

August 16, 2010



Optex Systems Releases Fiscal 2010 Third Quarter Financial Results

RICHARDSON, Texas, Aug. 16, 2010 (GLOBE NEWSWIRE) -- Optex Systems Holdings, Inc. (OTCBB:OPXS), a leading manufacturer of optical sighting systems and assemblies primarily for Department of Defense applications, reported operating results for its third fiscal quarter ended June 27, 2010.

Revenues for the third fiscal quarter ended June 27, 2010 were \$5.9 million as compared to revenues during the same period one year ago of \$7.0 million, representing a decrease of 16%. Revenues for the nine months ended June 27, 2010 were \$18.1 million versus \$21.0 million for the corresponding period in the prior year, representing a decrease of 14%. The reduction in revenues was primarily attributable to decreased spending by the U.S. government. During the three months ended June 27, 2010, the Company recorded a net loss of \$0.3 million, as compared to a net loss of \$0.3 million for the three months ended March 29, 2009. For the nine months ended June 27, 2010, the net loss was \$0.4 million compared to a net loss of \$0.7 million for the nine months ended June 28, 2009. Despite reduced revenues during both the three and nine month periods, the net loss was consistent year-over-year for the quarter and lower for the nine month period. The revenue decrease during both periods was offset by cost reductions implemented by the company, including an approximately 24% reduction in force, and a reduction in intangible amortization over the prior year.

Our EBITDA declined by \$1.1 million for the nine months ended June 27, 2010 as compared to the prior year performance for the same period. The EBITDA reduction for the period was primarily attributable to a \$2.9 million reduction in revenues, lower product margins related to the mix of product lines shipped, and higher general and administrative spending, partially offset by a reduction in intangible amortization over the prior year. The Company continues to pursue additional cost efficiencies in its production and general and administrative areas.

Danny Schoening, COO of the Company, commented, "During the three and nine months ended June 27, 2010, we experienced reductions in forecasted sales volume due to an overall reduction in the number of solicitations issued by the government and the delay in awarding some existing solicitations. The 2011 Congressional budget is still being discussed by Congress and is not expected to be ratified until the December 2010 time frame. Until the Congressional budgets are approved, Optex and our major customers are unable to accurately update volume expectations for the coming year. We expect to mitigate some of the decrease in governmental spending with international orders and other new business."

In June 2010, the U.S. Army Tank-Automotive and Armaments Command, Warren, Michigan location, (TACOM-Warren) awarded Optex a \$2.5 million purchase order for additional M137 panoramic telescopes. This was the fourth delivery order in the final ordering period of the existing 5 year contract between Optex and TACOM-Warren. Delivery of the M137s is scheduled to begin in January 2011 and will continue through August 2011. In addition, the

Company booked over \$2 million in new international orders during the third fiscal quarter. Earlier this week at the Military Vehicles Exposition in Detroit, MI, Optex introduced OpteVision™, a new, enhanced periscope that allows the user to toggle between unity vision, embedded LCD driven by an external feed, and thermal vision views.

CONFERENCE CALL INFORMATION

On Tuesday, August 17, 2010 at 4:15 PM EDT, the Company will host a conference call to discuss its third quarter 2010 earnings release. Analysts and investors interested in participating in the Conference Call should call (866) 244-8528 (domestic) or (719) 457-0816 (international), to access the call. The participant passcode is 304791.

For those who are unavailable to listen to the live broadcast, a recording of the conference call will be 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.
(formerly known as Sustut Exploration, Inc.)
Condensed Consolidated Balance Sheets

	Successor June 27, 2010 (Unaudited)	Successor September 27, 2009
ASSETS		
Current Assets		
Cash	\$ 782,294	\$ 915,298
Accounts Receivable	2,715,171	1,802,429
Net Inventory	6,975,481	8,013,881
Deferred Tax Asset	953,916	711,177
Prepaid Expenses	<u>232,631</u>	<u>318,833</u>
Total Current Assets	\$ 11,659,493	\$11,761,618
Property and Equipment		
Property Plant and Equipment	\$ 1,348,932	\$ 1,341,271
Accumulated Depreciation	<u>(1,142,496)</u>	<u>(1,094,526)</u>
Total Property and Equipment	\$ 206,436	\$ 246,745
Other Assets		
Security Deposits	\$ 20,684	\$ 20,684
Intangibles	1,187,411	1,965,596
Goodwill	<u>7,110,415</u>	<u>7,110,415</u>
Total Other Assets	\$ 8,318,510	\$ 9,096,695
Total Assets	<u>\$ 20,184,439</u>	<u>\$21,105,058</u>

The accompanying notes are an integral part of these financial statements

Optex Systems Holdings, Inc.
(formerly known as Sustut Exploration, Inc.)
Condensed Consolidated Balance Sheets - Continued

	Successor	Successor
	June 27,	September
	2010	27, 2009
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 868,597	\$ 2,497,322
Accrued Expenses	510,596	671,045
Accrued Warranties	25,000	81,530
Accrued Contract Losses	1,331,007	1,348,060
Credit Facility	959,061	--
Loans Payable	\$ --	\$ --
Total Current Liabilities	\$ 3,694,261	\$ 4,597,957
Stockholders' Equity		
Optex Systems Holdings, Inc. -- (par \$0.001, 200,000,000 authorized, 139,444,940 shares issued and outstanding)	\$ 139,445	\$ 139,445
Optex Systems Holdings, Inc. Preferred Stock (.001 par 5,000 authorized, 1027 series A preferred shares issued and outstanding)	1	1
Additional Paid-in-capital	\$ 17,037,740	\$ 16,643,388
Retained Earnings (Deficit)	\$ (687,008)	\$ (275,733)
Total Stockholders' Equity	\$16,490,178	\$ 16,507,101
Total Liabilities and Stockholders' Equity	\$20,184,439	\$ 21,105,058

The accompanying notes are an integral part of these financial statements

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

Successor	Successor	Successor	Successor	Predecessor
Three months	Three months	Nine months	For the period October	For the period September
ended June 27,	ended June 28,	ended June	15, 2008 through June	29, 2008 through October
2010	2009	27, 2010	28, 2009	14, 2008

Revenues	\$5,905,456	\$ 6,983,930	\$ 18,138,883	\$ 20,084,362	\$ 871,938
Total Cost of Sales	<u>5,498,140</u>	<u>6,417,926</u>	<u>16,246,026</u>	<u>18,135,020</u>	<u>739,868</u>
Gross Margin	\$ 407,316	\$ 566,004	\$ 1,892,857	\$ 1,949,342	\$ 132,070
General and Administrative					
Salaries and Wages	\$ 225,174	\$ 161,695	\$ 571,032	\$ 487,709	\$ 22,028
Employee Benefits and Taxes	46,135	29,716	155,374	169,279	495
Employee Stock/Option Bonus Plan	24,937	15,174	72,374	19,986	(4,812)
Amortization of Intangible	79,823	101,159	239,468	303,475	--
Rent, Utilities and Building Maintenance	29,713	50,838	134,263	150,780	12,493
Investor Relations	90,408	88,326	292,478	88,326	--
Legal and Accounting Fees	78,585	128,274	186,491	296,627	360
Consulting and Contract Service Fees	46,619	43,210	132,650	167,261	10,527
Travel Expenses	4,857	16,294	21,527	41,317	--
Board of Director Fees	30,000	37,500	100,000	87,500	--
Other Expenses	<u>102,823</u>	<u>87,749</u>	<u>285,398</u>	<u>227,099</u>	<u>16,155</u>
Total General and Administrative	\$ 759,074	\$ 759,935	\$ 2,191,055	\$ 2,039,359	\$ 57,246
Operating Income (Loss)	\$ (351,758)	\$ (193,931)	\$ (298,198)	\$ (90,017)	\$ 74,824
Other Expenses					
Other Income and Expense	\$ --	\$ (351)	\$ --	\$ (1,434)	\$ --
Interest (Income) Expense - Net	<u>26,939</u>	<u>--</u>	<u>65,838</u>	<u>174,710</u>	<u>9,492</u>
Total Other	\$ 26,939	\$ (351)	\$ 65,838	\$ 173,276	\$ 9,492
Income (Loss) Before Taxes	\$ (378,697)	\$ (193,580)	\$ (364,036)	\$ (263,293)	\$ 65,332
Income Taxes (Benefit)	<u>(168,883)</u>	<u>114,973</u>	<u>(242,739)</u>	<u>465,291</u>	<u>--</u>
Net Income (Loss) After Taxes	<u>\$ (209,814)</u>	<u>\$ (308,553)</u>	<u>\$ (121,297)</u>	<u>\$ (728,584)</u>	<u>\$ 65,332</u>
Less preferred stock dividend	\$ (98,102)	\$ --	\$ (289,978)	\$ --	\$ --
Net loss applicable to common shareholders	\$ (307,916)	\$ (308,553)	\$ (411,275)	\$ (728,584)	\$ 65,332

Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ 6.53</u>
Weighted Average Common Shares Outstanding	139,444,940	138,914,940	139,444,940	121,891,852	10,000

The accompanying notes are an integral part of these financial statements

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