

January 5, 2012



Optex Systems Releases Fiscal 2011 Results

RICHARDSON, Texas, Jan. 5, 2012 (GLOBE NEWSWIRE) -- Optex Systems Holdings, Inc. (OTCBB:OPXS), a leading manufacturer of optical sighting systems and assemblies primarily for Department of Defense applications, today announced operating results for its fiscal year ended October 2, 2011.

Revenues for the year ending October 2, 2011 were \$16.2 million as compared to revenues for the year ending October 3, 2010 of \$22.9 million, representing a decrease of \$6.7 million or 29%. The reduction in revenues was primarily attributable to decreased spending by the U.S government. During the year ending October 2, 2011, net income was \$0.6 million compared to a net loss of \$10 million for the year ended October 3, 2010. The net income in 2011 as compared to the net loss in 2010 is primarily due to the non-recurring \$8 million charge in 2010 for impairment of goodwill and intangible assets and the resulting lower intangible asset amortization expense of \$0.3 million in 2011. The other predominant cause of the positive change from a net loss in 2010 to net income in 2011 was the higher gross margin on revenue primarily attributable to changes in product mix and improved production efficiencies.

Our EBITDA increased by \$0.84 million for the year ending October 2, 2011 as compared to the year ending October 3, 2010, despite the significant decrease in revenues. The increase in EBITDA was primarily the result of a shift in product mix to more profitable product lines combined with the completion of the Howitzer loss programs during the year. In addition, reductions in force and plant reorganization efforts, completed during the second half of 2010, had a positive economic impact on the cost structure for all product lines. We expect this trend to continue into fiscal year 2012 as there are no remaining loss contracts in our backlog and our streamlined infrastructure costs should continue to allow us to be profitable at reduced production volumes.

Danny Schoening, COO of the Company, commented, "During the year ending October 2, 2011, we completed our loss Howitzer contracts. This caused a reduction in revenues, but an increase in gross margin. We expect to continue to experience reductions in the Government's military spending and have therefore continued to focus our business development efforts on international sales. This approach recently generated a \$7.8 million award, which was previously announced on November 7, 2011, and we will continue to seek out attractive international opportunities. We also intend to promote the use of newer technologies in our existing platforms in order to provide our customers and the warfighter with leading products at the best value."

CONFERENCE CALL INFORMATION

On Tuesday, January 10, 2012 at 4:15 PM EST, the Company will host a conference call to discuss its fiscal year 2011 results. Analysts and investors interested in participating in the

Conference Call should call (877) 407-0778 (domestic) or (201) 689-8565 (international), to access the call.

For those who are unavailable to listen to the live broadcast, a recording of the conference call will be available 48 hours after the call on our website. Click on the Investor Relations link to access the replay.

ABOUT OPTEX SYSTEMS

Optex, which was 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. Its products are installed on various types of U.S. military land vehicles, such as the Abrams and Bradley fighting vehicles, Light Armored and Armored 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.

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.

Optex Systems Holdings, Inc.
Consolidated Statements of Operations

	(Thousands)	
	<u>Twelve months ended</u>	
	<u>October 2, 2011</u>	<u>October 3, 2010</u>
Revenues	\$ 16,227	\$ 22,902
Total Cost of Sales	<u>13,741</u>	<u>22,033</u>
Gross Margin	\$ 2,486	\$ 869
General and Administrative	<u>2,408</u>	<u>10,706</u>
Operating Income (Loss)	\$ 78	\$ (9,837)
<i>Other Expenses</i>		
Interest (Income) Expense - Net	<u>74</u>	<u>89</u>
Total Other	\$ 74	\$ 89
Income (Loss) Before Taxes	\$ 4	\$ (9,926)
Current Income Taxes (Benefit)	--	(32)
Deferred Income Taxes (Benefit)	<u>(587)</u>	<u>(282)</u>
Net Income (Loss) After Taxes	<u>\$ 591</u>	<u>\$ (9,612)</u>
Less preferred stock dividend	\$ (413)	\$ (390)
Net income (loss) applicable to common shareholders	<u>\$ 178</u>	<u>\$ (10,002)</u>
Basic and diluted income (loss) per share	<u><u>\$ 0.00</u></u>	<u><u>\$ (0.07)</u></u>
Weighted Average Common Shares Outstanding	139,444,940	139,444,940

The accompanying notes are an integral part of these financial statements

Optex Systems Holdings, Inc.
Consolidated Balance Sheets

(Thousands)	
<u>October 2,</u>	<u>October 3,</u>
2011	2010

ASSETS

Current Assets

Cash	\$ 1,514	\$ 1,030
Accounts Receivable	2,392	2,375
Deferred Tax Asset - Short Term	--	376
Net Inventory	4,088	5,890
Prepaid Expenses	17	245
<i>Total Current Assets</i>	<u>\$ 8,011</u>	<u>\$ 9,916</u>
<i>Property and Equipment</i>		
Property Plant and Equipment	\$ 1,488	\$ 1,457
Accumulated Depreciation	(1,227)	(1,161)
<i>Total Property and Equipment</i>	<u>\$ 261</u>	<u>\$ 296</u>
<i>Other Assets</i>		
Deferred Tax Asset - Long Term	\$ 1,204	\$ 617
Security Deposits	21	21
<i>Total Other Assets</i>	<u>\$ 1,225</u>	<u>\$ 638</u>
<i>Total Assets</i>	<u><u>\$ 9,497</u></u>	<u><u>\$ 10,850</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<i>Current Liabilities</i>		
Accounts Payable	\$ 716	\$ 763
Accrued Expenses	547	574
Accrued Warranties	25	25
Accrued Contract Losses	--	1,357
Credit Facility	507	1,107
<i>Total Liabilities</i>	<u>\$ 1,795</u>	<u>\$ 3,826</u>
<i>Stockholders' Equity</i>		
Optex Systems Holdings, Inc. – (par \$0.001, 2,000,000,000 authorized, 139,444,940 shares issued and outstanding)	\$ 139	\$ 139
Optex Systems Holdings, Inc. Preferred Stock (\$0.001 par 5,000 authorized, 1,027 series A preferred issued and outstanding)	--	--
Additional Paid-in-capital	17,662	17,162
Retained Earnings (Deficit)	(10,099)	(10,277)
<i>Total Stockholders' Equity</i>	<u>\$ 7,702</u>	<u>\$ 7,024</u>
<i>Total Liabilities and Stockholders' Equity</i>	<u><u>\$ 9,497</u></u>	<u><u>\$ 10,850</u></u>

The accompanying notes are an integral part of these financial statements

(Thousands)

FY 2011 FY 2010

Net Loss Applicable to Common Shareholders - GAAP	\$ 178	\$ (10,002)
<i>Add:</i>		\$ --
Interest Expense	\$ 74	\$ 89
Preferred Stock Dividend	\$ 413	\$ 390
Federal Income Taxes (Benefit)	\$ (587)	\$ (282)
Asset Impairment	\$ --	\$ 8,038
Depreciation & Amortization	<u>\$ 66</u>	<u>\$ 1,072</u>
EBITDA - Non GAAP	<u>\$ 144</u>	<u>\$ (695)</u>

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