-
Loss on liquidation of subsidiaries and affiliates	-	15
Provision of allowance for doubtful accounts	-	30
Impairment loss	-	15
Impairment losses on goodwill	215	21
Loss on revision of retirement benefit plan	-	17
Total extraordinary losses	701	295
Income before income taxes and minority interests	1,833	547
Income taxes-current	980	154
Income taxes-deferred	230	99
Total income taxes	750	253
Minority interests in income (loss)	78	38
Net income	1,004	332

Consolidated statements of changes in net assets

JPY Million

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	2,792	2,798
Changes of items during the period		
Issuance of new shares	5	-
Total changes of items during the period	5	-
Balance at the end of current period	2,798	2,798
Capital surplus		
Balance at the end of previous period	3,647	3,653
Changes of items during the period		
Issuance of new shares	5	-
Total changes of items during the period	5	-
Balance at the end of current period	3,653	3,653
Retained earnings		
Balance at the end of previous period	11,755	12,081
Changes of items during the period		
Dividends from surplus	678	579
Net income	1,004	332
Total changes of items during the period	326	247
Balance at the end of current period	12,081	11,834
Treasury stock		
Balance at the end of previous period	48	534
Changes of items during the period		
Purchase of treasury stock	486	2
Total changes of items during the period	486	2
Balance at the end of current period	534	537
Total shareholders' equity		
Balance at the end of previous period	18,147	17,998
Changes of items during the period		
Issuance of new shares	10	-
Dividends from surplus	678	579
Net income	1,004	332
Purchase of treasury stock	486	2
Total changes of items during the period	148	250
Balance at the end of current period	17,998	17,748
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	47	37
Changes of items during the period		
Net changes of items other than shareholders' equity	85	73
Total changes of items during the period	85	73
Balance at the end of current period	37	36
Revaluation reserve for land		
Balance at the end of previous period	10	10
Changes of items during the period		
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	-	-
Balance at the end of current period	10	10

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Foreign currency translation adjustment		
Balance at the end of previous period	404	1,080
Changes of items during the period		
Net changes of items other than shareholders' equity	1,485	194
Total changes of items during the period	1,485	194
Balance at the end of current period	1,080	886
Total valuation and translation adjustments		
Balance at the end of previous period	462	1,107
Changes of items during the period		
Net changes of items other than shareholders' equity	1,570	268
Total changes of items during the period	1,570	268
Balance at the end of current period	1,107	839
Subscription rights to shares		
Balance at the end of previous period	-	0
Changes of items during the period		
Net changes of items other than shareholders' equity	0	2
Total changes of items during the period	0	2
Balance at the end of current period	0	2
Minority interests		
Balance at the end of previous period	874	1,183
Changes of items during the period		
Net changes of items other than shareholders' equity	308	81
Total changes of items during the period	308	81
Balance at the end of current period	1,183	1,101
Total net assets		
Balance at the end of previous period	19,484	18,074
Changes of items during the period		
Issuance of new shares	10	-
Dividends from surplus	678	579
Net income	1,004	332
Purchase of treasury stock	486	2
Net changes of items other than shareholders' equity	1,261	189
Total changes of items during the period	1,410	60
Balance at the end of current period	18,074	18,013

Consolidated statements of cash flows

JPY Million

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,833	547
Depreciation and amortization	633	583
Amortization of goodwill	173	89
Increase (decrease) in provision for retirement benefits	56	96
Increase (decrease) in provision for directors' retirement benefits	28	18
Increase (decrease) in allowance for doubtful accounts	12	39
Interest and dividends income	189	94
Interest expenses	5	3
Foreign exchange losses (gains)	77	13
Equity in (earnings) losses of affiliates	1	6
Loss (gain) on valuation of investment securities	354	189
Loss (gain) on sales of investment securities	0	17
Loss (gain) on redemption of investment securities	88	89
Loss (gain) on sales of stocks of subsidiaries and affiliates	29	-
Loss (gain) on sales and retirement of noncurrent assets	7	4
Gain on forgiveness of debt	39	-
Impairment loss	-	15
Impairment losses on goodwill	215	21
Loss (gain) on liquidation of subsidiaries and affiliates	-	15
Decrease (increase) in notes and accounts receivable-trade	308	582
Decrease (increase) in inventories	361	669
Increase (decrease) in notes and accounts payable-trade	51	245
Decrease (increase) in consumption taxes refund receivable	37	-
Other, net	127	169
Subtotal	3,021	2,253
Interest and dividends income received	188	89
Interest expenses paid	6	3
Income taxes paid	1,439	349
Net cash provided by (used in) operating activities	1,764	1,989
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	899	3,044
Proceeds from sales and redemption of securities	611	3,047
Purchase of investment securities	1,004	513
Proceeds from sales of investment securities	535	95
Purchase of property, plant and equipment	452	188
Proceeds from sales of property, plant and equipment	17	1
Purchase of intangible assets	199	107
Purchase of investments in subsidiaries resulting in change in scope of consolidation	320	-
Payments of loans receivable	28	38
Collection of loans receivable	15	18
Net cash provided by (used in) investing activities	1,724	730

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	15	11
Proceeds from long-term loans payable	1	-
Repayment of long-term loans payable	12	14
Proceeds from issuance of common stock	10	-
Proceeds from sales of capital stock of affiliated companies	153	-
Cash dividends paid	678	578
Cash dividends paid to minority shareholders	36	46
Purchase of treasury stock	485	0
Other, net	1	0
Net cash provided by (used in) financing activities	1,033	651
Effect of exchange rate change on cash and cash equivalents	1,158	155
Net increase (decrease) in cash and cash equivalents	2,151	764
Cash and cash equivalents at beginning of period	7,834	5,683
Cash and cash equivalents at end of period	5,683	6,447

Geographic Segments Information

F.Y. 2008

JPY Million

	Japan	N.America	Europe	Asia	Total	Elimination or common element	Consolidation
Sales							
Unaffiliated customers	13,407	2,067	3,452	1,989	20,916	—	20,916
Intersegment transfer	3,989	—	9	3,571	7,570	(7,570)	—
Total	17,397	2,067	3,461	5,560	28,487	(7,570)	20,916
Operating expenses	15,009	2,001	3,433	5,315	25,759	(7,504)	18,255
Operating income	2,388	65	28	245	2,727	65	2,661
Assets	13,117	808	1,912	1,854	17,692	3,698	21,391

F.Y. 2009

JPY Million

	Japan	N.America	Europe	Asia	Total	Elimination or common element	Consolidation
Sales							
Unaffiliated customers	9,931	1,563	2,304	1,325	15,124	—	15,124
Intersegment transfer	2,639	—	6	2,306	4,951	(4,951)	—
Total	12,570	1,563	2,310	3,631	20,076	(4,951)	15,124
Operating expenses	11,968	1,544	2,388	3,476	19,378	(4,873)	14,504
Operating income(loss)	601	19	77	155	698	77	620
Assets	11,179	924	2,159	1,891	16,154	4,581	20,735

Overseas Sales Information

F.Y. 2008

JPY Million

	N.America	Europe	Asia	Others	Total
Overseas sales	1,856	7,428	2,854	1,231	13,370
Consolidated sales	—	—	—	—	20,916
Ratio of overseas sales to consolidated sales	8.9%	35.5%	13.6%	5.9%	63.9%

F.Y. 2009

JPY Million

	N.America	Europe	Asia	Others	Total
Overseas sales	1,404	5,024	1,941	783	9,154
Consolidated sales	—	—	—	—	15,124
Ratio of overseas sales to consolidated sales	9.3%	33.2%	12.8%	5.2%	60.5%

Breakdown of Production, Net sales

1. Production by business segment

JPY Million

Business segments	F.Y. 2008		F.Y. 2009		Change
	Jan. 1to Dec. 31, 2008		Jan. 1to Dec. 31, 2009		
	Amounts	Ratio	Amounts	Ratio	Amounts
Electronic Device Business		%		%	
Security sensors	9,388	46.3	5,910	45.1	3,478
Automatic door sensors	5,351	26.4	3,481	26.6	1,870
Industrial machinery sensors	3,942	19.4	2,725	20.8	1,217
Traffic safety sensors	94	0.5	8	0.1	86
Contract Manufacturing service	1,292	6.4	595	4.5	697
Others	206	1.0	374	2.9	167
Sub-total	20,276	100.0	13,094	100.0	7,181
Others	—	—	—	—	—
Total	20,276	100.0	13,094	100.0	7,181

* Value at sales price

* Exclusive of consumption taxes

2. Net sales by business segment

JPY Million

Business segments	F.Y. 2008		F.Y. 2009		Change
	Jan. 1to Dec. 31, 2008		Jan. 1to Dec. 31, 2009		
	Amounts	Ratio	Amounts	Ratio	Amounts
Electronic Device Business		%		%	
Security sensors	9,756	46.6	7,216	47.7	2,540
Automatic door sensors	5,298	25.3	3,619	23.9	1,678
Industrial machinery sensors	4,215	20.2	3,190	21.1	1,024
Traffic safety sensors	74	0.4	51	0.3	22
Contract Manufacturing service	1,290	6.2	605	4.0	684
Others	227	1.0	386	2.6	159
Sub-total	20,862	99.7	15,070	99.6	5,791
Others	54	0.3	54	0.4	0
Total	20,916	100.0	15,124	100.0	5,791

* Exclusive of consumption taxes

Non-Consolidated Financial Statements

Non-Consolidated balance sheets

JPY Million

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Assets		
Current assets		
Cash and deposits	1,666	2,394
Notes receivable-trade	615	499
Accounts receivable-trade	2,054	1,820
Short-term investment securities	695	1,225
Merchandise	49	-
Finished goods	1,038	-
Merchandise and finished goods	-	717
Raw materials	165	-
Supplies	14	-
Raw materials and supplies	-	165
Advance payments-trade	-	5
Prepaid expenses	13	6
Deferred tax assets	195	180
Consumption taxes receivable	65	-
Accounts receivable-other	464	387
Current portion of long-term loans receivable	-	29
Other	83	66
Allowance for doubtful accounts	1	4
Total current assets	7,123	7,495
Noncurrent assets		
Property, plant and equipment		
Buildings	2,441	2,441
Accumulated depreciation	1,148	1,226
Buildings, net	1,293	1,214
Structures	215	215
Accumulated depreciation	142	150
Structures, net	72	64
Machinery and equipment	22	22
Accumulated depreciation	19	20
Machinery and equipment, net	2	1
Vehicles	6	6
Accumulated depreciation	6	6
Vehicles, net	0	0
Tools, furniture and fixtures	3,088	3,142
Accumulated depreciation	2,729	2,914
Tools, furniture and fixtures, net	359	227
Land	1,115	1,115
Construction in progress	5	4
Total property, plant and equipment	2,848	2,628
Intangible assets		
Goodwill	502	335
Telephone subscription right	5	5
Software	97	136
Other	26	-
Total intangible assets	631	476

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Investments and other assets		
Investment securities	1,295	1,167
Stocks of subsidiaries and affiliates	3,046	3,015
Investments in capital	4	4
Investments in capital of subsidiaries and affiliates	825	839
Long-term loans receivable from employees	36	25
Long-term loans receivable from subsidiaries and affiliates	-	29
Claims provable in bankruptcy, claims provable in rehabilitation and other	10	48
Long-term prepaid expenses	3	3
Deferred tax assets	463	381
Guarantee deposits	27	-
Insurance funds	24	-
Other	9	62
Allowance for doubtful accounts	12	50
Total investments and other assets	5,733	5,525
Total noncurrent assets	9,214	8,630
Total assets	16,337	16,126
Liabilities		
Current liabilities		
Accounts payable-trade	462	450
Short-term loans payable	69	77
Accounts payable-other	220	108
Accrued expenses	110	110
Income taxes payable	10	17
Advances received	-	3
Deposits received	36	34
Provision for bonuses	40	37
Other	41	13
Total current liabilities	992	855
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	6	6
Provision for retirement benefits	433	508
Provision for directors' retirement benefits	249	245
Other	2	1
Total noncurrent liabilities	691	762
Total liabilities	1,684	1,618

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Net assets		
Shareholders' equity		
Capital stock	2,798	2,798
Capital surplus		
Legal capital surplus	3,649	3,649
Total capital surpluses	3,649	3,649
Retained earnings		
Legal retained earnings	370	370
Other retained earnings		
General reserve	8,200	7,200
Retained earnings brought forward	184	968
Total earned surpluses	8,754	8,538
Treasury stock	526	527
Total shareholders' equity	14,675	14,459
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32	38
Revaluation reserve for land	10	10
Total valuation and translation adjustments	22	48
Total net assets	14,653	14,507
Total liabilities and net assets	16,337	16,126

Non-Consolidated Statements of income

JPY Million

	F.Y. 2008 From Jan. 1to Dec. 31, 2008	F.Y. 2009 From Jan. 1to Dec. 31, 2009
Net sales		
Net sales of finished goods	10,965	-
Net sales of goods	519	-
Net sales of merchandise and finished goods	-	8,510
Total net sales	11,485	8,510
Cost of sales		
Beginning goods	68	-
Beginning finished goods	973	-
Beginning merchandise and finished goods	-	1,088
Cost of purchased goods	351	-
Purchase of finished goods	5,893	-
Cost of purchased merchandise and finished goods	-	4,366
Total	7,286	5,455
Transfer to other account	139	124
Ending goods	49	-
Ending finished goods	1,038	-
Ending merchandise and finished goods	-	717
Total cost of sales	6,057	4,613
Gross profit	5,427	3,897
Selling, general and administrative expenses		
Promotion expenses	75	61
warranty	66	51
Packing and transportation expenses	176	146
Advertising expenses	76	52
Provision of allowance for doubtful accounts	7	10
Directors' compensations	108	100
Employees' salaries and bonuses	963	964
Provision for bonuses	23	22
Retirement benefit expenses	75	84
Provision for directors' retirement benefits	17	3
Traveling and transportation expenses	122	80
Communication expenses	26	23
Rent expenses	42	39
Depreciation	66	66
Commission fee	164	136
Research and development expenses	1,514	1,139
Other	678	596
Total selling, general and administrative expenses	4,207	3,574
Operating income	1,219	322
Non-operating income		
Interest income	36	51
Dividends income	445	263
Foreign exchange gains	-	36
Rent income	40	40
Other	23	7
Total non-operating income	545	400

	F.Y. 2008 From Jan. 1to Dec. 31, 2008	F.Y. 2009 From Jan. 1to Dec. 31, 2009
Non-operating expenses		
Interest expenses	3	1
Foreign exchange losses	329	-
Rent expenses	57	40
Loss on investments in partnership	13	58
Other	2	0
Total non-operating expenses	406	100
Ordinary income	1,359	622
Extraordinary income		
Gain on sales of noncurrent assets	0	-
Gain on sales of investment securities	0	17
Gain on redemption of investment securities	-	89
Gain on sales of subsidiaries and affiliates' stocks	119	-
Total extraordinary income	120	106
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	8	3
Loss on valuation of investment securities	316	180
Loss on redemption of investment securities	88	-
Loss on valuation of stocks of subsidiaries and affiliates	280	-
Loss on liquidation of subsidiaries and affiliates	-	9
Provision of allowance for doubtful accounts	-	30
Impairment loss	-	15
Loss on revision of retirement benefit plan	-	17
Total extraordinary losses	693	256
Income before income taxes	785	473
Income taxes-current	391	61
Income taxes-deferred	99	47
Total income taxes	292	109
Net income	493	363

Non-Consolidated statements of changes in net assets

JPY Million

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	2,792	2,798
Changes of items during the period		
Issuance of new shares	5	-
Total changes of items during the period	5	-
Balance at the end of current period	2,798	2,798
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	3,644	3,649
Changes of items during the period		
Issuance of new shares	5	-
Total changes of items during the period	5	-
Balance at the end of current period	3,649	3,649
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	370	370
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	370	370
Other retained earnings		
General reserve		
Balance at the end of previous period	6,750	8,200
Changes of items during the period		
Provision of general reserve	1,450	-
Reversal of general reserve	-	1,000
Total changes of items during the period	1,450	1,000
Balance at the end of current period	8,200	7,200
Retained earnings brought forward		
Balance at the end of previous period	1,819	184
Changes of items during the period		
Provision of general reserve	1,450	-
Reversal of general reserve	-	1,000
Dividends from surplus	678	579
Net income	493	363
Total changes of items during the period	1,635	784
Balance at the end of current period	184	968
Total retained earnings		
Balance at the end of previous period	8,939	8,754
Changes of items during the period		
Provision of general reserve	-	-
Reversal of general reserve	-	-
Dividends from surplus	678	579
Net income	493	363
Total changes of items during the period	185	215
Balance at the end of current period	8,754	8,538

	F.Y. 2008 As of Dec. 31, 2008	F.Y. 2009 As of Dec. 31, 2009
Treasury stock		
Balance at the end of previous period	41	526
Changes of items during the period		
Purchase of treasury stock	485	0
Total changes of items during the period	485	0
Balance at the end of current period	526	527
Total shareholders' equity		
Balance at the end of previous period	15,334	14,675
Changes of items during the period		
Issuance of new shares	10	-
Dividends from surplus	678	579
Net income	493	363
Purchase of treasury stock	485	0
Total changes of items during the period	659	216
Balance at the end of current period	14,675	14,459
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	45	32
Changes of items during the period		
Net changes of items other than shareholders' equity	77	70
Total changes of items during the period	77	70
Balance at the end of current period	32	38
Revaluation reserve for land		
Balance at the end of previous period	10	10
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	10	10
Total valuation and translation adjustments		
Balance at the end of previous period	55	22
Changes of items during the period		
Net changes of items other than shareholders' equity	77	70
Total changes of items during the period	77	70
Balance at the end of current period	22	48
Total net assets		
Balance at the end of previous period	15,390	14,653
Changes of items during the period		
Issuance of new shares	10	-
Dividends from surplus	678	579
Net income	493	363
Purchase of treasury stock	485	0
Net changes of items other than shareholders' equity	77	70
Total changes of items during the period	737	145
Balance at the end of current period	14,653	14,507