

Summary of Financial Results (Consolidated)

Aug, 4, 2010

For Semi-Annual Fiscal Year 2010 (From Jan. 1 to Jun. 30, 2010)

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1. Consolidated financial results for Semi-annual F.Y.2010 (From Jan. 1 to Jun. 30, 2010)

(1) Consolidated financial results

	Net sales		Operating income		Ordinary income	
	JPY Million	%	JPY Million	%	JPY Million	%
June-10	8,164	12.5	756	697.7	745	384.7
June-09	7,260	-	94	-	153	-

	Net income		Net income per share		Net income per share fully diluted	
	JPY Million	%	JPY		JPY	
June-10	422	663.1	25.51		-	
June-09	55	-	3.34		-	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	JPY Million	JPY Million	%	JPY
June-10	21,227	17,881	78.9	1,011.83
December-09	20,735	18,013	81.5	1,021.52

Notes : Equity capital at end of term (JPY Million) June-10 : 16,747 , December-09 : 16,908

2. Dividends

(Base date)	Annual dividends per share (JPY)				
	1Q	2Q	3Q	Year-end	Annual (Total)
December-09	JPY -	JPY 15.00	JPY -	JPY 15.00	JPY 30.00
December-10	-	15.00			
December-10 (Forecast)			-	15.00	30.00

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	%	JPY	%	JPY	%	JPY	%	JPY
Annual	17,400	15.0	1,450	133.7	1,500	104.0	920	176.9	55.58

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) Use of simplified accounting method: Yes

(3) 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. : No

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

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

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

June-10 : 16,984,596 shares, December-09 : 16,984,596 shares

2. Number of treasury stocks at end of term

June-10 : 432,503 shares, December-09 : 432,223 shares

3. Number of average shares during the term under review (Second quarter from Jan. 1 to Jun. 30, 2010)

June-10 : 16,552,232 shares, June-09 : 16,552,619 shares

*Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

*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. Qualitative Information / Financial Results

(1) Qualitative Information related to Consolidated Financial Results

Governments around the world put economic stimulus measures into action during the cumulative consolidated second quarter under review. While these measures signaled a course for recovery, the financial crisis in Greece, ensuing fears about the European financial system, worsening unemployment, and other risks remain as brakes on any real recovery.

Given these economic conditions, the OPTEX Group has transitioned from a policy of “recovery” to one of “return to growth.” A greater focus on a low-cost operating structure, the quicker introduction of new products, and work to expand sales channels have started to pay off, particularly in terms of profitability.

As a result, net sales for the cumulative consolidated second quarter amounted to ¥8.164 billion (12.5% year-on-year increase). A return to a sales structure consisting of higher-profit products and higher gross profit ratio contributed to operating income of ¥756 million (697.7% year-on-year increase). The Group recorded consolidated ordinary income of ¥745 million (384.7% year-on-year increase), and quarter net income of ¥422 million (663.1% comparative increase).

Net sales in our Security Sensor segment amounted to ¥3.626 billion (5.3% year-on-year increase). Domestically, orders from the security and electrical materials industries experienced a decline, underperforming the same period in the prior fiscal year. Overseas, however, sales promotions succeeded in driving sales to higher year-on-year figures, despite the weakening of European currencies.

Net sales for the Automatic Door Sensor segment totaled ¥1.748 billion (2.3% year-on-year decrease). Overseas, we captured a greater share of the automated door sensor market in Europe, outperforming year-on-year results. Demand for automated door sensors has been slow to recover in our important domestic markets due to a weak construction sector. As well, capital investment sentiment among retailers remains unenthusiastic. Accordingly, orders for our customer traffic counting systems did not grow, resulting in a lower year-on-year result.

Net sales for Industrial Machinery Sensor segment amounted to ¥2.265 billion (51.1% year-on-year increase). Domestically, sales to the food, medical and cosmetics industries, as well as for specialized liquid crystal application devices were strong, outperforming the same period in the prior fiscal year. Sales also grew overseas, driven mainly by expanding capital investment in Europe, China, and the rest of Asia.

(2) Qualitative Information related to Consolidated Financial Position

(1) Assets, Liabilities, and Net Assets

(Assets)

Assets of the last day of the cumulative consolidated second quarter under review totaled ¥21.227 billion yen, representing a ¥491 million increase compared to the last day of the prior consolidated fiscal year. This was mainly due to an increase in marketable securities and inventory, resulting in an increase to current assets of ¥498 million. Offsetting an increase in investment securities, decreases in tangible and intangible fixed assets resulted in an overall ¥6 million decrease in fixed assets.

(Liabilities)

Total liabilities as of the last day of the cumulative consolidated second quarter under review amounted to ¥3.345 billion, representing a ¥623 million increase compared to the last day of the prior consolidated fiscal year. This increase was mainly due to increases in notes and accounts payable-trade and income tax payable, resulting in current liabilities growing by ¥576 million. Noncurrent liabilities increased by ¥46 million compared to the last day of the prior consolidated fiscal year.

(Net Assets)

As of the last day of the cumulative consolidated second quarter, total net assets amounted to ¥17.881 billion, representing a decrease of ¥131 million compared to the last day of the prior consolidated fiscal year. This decrease was mainly due to a total decrease of ¥334 million in foreign exchange translation adjustments due to high valuation of the yen, offsetting a ¥173 million increase in retained earnings. Shareholders' equity ratio was 78.9%, representing a 2.6 point decline compared to the last day of the prior consolidated fiscal year.

(2) Cash Flows

Consolidated cash and cash equivalents ("Cash") as of the last day of the cumulative consolidated second quarter under review increased by ¥29 million compared to the last day of the prior consolidated fiscal year, amounting to ¥6.476 billion. The following are the major factors related to each type of cash flow for the cumulative consolidated second quarter under review:

(Cash Flows from Operating Activities)

Cash from operating activities amounted to ¥1.096 billion (vs. ¥1.175 billion in Cash during the same period in the prior fiscal year). This result was mainly due to an increase in accounts payable-trade (¥395 million), income tax refunds (¥181 million), and net income before taxes of ¥721 million, offsetting a ¥439 million decrease in Cash due to an increase in inventory.

(Cash Flows from Investing Activities)

Cash used in investing activities amounted to ¥745 million (vs. ¥422 million in net cash used during the same period in the prior fiscal year). This result was mainly due to purchases and sales of marketable securities and investment securities (net outlay of ¥616 million) used for funds management purposes, as well as Cash outlays for the acquisition of tangible fixed assets (¥118 million).

(Cash Flows from Financing Activities)

Cash used in financing activities amounted to ¥121 million (vs. ¥369 million during the same period in the prior fiscal year). This result was mainly due to Cash payments of dividends (¥248 million), which offset cash inflow from short-term loans of ¥150 million.

(3) Qualitative Information related to Consolidated Earnings Projections

As announced on July 26, 2010, our consolidated earnings projections for the current fiscal year remain unchanged at ¥17.4 billion in net sales (15.0% year-on-year increase). We will continue our cost-cutting efforts, projecting operating income of ¥1.450 billion (133.7% year-on-year increase), ordinary income of ¥1.5 billion (104.0% increase), and net income of ¥920 million (176.9% year-on-year increase). We have assumed average exchange rates of ¥90/USD and ¥110/Euro for the second half of the current consolidated fiscal year (July 1, 2010 to December 31, 2010).

2.Other

(1) Changes in important subsidiaries: No.

(2) Use of simplified accounting methods and special accounting methods:

(1) Simplified Accounting Method

(Estimate of Uncollectible Accounts)

The Company uses the loan loss ratio as of the last day of the prior consolidated fiscal year to calculate the estimated allowance for uncollectible accounts, assuming there have been no marked changes in the calculation of loan loss ratio since the end of the prior consolidated fiscal year.

(Inventory Valuation Method)

The Company has dispensed with the performance of a physical inventory count, selecting to calculate period-end inventory based on the physical inventory count as of the last day of the prior consolidated fiscal year.

(Depreciation of Fixed Assets)

Depreciation expense for assets depreciated under the fixed rate method has been calculated by allocating a proportional amount of the fiscal year expense to the consolidated period in question.

(Calculation of Corporate Income Taxes and Deferred Tax Assets/Liabilities)

Only those changes and deductions deemed material have been included in the calculation of Corporate Income Taxes for the cumulative second quarter of the current consolidated fiscal year.

For certain consolidated subsidiaries not deemed material, taxes have been calculated by multiplying the quarterly net income before taxes by the tax-effected corporate income tax rate from the Income Statement at the end of the prior consolidated fiscal year.

When the Company has determined that there are no material changes in the business environment or in temporary differences, future earnings projections used for the prior consolidated fiscal year and tax planning considerations are used as the basis for determining whether deferred tax assets are considered realizable.

(2) Application of special accounting methods in the preparation of quarterly financial statements: None.

(3) Changes in accounting treatment principles, procedures or presentation method: None.

(4) Notes regarding the going-concern assumption: None.

Consolidated quarterly financial statements

Consolidated quarterly balance sheets

JPY Million

	Semi-annual F.Y. 2010 As of Jun. 30, 2010	F.Y. 2009 As of Dec. 31, 2009
(Assets)		
Current assets		
Cash and deposits	6,123	6,206
Notes and accounts receivable-trade	3,684	3,532
Short-term investment securities	1,926	1,466
Merchandise and finished goods	1,416	1,379
Work in process	101	62
Raw materials and supplies	846	587
Deferred tax assets	342	323
Other	319	706
Allowance for doubtful accounts	28	31
Total current assets	14,732	14,233
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,307	1,347
Machinery, equipment and vehicles, net	154	175
Tools, furniture and fixtures, net	340	381
Land	1,203	1,203
Construction in progress	13	8
Total property, plant and equipment	3,018	3,115
Intangible assets		
Goodwill	128	149
Other	207	263
Total intangible assets	336	413
Investments and other assets		
Investment securities	2,196	2,010
Deferred tax assets	633	647
Other	361	371
Allowance for doubtful accounts	50	56
Total investments and other assets	3,140	2,972
Total noncurrent assets	6,495	6,502
Total assets	21,227	20,735

JPY Million

	Semi-annual F.Y. 2010 As of Jun. 30, 2010	F.Y. 2009 As of Dec. 31, 2009
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	918	660
Short-term loans payable	212	77
Current portion of long-term loans payable	-	6
Income taxes payable	225	44
Deferred tax liabilities	8	18
Provision for bonuses	89	75
Provision for directors' bonuses	4	-
Other	669	668
Total current liabilities	2,129	1,552
Noncurrent liabilities		
Deferred tax liabilities	70	69
Deferred tax liabilities for land revaluation	6	6
Provision for retirement benefits	718	695
Provision for directors' retirement benefits	404	382
Other	16	16
Total noncurrent liabilities	1,216	1,170
Total liabilities	3,345	2,722
(Net assets)		
Shareholders' equity		
Capital stock	2,798	2,798
Capital surplus	3,653	3,653
Retained earnings	12,007	11,834
Treasury stock	537	537
Total shareholders' equity	17,921	17,748
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	36
Revaluation reserve for land	10	10
Foreign currency translation adjustment	1,176	886
Total valuation and translation adjustments	1,173	839
Subscription rights to shares	3	2
Minority interests	1,130	1,101
Total net assets	17,881	18,013
Total liabilities and net assets	21,227	20,735

Consolidated quarterly statements of income

JPY Million

	Semi-annual F.Y. 2009 From Jan. 1to Jun. 30, 2009	Semi-annual F.Y. 20010 From Jan. 1to Jun. 30, 2010
Net sales	7,260	8,164
Cost of sales	3,642	3,885
Gross profit	3,617	4,279
Selling, general and administrative expenses	3,522	3,522
Operating income	94	756
Non-operating income		
Interest income	37	44
Equity in earnings of affiliates	-	3
Foreign exchange gains	58	-
Rent income	10	7
Other	21	42
Total non-operating income	128	97
Non-operating expenses		
Interest expenses	2	1
Equity in losses of affiliates	15	-
Loss on investments in partnership	32	20
Foreign exchange losses	-	69
Rent expenses	13	12
Other	5	4
Total non-operating expenses	69	108
Ordinary income	153	745
Extraordinary income		
Gain on sales of noncurrent assets	0	2
Gain on sales of investment securities	-	0
Reversal of allowance for doubtful accounts	-	2
Total extraordinary income	0	5
Extraordinary loss		
Loss on retirement of noncurrent assets	1	1
Loss on valuation of investment securities	96	1
Provision of allowance for doubtful accounts	30	-
Impairment loss	-	26
Total extraordinary losses	128	29
Income before income taxes and minority interests	25	721
Income taxes-current	97	239
Income taxes-deferred	109	10
Total income taxes	11	250
Minority interests in income (loss)	18	48
Net income	55	422

Consolidated quarterly statements of cash flows

JPY Million

	Semi-annual F.Y. 2009 From Jan. 1 to Jun. 30, 2009	Semi-annual F.Y. 2010 From Jan. 1 to Jun. 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	25	721
Depreciation and amortization	278	233
Amortization of goodwill	65	21
Increase (decrease) in provision for retirement benefits	44	24
Increase (decrease) in provision for directors' retirement benefits	4	22
Increase (decrease) in allowance for doubtful accounts	39	6
Increase (decrease) in provision for bonuses	23	13
Interest and dividends income	41	54
Interest expenses	2	1
Foreign exchange losses (gains)	14	2
Equity in (earnings) losses of affiliates	15	3
Loss (gain) on sales and valuation of investment securities	96	0
Loss (gain) on sales and retirement of noncurrent assets	1	0
Impairment loss	-	26
Decrease (increase) in notes and accounts receivable-trade	797	297
Decrease (increase) in inventories	410	439
Increase (decrease) in notes and accounts payable-trade	318	395
Other, net	31	206
Subtotal	1,461	868
Interest and dividends income received	35	48
Interest expenses paid	2	1
Income taxes (paid) refund	319	181
Net cash provided by (used in) operating activities	1,175	1,096
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	2,048	1,247
Proceeds from sales and redemption of securities	1,798	949
Purchase of investment securities	0	480
Proceeds from sales of investment securities	1	160
Purchase of property, plant and equipment	107	118
Proceeds from sales of property, plant and equipment	0	4
Purchase of intangible assets	67	13
Payments of loans receivable	7	10
Collection of loans receivable	7	9
Net cash provided by (used in) investing activities	422	745
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3	150
Repayment of long-term loans payable	6	6
Cash dividends paid	329	248
Cash dividends paid to minority shareholders	35	16
Other, net	1	0
Net cash provided by (used in) financing activities	369	121
Effect of exchange rate change on cash and cash equivalents	281	199
Net increase (decrease) in cash and cash equivalents	664	29
Cash and cash equivalents at beginning of period	5,683	6,447
Cash and cash equivalents at end of period	6,347	6,476

Overseas sales information

Semi-annual F.Y. 2009 from Jan. 1 to Jun. 30, 2009

JPY Million

	N.America	Europe	Asia	Others	Total
Overseas sales	661	2,447	851	325	4,285
Consolidated sales	-	-	-	-	7,260
Ratio of overseas sales to consolidated sales	9.1%	33.7%	11.7%	4.5%	59.0%

Semi-annual F.Y. 2010 from Jan. 1 to Jun. 30, 2010

JPY Million

	N.America	Europe	Asia	Others	Total
Overseas sales	689	3,157	980	424	5,251
Consolidated sales	-	-	-	-	8,164
Ratio of overseas sales to consolidated sales	8.4%	38.7%	12.0%	5.2%	64.3%