

January 11, 2010



# Optex Systems Reports Record Year-End Results

RICHARDSON, Texas, Jan. 11, 2010 (GLOBE NEWSWIRE) -- Optex Systems Holdings, Inc. (OTCBB:OPXS), a manufacturer of optical sighting systems and assemblies for the Department of Defense and large defense contractors, is pleased to report the Company's financial results for the fiscal year ended September 27, 2009.

Revenues increased significantly in fiscal 2009 over fiscal 2008. For the fiscal year ended September 27, 2009 revenues increased by \$7.6 million, or 37.8%, over the prior period to \$27.6 million from \$20 million, respectively. The increase in revenues can be attributed to increased demand for the Company's Periscope line attributable to additional orders from General Dynamic Land Systems, as well as the commencement of direct international sales. In fiscal 2009, the net loss was reduced by \$4.8 million to a net loss of \$24,155 in the current fiscal year from a net loss of \$4,831,952 in the same period in the prior year.

During the fiscal year ended September 27, 2009, the Company recorded cost of goods sold of \$24.8 million as opposed to \$18.2 million during the previous year, an increase of \$6.6 million. This increase in cost of goods sold was primarily the result of increased revenue in addition to increased non-cash, intangible amortization charges resulting from the acquisition of Optex Systems Inc. (Texas) assets from Irvine Sensors Corporation on October 14, 2008. In fiscal 2009, intangible amortization expense was \$2 million and is scheduled to decline significantly to \$1 million in fiscal 2010.

Danny Schoening, COO of the Company, commented, "Optex Systems delivered substantial improvement in its operating results in fiscal 2009. As compared to our prior year performance, we have increased our EBITDA by approximately \$2.7 million. This increase is the direct result of increased revenue, higher gross margins and lower general and administrative costs. Given the continued success of our turnaround efforts, we expect to improve operating results over the next 12 months as our product mix shifts towards more profitable programs, and we continue to streamline our production and general and administrative areas. In addition, we intend to leverage our strengths to identify new growth areas for the business, both for existing and new customers. Finally, we identified and strategically partnered with other industry players to jointly pursue exciting new bid opportunities that we hope to win in 2010."

**Optex Systems Holdings, Inc.**  
**(formerly known as Sustut Exploration, Inc.)**  
**Consolidated Statements of Operations**

	Successor For the period October 15, 2008 through September 27, 2009	Predecessor For the period September 29, 2008 through October 14, 2008	Predecessor Twelve Months ended September 28 2008
Revenues	\$26,708,799	\$871,938	\$20,017,209
Total Cost of Sales	<u>24,073,449</u>	<u>739,868</u>	<u>18,164,019</u>
Gross Margin	\$2,635,350	\$132,070	\$1,853,190
General and Administrative			
Salaries and Wages	\$644,861	\$22,028	\$910,854
Employee Benefits & Taxes	227,315	495	190,489
Employee Stock/Option Bonus Plan	39,528	(4,812)	378,716
Amortization of Intangible	404,634	--	223,491
Rent, Utilities and Building Maintenance	210,258	12,493	228,694
Investor Relations	203,696	--	--
Legal and Accounting Fees	434,309	360	223,715
Consulting and Contract Service Fees	220,090	10,527	325,723
Travel Expenses	47,595	--	135,821
Corporate Allocations	--	--	2,076,184
Board of Director Fees	125,000	--	--
Asset Impairment of Goodwill	--	--	1,586,416
Other Expenses	<u>282,136</u>	<u>16,155</u>	<u>227,336</u>
Total General and Administrative	\$2,839,422	\$57,246	\$6,507,440
Operating Income (Loss)	\$(204,072)	\$74,824	\$(4,654,251)
Other Expenses			
Other Income and Expense	\$ --	\$ --	\$(507)
Interest (Income) Expense - Net	<u>170,078</u>	<u>9,492</u>	<u>199,753</u>
Total Other	\$170,078	\$9,492	\$199,246
Income (Loss) Before Taxes	\$(374,150)	\$65,332	\$(4,853,496)
Income Taxes (Benefit)	<u>(284,663)</u>	<u>--</u>	<u>(21,544)</u>
Net Income (Loss) After Taxes	<u><u>\$(89,487)</u></u>	<u><u>\$65,332</u></u>	<u><u>\$(4,831,952)</u></u>
Less preferred stock dividend	\$(186,246)	\$ --	\$ --
Net income (loss) applicable to common shareholders	<u><u>\$(275,733)</u></u>	<u><u>\$65,332</u></u>	<u><u>\$(4,831,952)</u></u>
Basic and diluted earnings (loss) per share	<u><u>\$(0.00)</u></u>	<u><u>\$6.53</u></u>	<u><u>\$(483.20)</u></u>
Weighted Average Common Shares Outstanding	126,290,753	10,000	10,000

The table below summarizes year-over-year operating results in terms of both a GAAP net income measure and a non GAAP EBITDA measure. We use EBITDA as an additional measure for evaluating the performance of our business as "net income" includes the significant impact of noncash intangible amortization on our income performance. Consequently, in order to have a meaningful measure of our operating performance on a continuing basis, we need to also evaluate our business utilizing an income measure that does adjust for the impact of this non-cash charge. We have summarized the annual revenue and margin below along with a reconciliation of the GAAP net loss to the non GAAP EBITDA calculation for comparative purposes. We believe that including both measures allows the reader to have a "complete picture" of our overall performance.

(in millions)

	<u>For the 12 months ended</u>	
	<u>September 27, 2009</u>	<u>September 28, 2008</u>
Net loss applicable to common shareholders	\$ (0.2)	\$ (4.8)
Add:		
Interest expense	0.2	0.2
Preferred stock dividend	0.2	--
Federal income taxes (benefit)	(0.3)	--
Goodwill impairment	--	1.6
Depreciation and amortization	<u>2.2</u>	<u>0.8</u>
EBITDA - Non GAAP	<u>\$ 2.1</u>	<u>\$ (2.2)</u>

## ABOUT OPTEX SYSTEMS

Optex, founded in 1987, is a Richardson, Texas-based ISO 9001:2008 certified concern, which manufactures optical sighting systems and assemblies primarily for Department of Defense (DOD) applications. Optex Systems was previously a wholly-owned subsidiary of Irvine Sensors Corporation. On October 14, 2008, Optex Systems, Inc. (Delaware) acquired the assets of Optex Systems, Inc. (Texas) from Irvine Sensors Corporation, and subsequently became a wholly-owned subsidiary of Optex Systems Holdings, Inc. Its products are installed on a majority of types of U.S. military land vehicles, such as the Abrams and Bradley fighting vehicles, Light Armored and Advanced Security Vehicles and have been selected for installation on the Stryker family of vehicles. Optex also manufactures and delivers numerous periscope configurations, rifle and surveillance sights and night vision optical assemblies. Optex delivers its products both directly to the military services and to prime contractors. For additional information, please visit the Company's website at [www.optexsys.com](http://www.optexsys.com).

## Safe Harbor Statement

This press release and other written reports and oral statements made from time to time by the Company may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. You can identify these forward-looking statements by their use of words such as "expects," "plans," "will," "estimates," "forecasts," "projects" and other words of similar meaning. You can identify them by the fact that they do not relate strictly to

historical or current facts. These statements are likely to address the Company's growth strategy, financial results and product and development programs. You must carefully consider any such statement and should understand that many factors could cause actual results to differ from the Company's forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. You should carefully evaluate such statements in light of factors described in the Company's filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. In various filings, the Company has identified important factors that could cause actual results to differ from expected or historic results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete list of all potential risks or uncertainties.

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