

OPTEX.CO.,LTD.

**Consolidated Second Quarter of F.Y. 2011
Presentation (Jan.1 to Jun.30, 2011)**

August 4th, 2011 in Tokyo



The Japan Earthquake



OPTEX would like to extend our sincerest condolences to the victims of the Great East Japan Earthquake.

■ Impact on first half earnings

There was no significant impact on earnings.

[Initiatives of the OPTEX Group to avoid impact]

The Group changed the design of products whose components have become difficult to procure, so that alternative components can be used.

OPTEX will contribute to Japan's recovery through our core business.

1. 2011 Jun 2QT Consolidated Financial Report

- 1-1. Summary of first half
- 1-2. Outlook in Business Segments
- 1-3. Free Cash Flow
- 1-4. 2011 Prospects

2. Pursuit of Sustained Growth

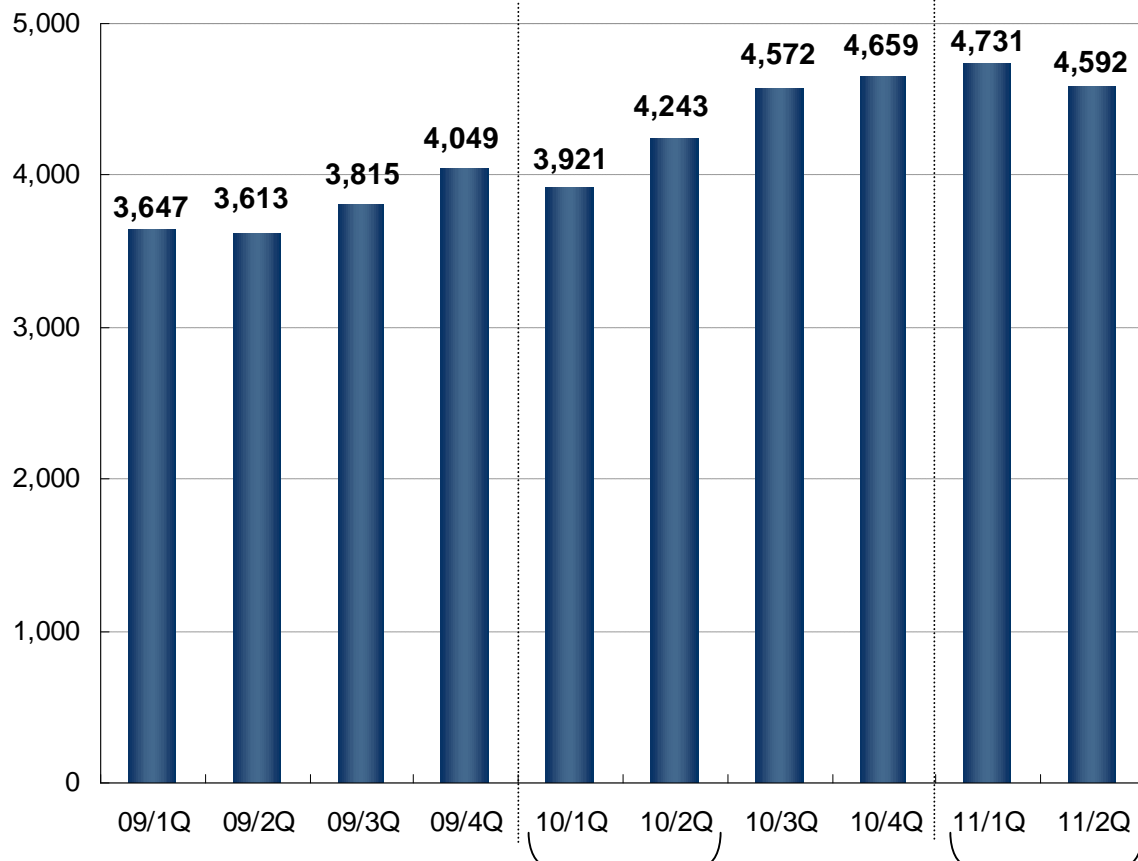
- (Mid-Term Management Plan review)
- 2-1. Focused efforts to open markets in emerging economies
- 2-2. Energy Conservation Solution Suggestions
- 2-3. Topics
- 2-4. Mid-Term Earnings Forecast

1. 2011 Jun 2QT Consolidated Financial Report

1-1. Summary of first half : Net Sales



(Unit : Million yen)



8,164
 2010 first half result
 USD 91
 GBP 139
 EURO 121

9,323
 2011 first half result
 USD 82
 GBP 133
 EURO 115

■ The factor of change in net sales (year-to-year comparison)

+14.2% +1,159 million yen

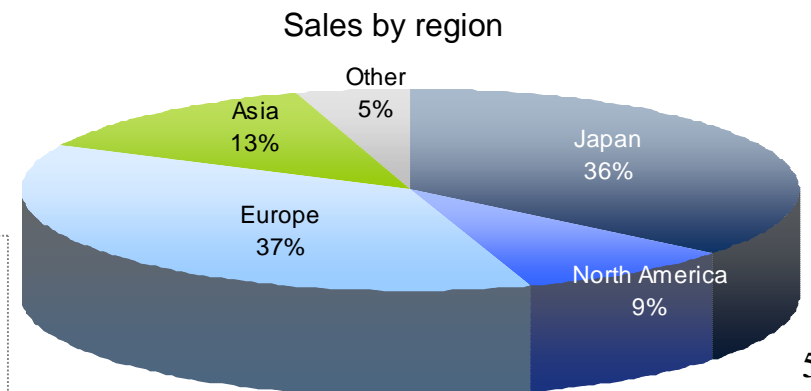
- Capital investment is recovering in manufacturing and other industries in and out of Japan and demand for OPTEx products is growing steadily after having bottomed out.

[Sensing Products Business]

- > Security Sensors +13%
- > Automatic Door Sensors +11%

[Factory Automation Business] +17%

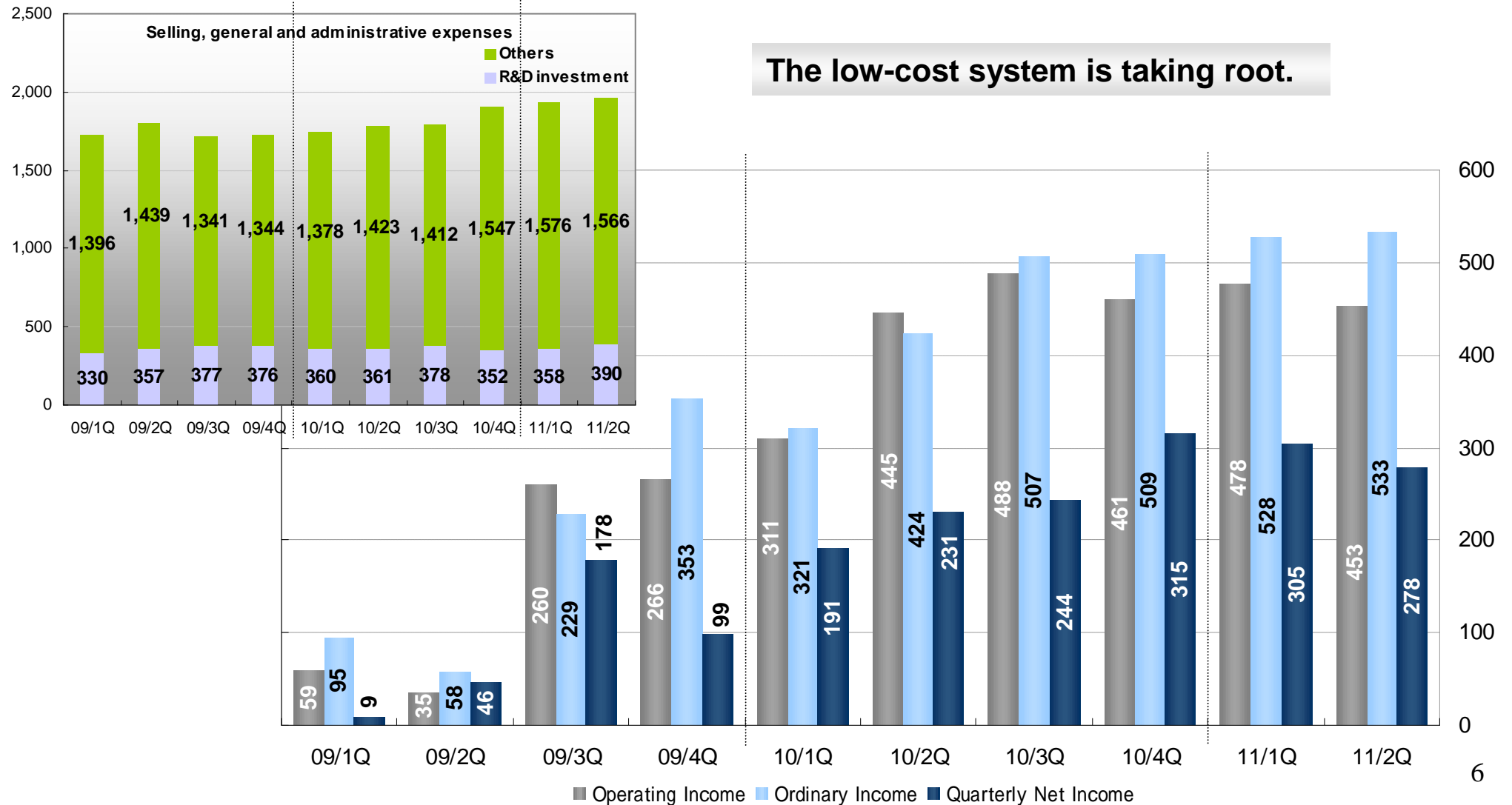
- Impact of exchange rate -241 million yen



1-1. Summary of first half : Operating Income



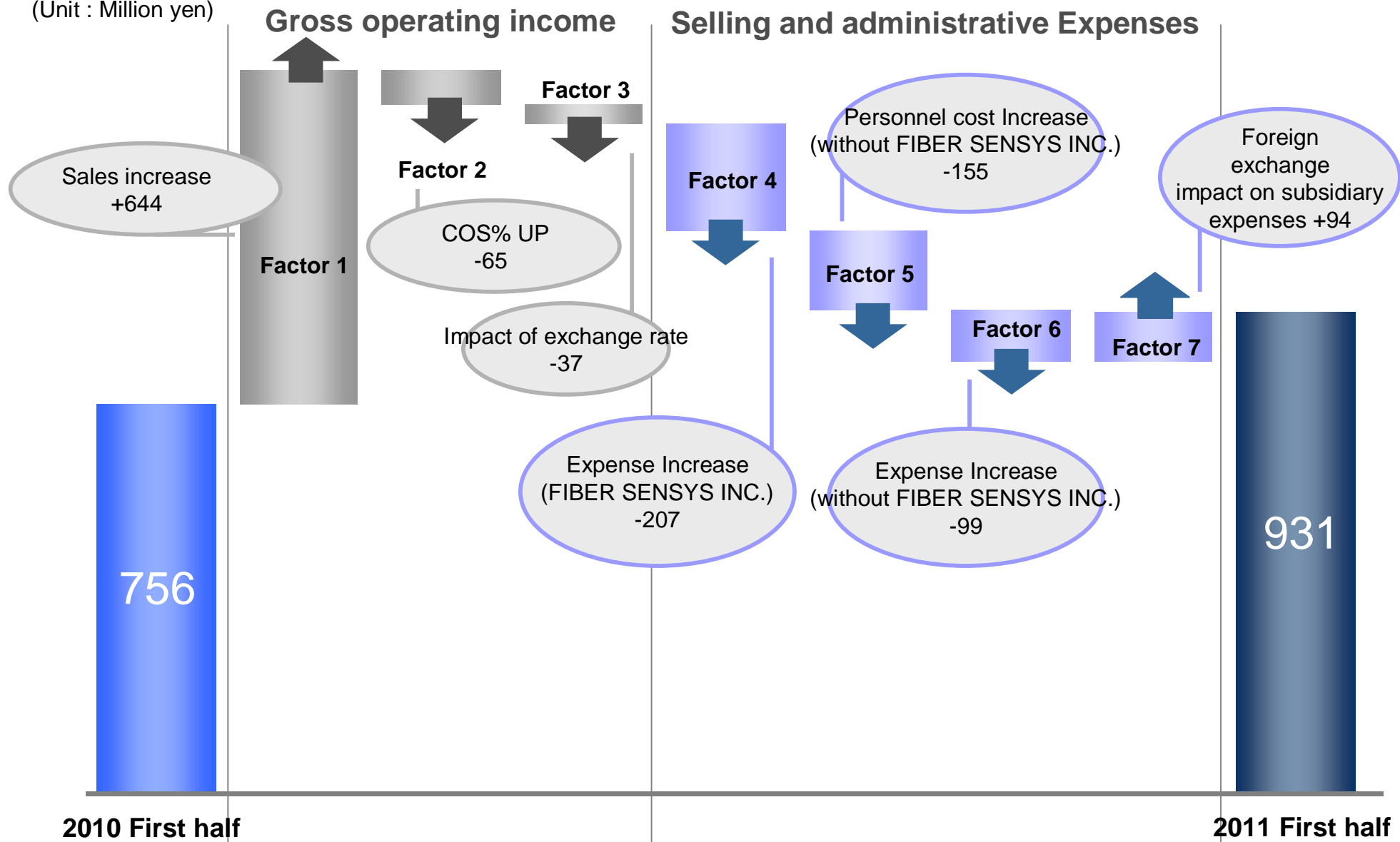
(Unit : Million yen)



1-1. Summary of first half : Factors of change in Operating Income



(Unit : Million yen)



1-2. Outlook in Business Segments



(Unit : Million yen)

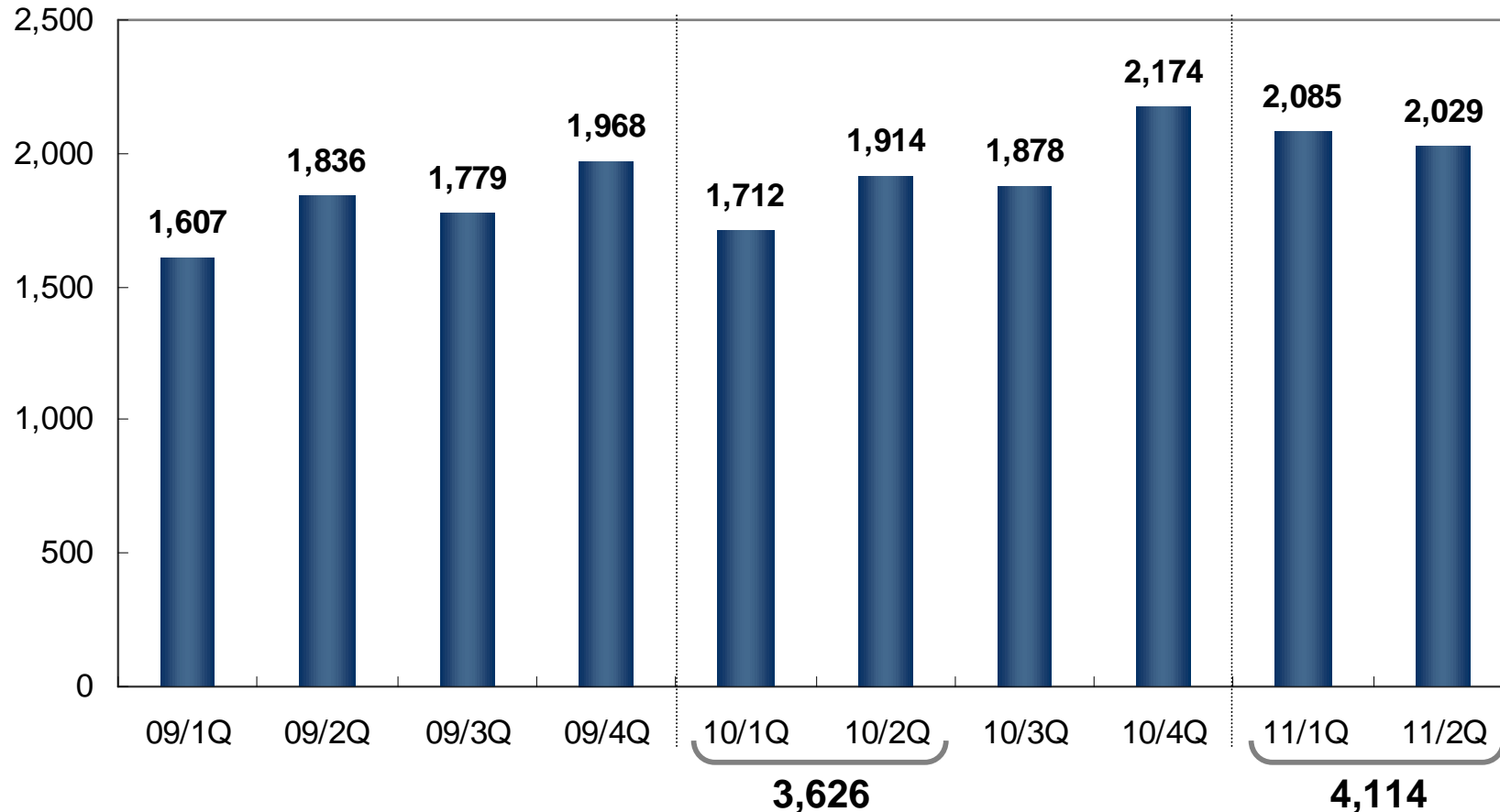
		2010 first half	2010 second half	2011 first half
Sensing Products Business	Security Sensors	3,626	4,052	4,114
	Automatic Door Sensors	1,390	1,466	1,539
	others	249	275	307
subtotal		5,265	5,793	5,960
Factory Automation Business		2,054	2,454	2,395
Contract Manufacturing Service		285	357	236
Other Businesses		560	627	732
total		8,164	9,231	9,323

1-2. Outlook in Business Segments

Sensing Products Business Security Sensors



(Unit : Million yen)



■ **Net Sales: 4,114 million yen (year-on-year) +13% +488 million yen**

Japan: Sales to security industry and electrical materials industry were lower than the same period in the prior fiscal year.

Overseas: >Outdoor sensors (an area in which we have high share) did well, especially in major European markets.

>Sales at FIBER SENSYS, which became subject to consolidated accounting in Q3 last year, mainly added to sales in North America and Asia (inc. the Middle East).

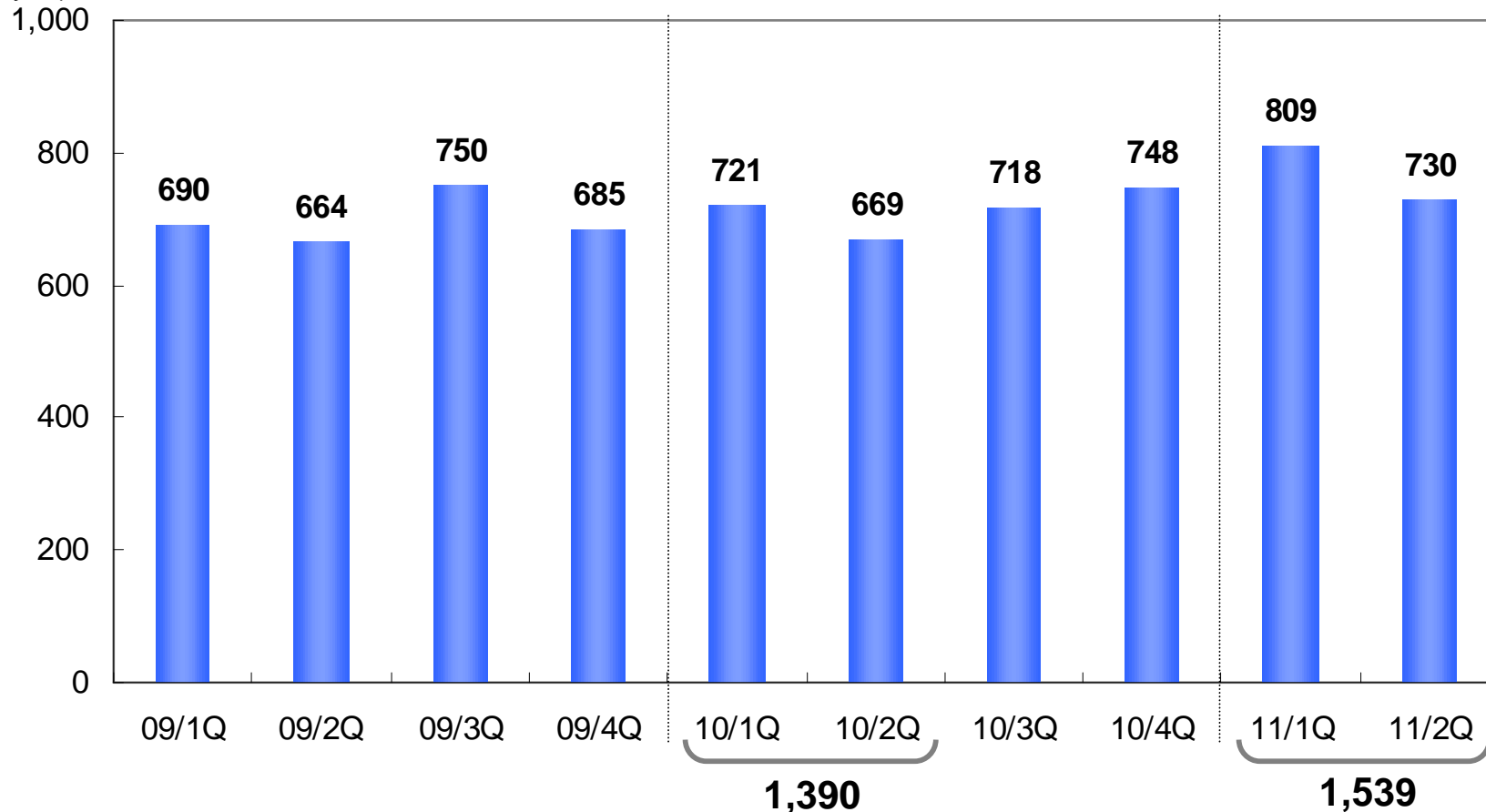
1-2. Outlook in Business Segments

Sensing Products Business

Automatic Door Sensors



(Unit : Million yen)



■ **Net Sales : 1,539 million yen (year-on-year) +11% +149 million yen**

Japan: The number of automatic doors installed grew steadily, so that sales of automatic door sensors surpassed those for the same period in the prior fiscal year.

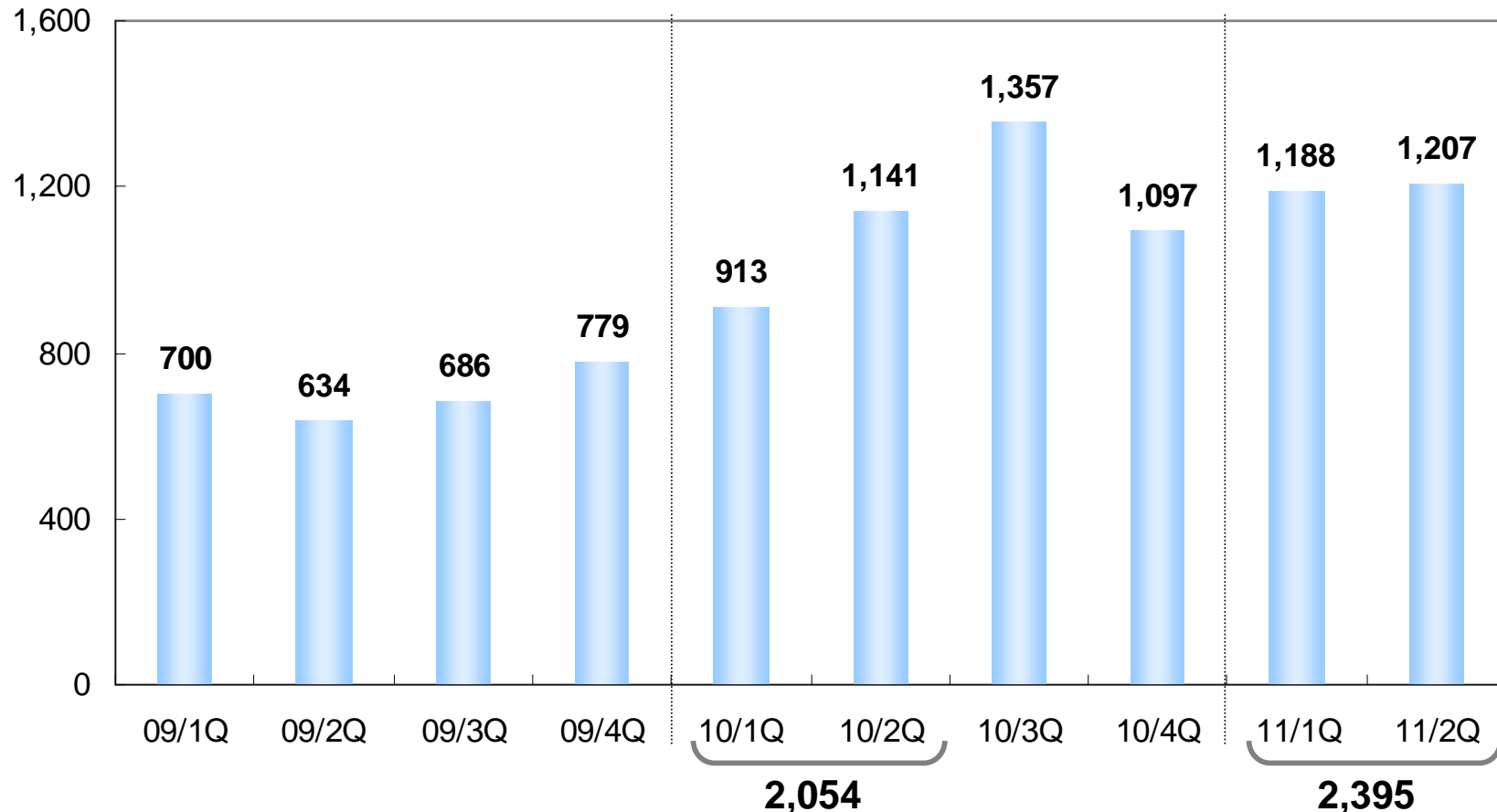
Overseas: Our share grew steadily, but sales were only slightly greater than the same period in the prior fiscal year because of the strong yen.

1-2. Outlook in Business Segments

Factory Automation Business



(Unit : Million yen)



■ **Net Sales : 2,395 million yen (year-on-year) +17% +341 million yen**

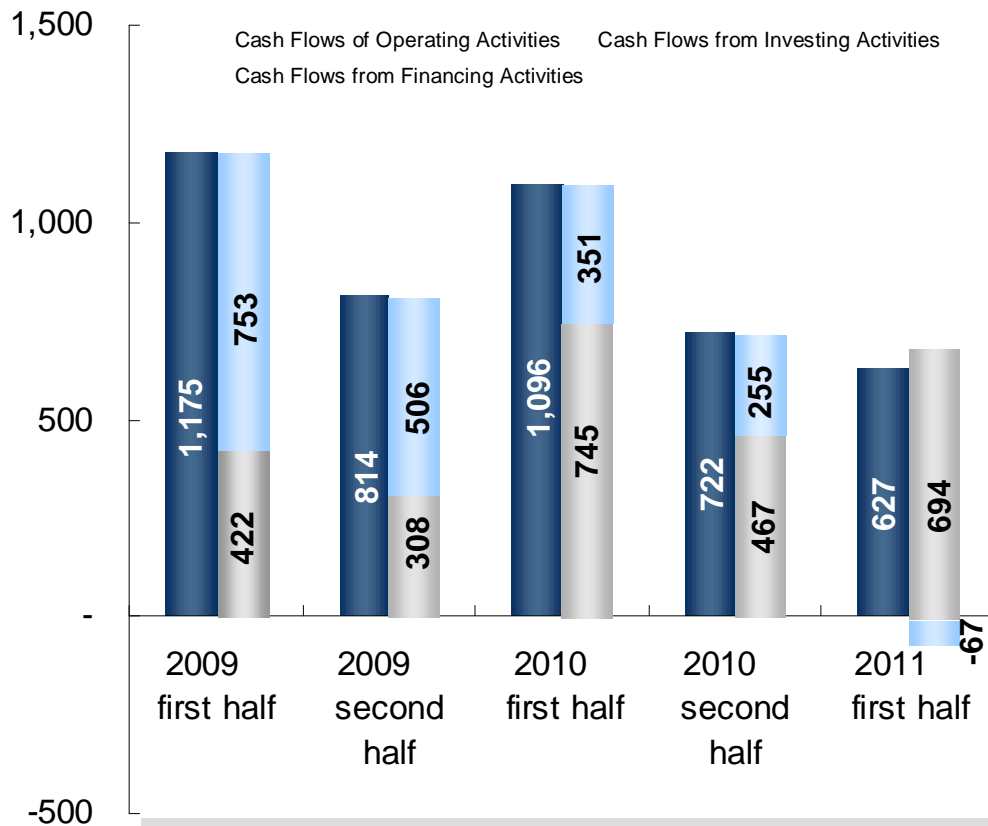
Japan: Sales were strong for the industries of food, medical supplies and cosmetics as well as for displacement sensors for the liquid crystal display sector and other specific applications.

Overseas: Manufacturing capital investment grew in Europe and Asia, leading sales to surpass the same period in the prior fiscal year.

1-3. Free Cash Flows



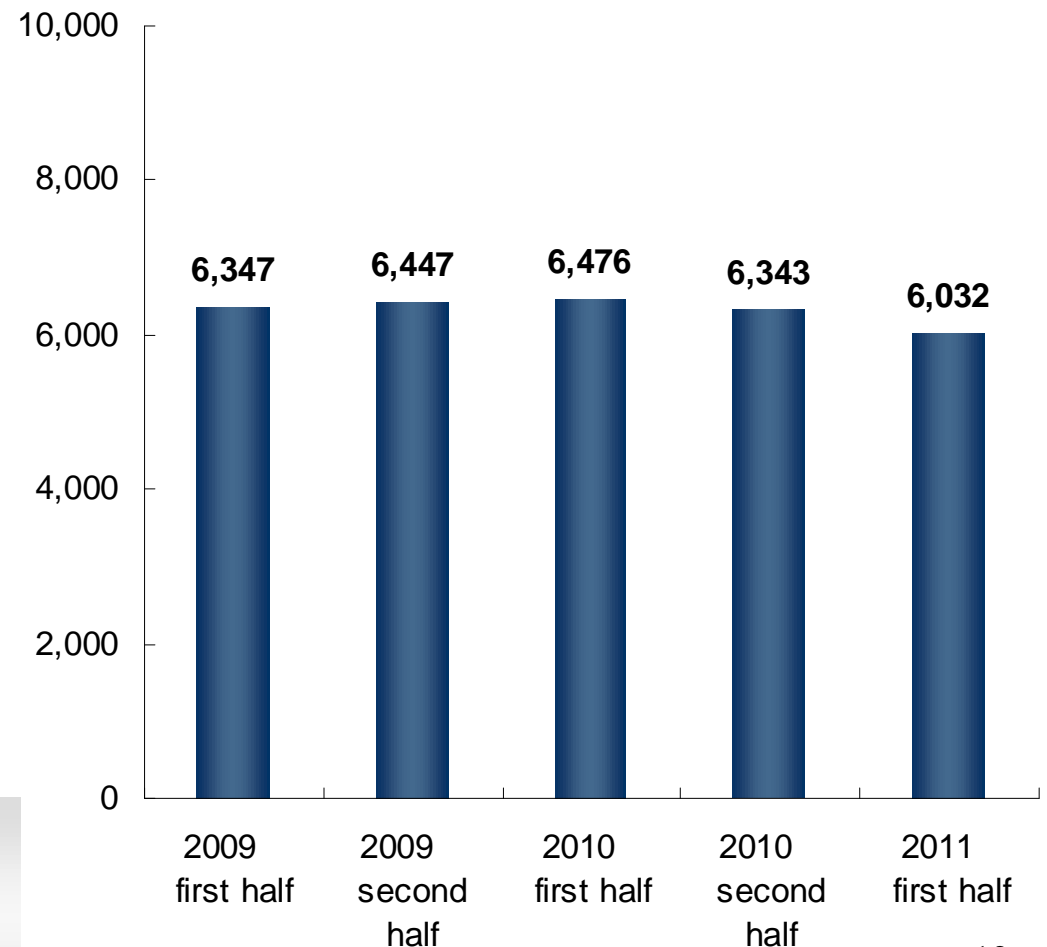
(Unit: million yen)



➤ Because corporate income taxes, which were recorded as +181 (refund) for the same period in the prior fiscal year, were -449 (payment) this term, cash flow from operations fell compared to the same period in the prior fiscal year.

(Unit: million yen)

Cash and Cash Equivalents



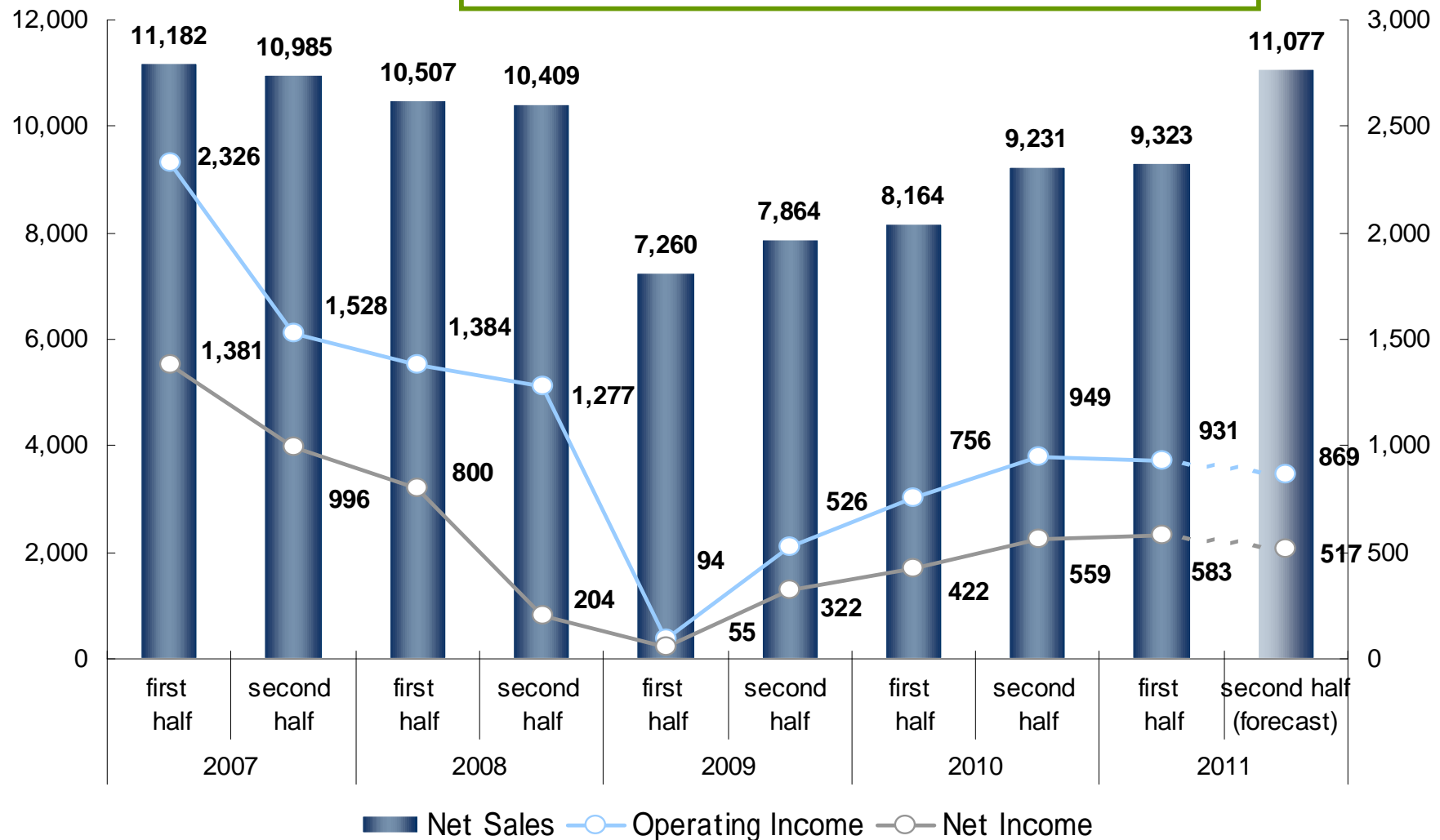
1-4. Projection of second half



Earnings projections for the year unchanged

- We are actively developing and marketing new products to meet our "Mid-Term Management Plan"
- The direction of the euro is uncertain

(Unit: million yen)



1-4. Assumed exchange rate / Exchange sensitivity



1. Assumed exchange rate

(Unit : yen)

	2010 result	2011 plan at the beginning of the period	2011 first half result	2011 second half projection
USD	88	85	82	85
GBP	136	130	133	130
EURO	116	110	115	110

2. Impact on our full-year performance by a-yen appreciation

(Unit : Million yen)

	Net Sales	Operating Income
USD	- 48	+ 26
GBP	- 8	- 4
EURO	- 16	- 13

2. Pursuit of Sustained Growth (Mid-Term Management Plan review)

2. Pursuit of Sustained Growth (Mid-Term Management Plan review)



2-1 . Focused efforts to open markets in emerging economies

2-2 . Energy Conservation Solution Suggestions

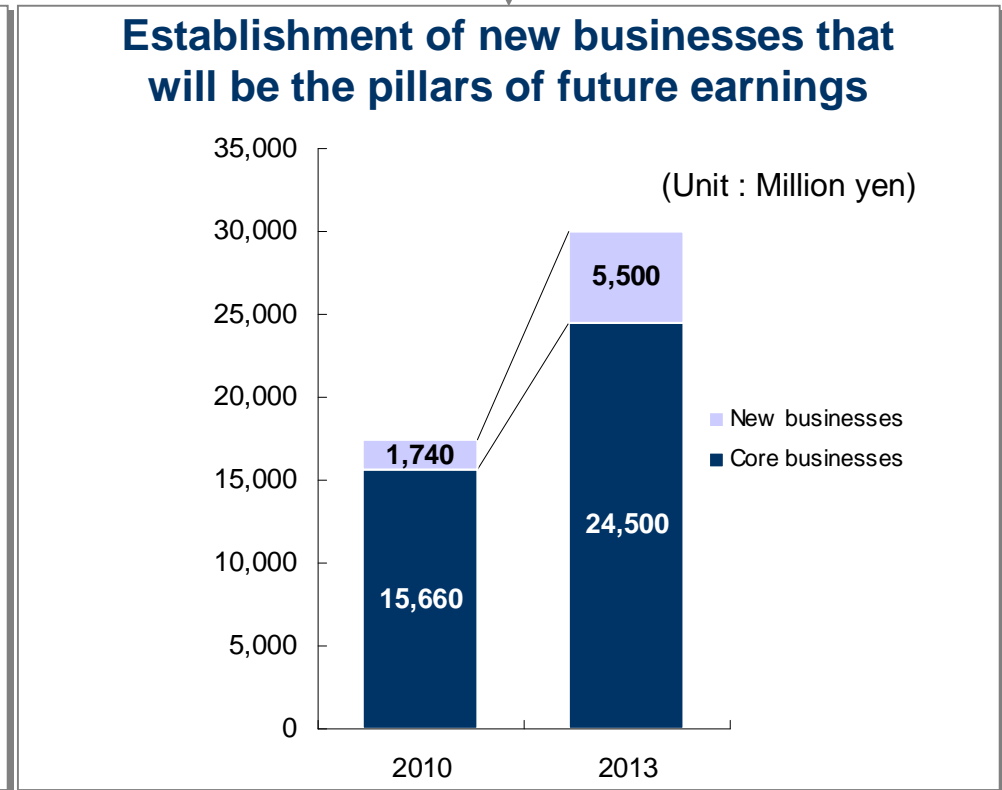
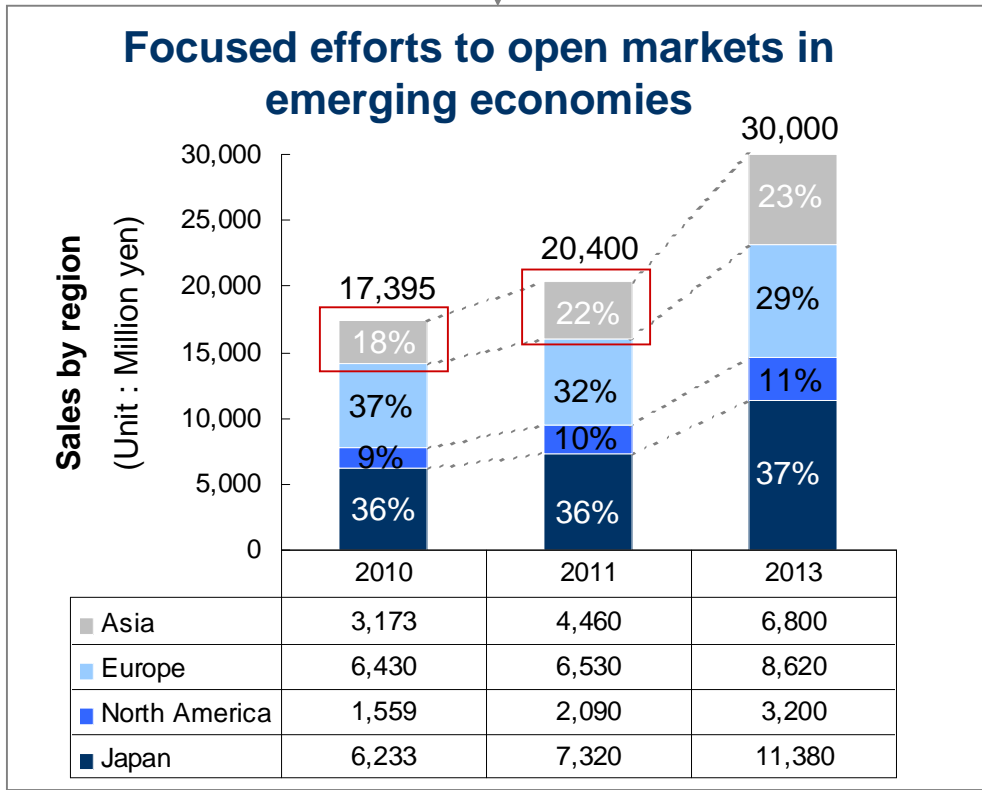
2-3 . Topics

2-4 . Mid-Term Earnings Forecast

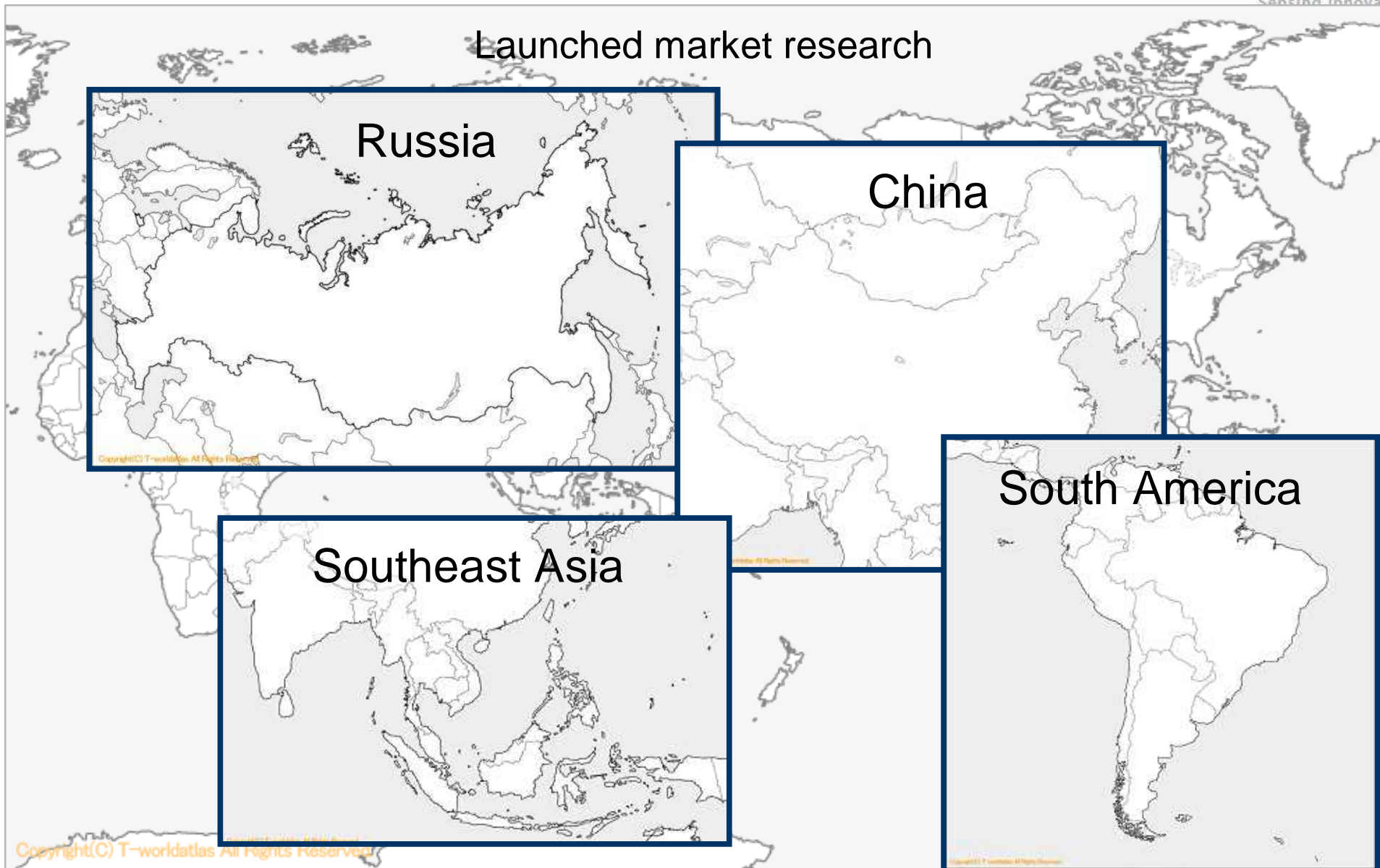
2. Pursuit of Sustained Growth (Mid-Term Management Plan review)



Mid-Term Management Plan review Focus on Growth (Businesses/Products/Regions)



2-1. Focused efforts to open markets in emerging economies



2-1. Focused efforts to open markets in emerging economies [Russia]

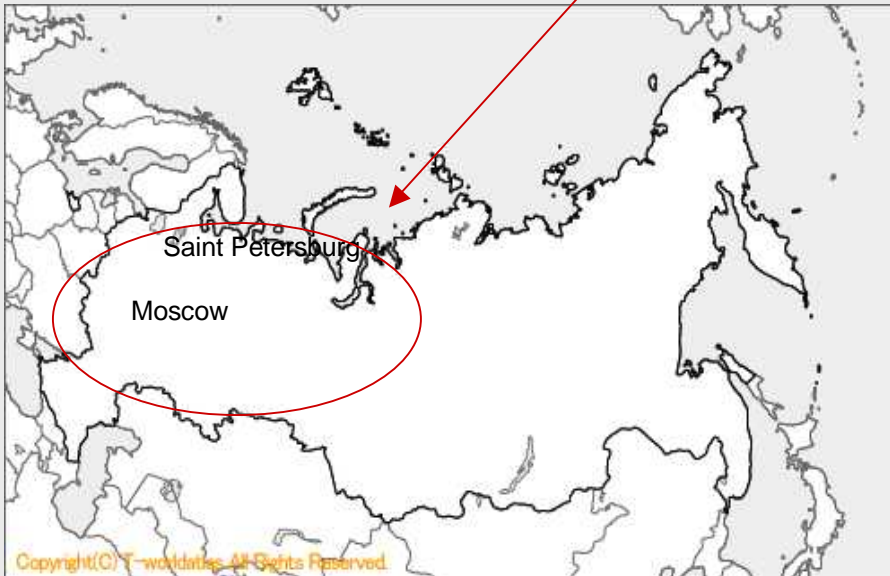


Russian market overview

- Land area: the world's largest
(11.5% of world's land area, compared to 6.5% for US and China, or 46 times Japan's land area)
- Population: 140 million (272 million total for CIS)

- Concentrated markets: easy to make sales
- Heterogeneous country: much crime

➤ The size of the CIS (Commonwealth of Independent States) economy (FY2010 forecast) is greater than that of the ASEAN 10 (nominal GDP \$1.8 trillion)



	S&P (foreign currency)	Population (mill.)	GDP-PPP (100 mill. USD)	nominal GDP (100 mill. USD)	per capita GDP (USD)	Real Growth Rate (%)
Russia	BBB	140	22,188	14,769	10,522	4.0
Kazakhstan	BBB+	16	1,933	1,298	8,326	5.4
Belarus	B+	9	1,308	529	5,607	7.2
Customs union total/average		165	25,429	16,596	10,058	-
Ukraine	B+	45	3,027	1,366	3,003	3.7
Uzbekistan	n.a.	28	854	377	1,336	8.0
Azerbaijan	BB+	9	901	522	5,765	4.3
Tajikistan	n.a.	8	145	56	732	5.5
Turkmenistan	n.a.	5	359	199	3,663	9.4
Kyrgyzstan	n.a.	5	118	44	816	- 3.5
Moldova	n.a.	4	105	54	1,514	3.2
Armenia	n.a.	3	171	88	2,677	4.0
CIS total/average		272	31,109	19,302	12,038	-

* Source:IMF Economic Outlook Database October 2010, Standard & Poor's January 2011

2-1. Focused efforts to open markets in emerging economies [Russia]

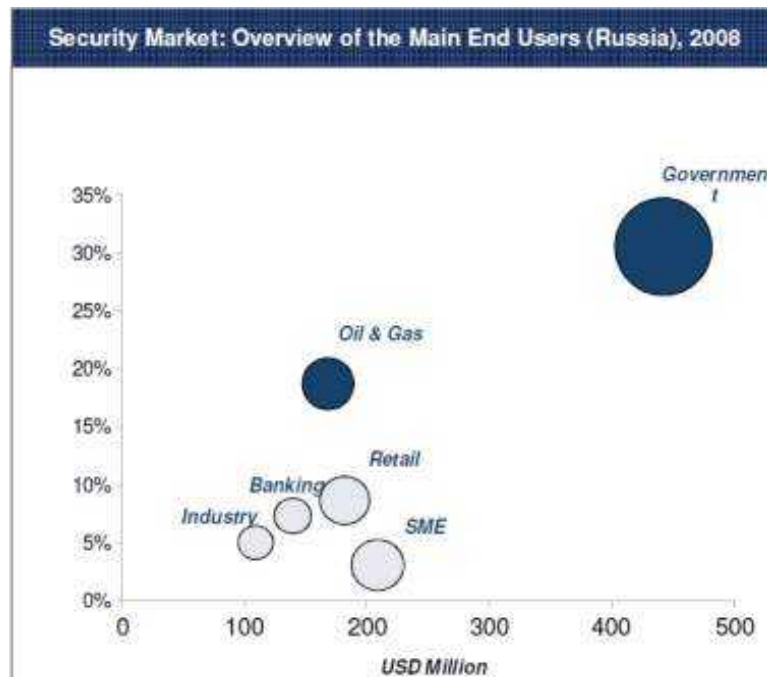


Market size ~Security Market~

Security Market : US\$1.5B

National spending on security even went up in 2008 (the year of the Lehman Shock)
Spending has been on a rising trend since then (growth of 32% from 2007 to 2008)

Big security budgets



Security Market Main End Users

Security Market: Overview of the Main End Users (Russia), 2008			
End Users	Spending on electronic security in 2008 (in mln USD)	Growth '08/'07	Expected Growth/ Drop in 2009
Public Sector	435	+32,1%	+6%
Small & Medium Enterprises	205	+2,4%	-2,0%
Retail trade	175	+8,5%	+2,5%
Oil & Gas	160	+18,7%	+5%
Banking	140	+7,1%	+3%
Industry	110	+4,5	-2,0%

* Source:Frost & Sullivan

2-1. Focused efforts to open markets in emerging economies [China]



Chinese market development

OPTEX (DONGGUAN) developing market mainly through its Shanghai office

Factory Automation Business

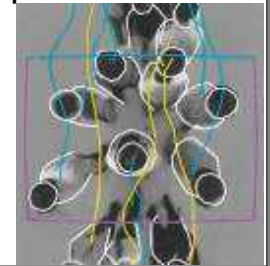
- Focus on displacement sensors, image sensors
- Build stronger relationships with agents (develop markets, expand sales network)
- Develop cost-competitive new products
- Consider setting up new base (foster local sales staff, build up technical support function)



Other Businesses [Customer Traffic Counting Systems]

- Customer traffic counting systems for commercial facilities (Getting many inquiries)
- Large Japan-affiliated retailers speeding up entry into China
- Supplied for theme pavilions at Expo 2010 Shanghai China

High potential for growth



Sensing Products Business [Security Sensors]

- Fiber sensors
Increasing inquiries from airports and other important facilities
- Laser sensors
Started using in prisons and other public facilities
- Developing cost-competitive new products



Sensing Products Business [Automatic Door Sensors]

- Hire automatic door sensor salespeople in Shanghai office
Preparing Chinese sales and sales expansion system
- Developing cost-competitive new products

2-1. Focused efforts to open markets in emerging economies [South America]



Currently, we have posted people to be in charge of South America and have begun market research

Automatic door market research

The automatic door market has not yet begun to be developed in South America

Currently doing market research to look for business opportunities for the OPTEX Group

Looking at potential for expanding Security Products Business

Start of research aiming to double South American sales in 2013

South America has the three cities with worst crime rate among major cities in industrializing countries

*Crime rate: Percentage of population victimized by crime

1. Buenos Aires (Argentina): 61.1%
2. Bogota (Colombia): 54.6%
3. Rio de Janeiro (Brazil): 44.0%

(Source: UNDP "Human Development Report 2005")

2-1. Focused efforts to open markets in emerging economies [Southeast Asia]



Start of market research: Alarm market

Indoor sensor market

Annual market growth approx. 7%

(Source: OPTeX CO., LTD. Research)

Next China study

Start of research that considers production base risk hedging and globalization

China: Inexpensive labor and huge market

Rising renminbi, rising labor costs, increasing attrition rate

Survey of current conditions

Visit to Singapore, Malaysia, Thailand, Indonesia

< FTA procurement shipping costs, ability to secure excellent personnel, labor costs, etc. >

2. Pursuit of Sustained Growth (Mid-Term Management Plan review)



2-1 . Focused efforts to open markets in emerging economies

2-2 . Energy Conservation Solution Suggestions

2-3 . Topics

2-4 . Mid-Term Earnings Forecast

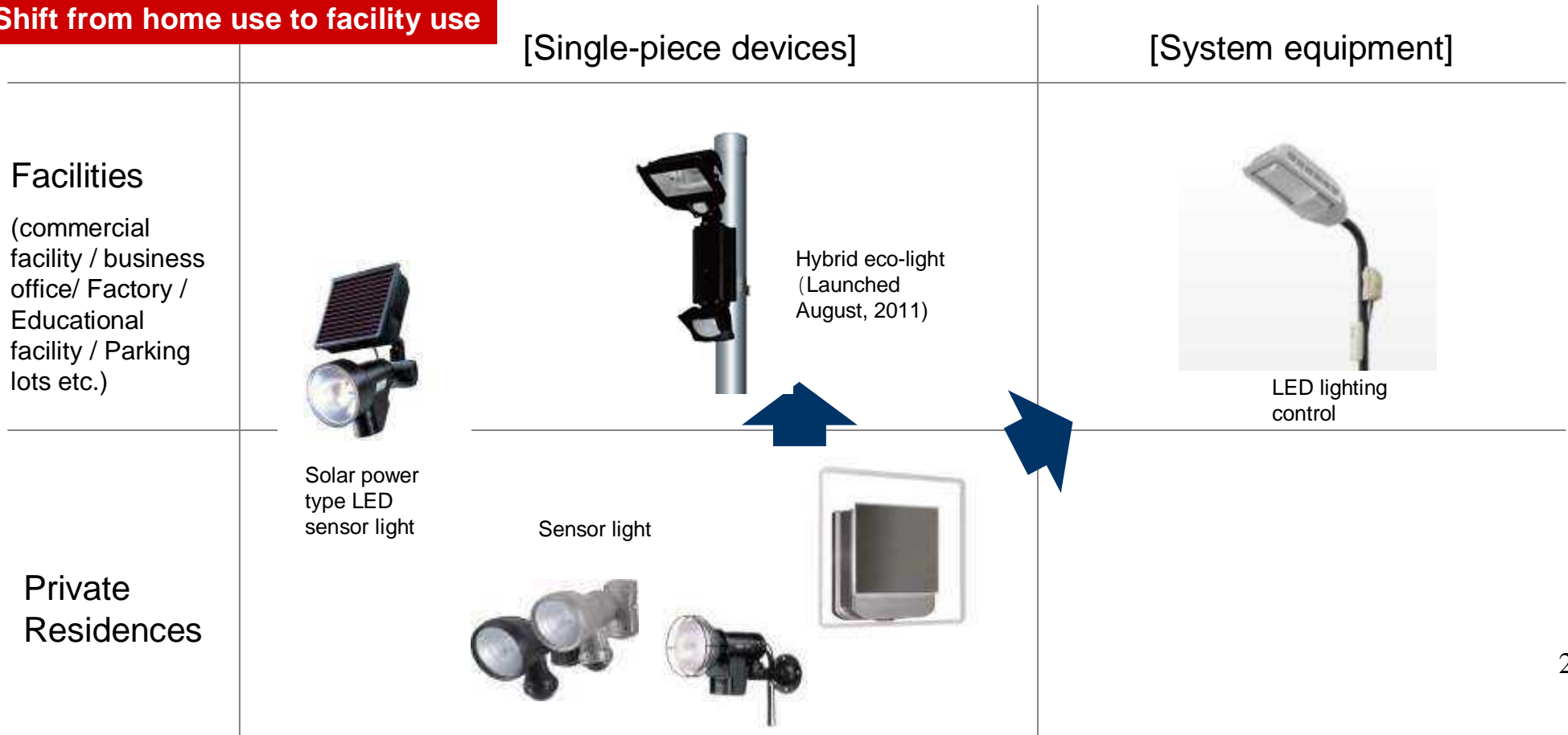
2-2. Energy Conservation Solution Suggestions



Businesses have rising energy-conservation awareness, and demand is booming

Achieving a higher level of energy conservation (up to 90%) with lighting and other control that uses sensing

Shift from home use to facility use



2-2. Energy Conservation Solution Suggestions



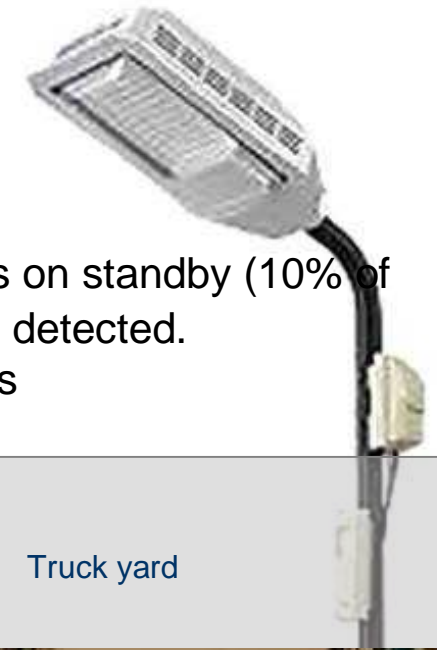
Suggestion No. 1 for lighting suited to its location

Large store parking lots

Launched May, 2010

LED lighting control system

- Features: Provides the brightness you need, when you need it, e.g. stays on standby (10% of ordinary light volume) at night, increasing to 100% when a person or car is detected.
- Inquiries: To install in about 20 places, including large stores and facilities



Application

At Kato parking area(NEXCO-West)

Yacht harbor parking lots

Truck yard



2-2. Energy Conservation Solution Suggestions



Suggestion No. 2 for lighting suited to its location

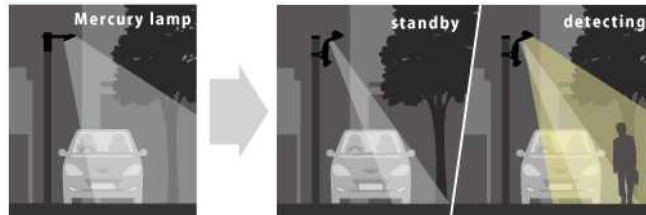
Office parking lot / truck yard

Launched August, 2011

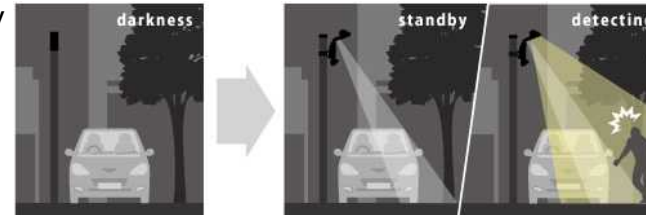
Hybrid eco-light

- Features: Eco-light combines two light sources: LED and halogen lamp.
 - Area is dark Increases light / - Leaving light on is wasteful Conserves energy
 - Safe and convenient Ensures safety / - After business hours Crime deterrent

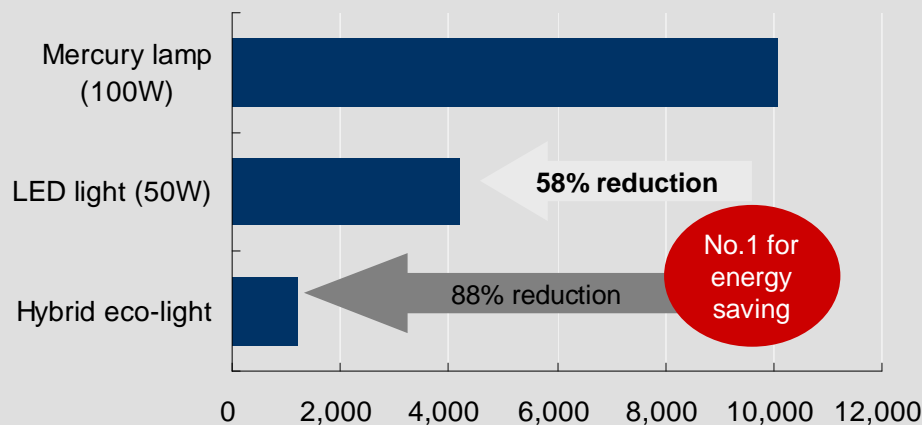
Energy conservation



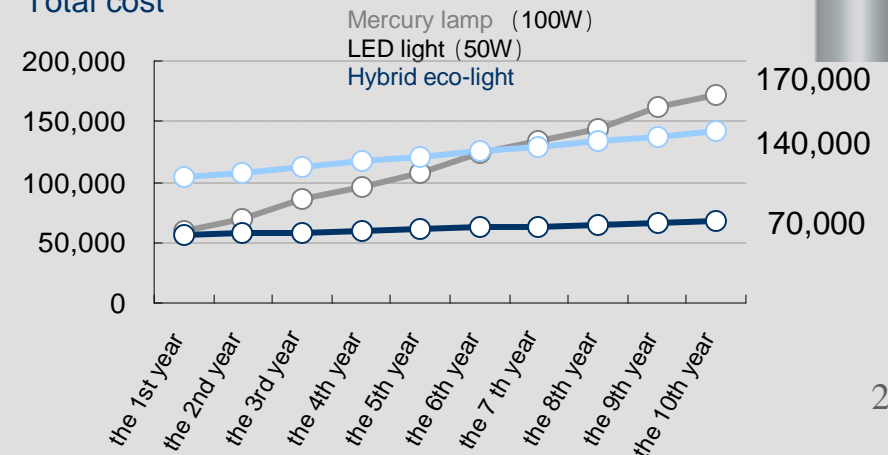
Safety



A yearly electricity cost



Total cost



2-2. Energy Conservation Solution Suggestions



Suggestion No. 3 for lighting suited to its location

Bicycle parking lot, employee entrance

Solar power type LED sensor light

- Features: Runs on solar power and uses low-consumption LED bulb, causing zero CO2 emissions and requiring no power supply
- Solar power type sensor light series sales: (year-on-year) doubling sales



Application

Kindergarten



Pathway for employee



Bicycle parking lots



2-2. Energy Conservation Solution Suggestions



LED lighting control System
“Light control” conserve more energy in your main customer parking lots



“The light you need, when you need it”

Energy conserving Solutions (lighting)

2013 sales target: 1 billion yen

Hybrid eco-light
• For employee parking lots, warehouses
• The light you need, when you need it:
The new concept for energy conservation and confidence

Solar power type LED sensor light
• Easy to install where there is no power supply
• Lights up pathways, bicycle parking lots, etc.

2. Pursuit of Sustained Growth (Mid-Term Management Plan review)



2-1 . Focused efforts to open markets in emerging economies

2-2 . Energy Conservation Solution Suggestions

2-3 . Topics

2-4 . Mid-Term Earnings Forecast

2-3. Topics ~Initiatives for Growth of New Business~

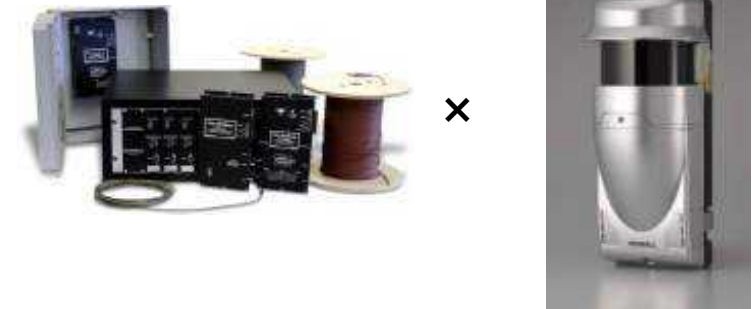


Sensing Products Business [Security Sensors]

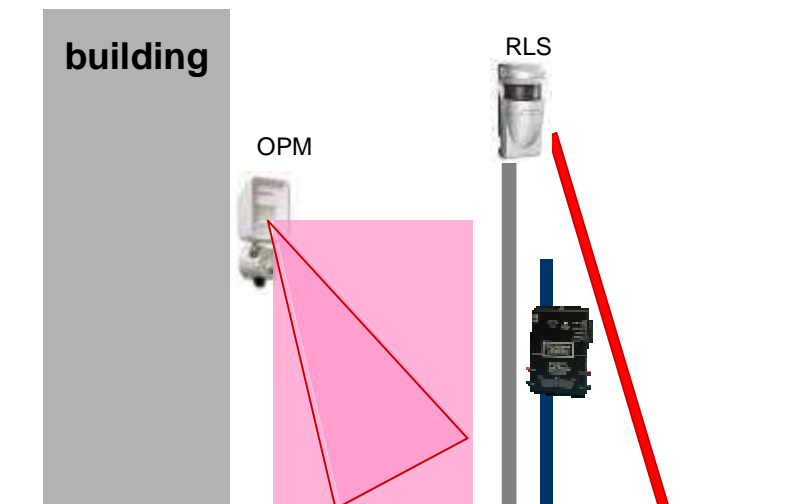
Progress in the high security market

Achieving synergy with fiber sensors and laser sensors

Large European telecommunications company



(image photo)



2. Pursuit of Sustained Growth (Mid-Term Management Plan review)



2-1 . Focused efforts to open markets in emerging economies

2-2 . Energy Conservation Solution Suggestions

2-3 . Topics

2-4 . Mid-Term Earnings Forecast

2-4. Mid-Term Earnings Forecast



(Unit : Million yen)

	2010	2011 forecast	2013 forecast
Net Sales	17,395	20,400	30,000
Operating Income	1,705	1,800	5,000
Net Income	981	1,100	3,000
ROE	5.8%	6%	over 13%
EPS (yen)	59.3 yen	66 yen	181 yen



Sensing Innovation

OPTEX CO.,LTD.

*The data utilized in this presentation was based upon our assumption and estimated information.

The actual business results might be different from the numbers we have shown you here because of various factors.