

Moritex Corporation

38th Second Quarter Period (Fiscal Year ending March 2010)

Briefing on Settlement of Accounts for the Second Quarter

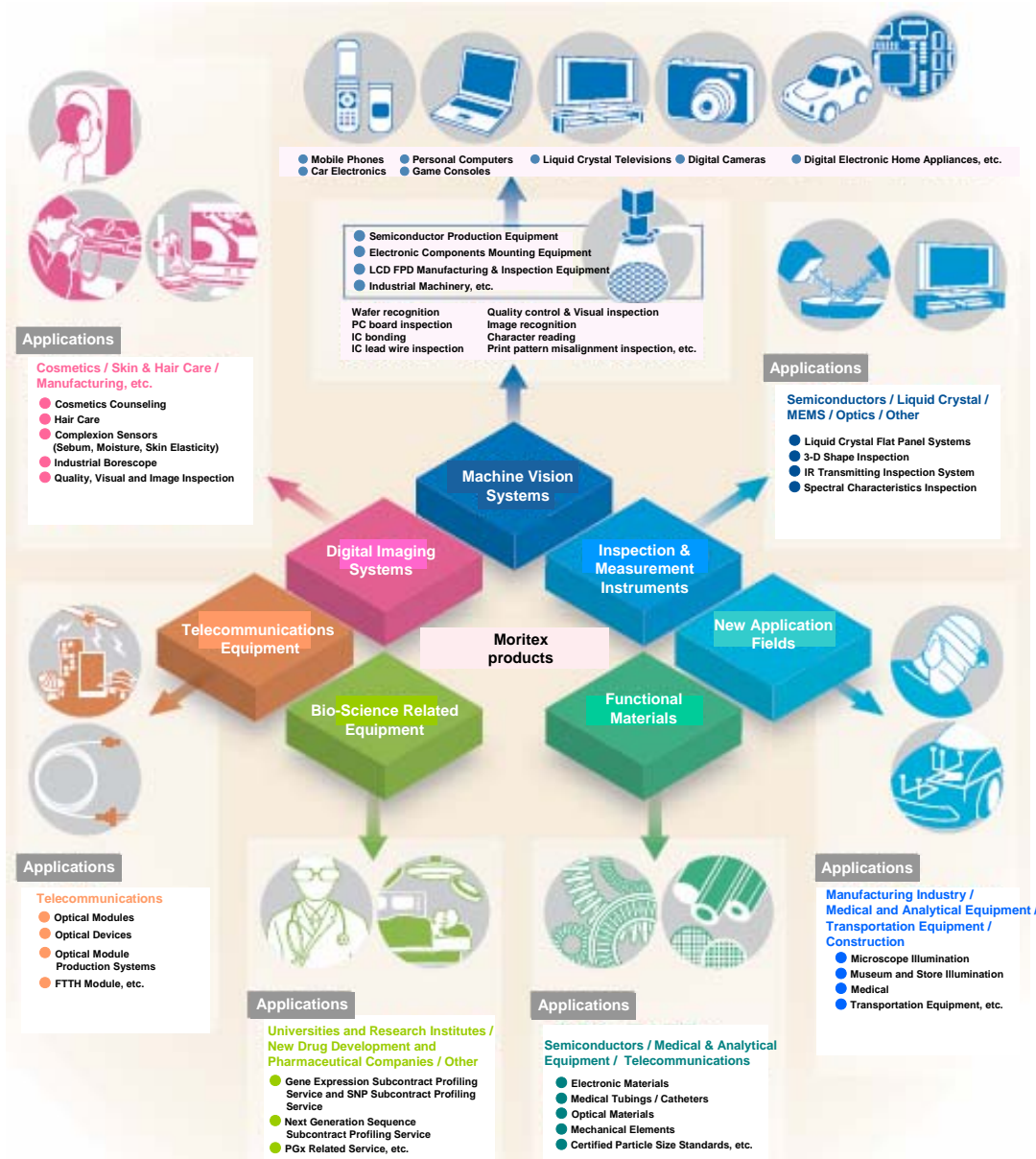
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Security Code :7714

Business Domain



I . Result of Second Quarter of fiscal year ending March 2010

II .Earnings estimate for the fiscal year ending March 2010

III. Future business strategy

Overview of Financial Result

(Unit: million yen)

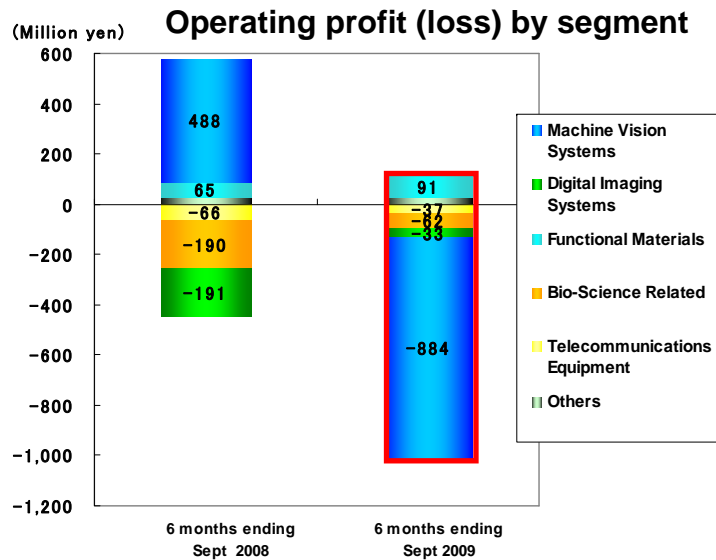
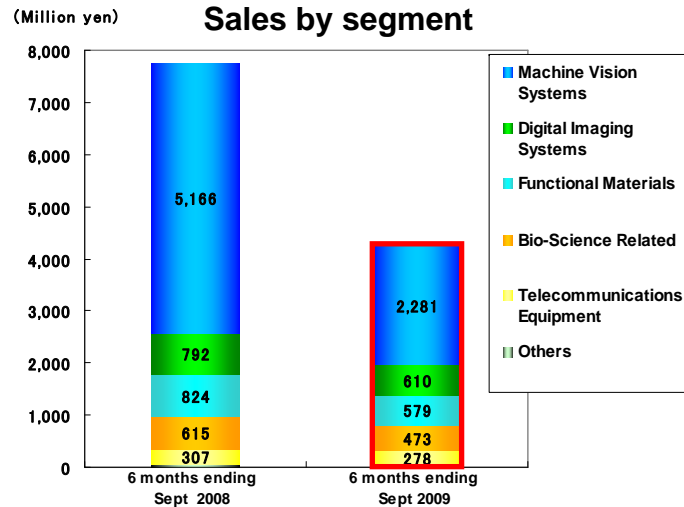
	6 months ending Sept 2008 Actual	6 months ending Sept 2009			
		Initial plan	Actual	Achivement Ratio	Year on Year change
Net sales	7,755	4,000	4,274	106.9%	-44.9%
Gross profit	2,211	980	548	55.9%	-75.2%
Selling and general administrative expenses	2,081	1,530	1,447	94.6%	-30.4%
Operating profit	130	-550	-899	—	—
Recurring profit	157	-550	-927	—	—
Net income (loss)	167	-540	-2,548	—	—
Net income (loss) per share (yen)	12.04	-39	-183	—	—

【Key Points for General Situation of Settlement of Accounts】

- Sales: Came to 4,274 million yen, 3,481 million yen down from the same period last year.
There is a movement among some liquid crystal panel manufacturers to re-start the capital investment. However, due to rapid economic downturn since last year, the orders for the entire machine vision systems segment, which is the company's prime business, have declined.
- Gross profit : Gross profit rate is 12.8% (First half of previous year 28.5%, Second half of previous year 26.1%)
Sales profit standard has dramatically declined from previous years, and the "inventory assets" have been accumulated. As a result of reassessment of the inventory assets, the value was depreciated (395 million yen).
- Selling and general administrative expenses: 1,447 million yen, 633 million yen down from the same period last year.
- Operating profit: Came to -899 million yen, 1,029 million yen down from the same period last year.
- Recurring profit: Came to -927 million yen, 1,084 million yen down from the same period last year.
- Net loss during the current fiscal period: -2,548 million yen
 - Extraordinary loss
 - Loss on disposal of fixed assets 5 million yen
 - Loss on valuation of investment securities 2 million yen
 - Impairment loss 1,450 million yen
 - Business restructuring cost 180 million yen
 - Loss on cancelling foreign exchange contracts 52 million yen



Business Performance by Segment



【Points Concerning Segments】

●Machine Vision Systems

Due to economic downturn since last year, the orders from manufacturers for semi-conductors and liquid crystal panels remained stagnant.

Due to dramatic decline in the sales level from previous years, the assessed value of the “inventory” of the non moving inventory had decreased.

※ The “inspection & measurement instruments”, which was previously included in the “applied photonic businesses” is now under the “machine vision systems” segment as a result of the organizational restructuring.

●Digital Imaging Systems

The demand for changing the products of skin counseling system for cosmetic industry became stable. As for the products for industrial field, the capital investment was hold back by corporations. As a result, the sales had decreased as compared to the same period last year.

●Telecommunications Equipment

Although the optical communication parts are in much demand, the sales had decreased as compared to the same period last year as a result of reducing the unit price due to intensified price competition.

●Functional Materials

Although the sales of tubes for medical use are stable, the sales as the entire segment had decreased as compared to the same period last year due to economic downturn.

The impact of foreign exchange rate and effort to decrease costs, the operating profit has increased as compared to the same period last year.

●Bio-Science Related

The sales had decreased as compared to the same period last year due to a spate of freezes and suspension of capital investment in the pharmaceutical industry, which is our key sales destination.

The physics and chemical instrument department in the Bio-science related was transferred to Shoko Scientific Co., Ltd. as of September 30, 2009.

Business Performance by Segment (Details)

(Unit: million yen)

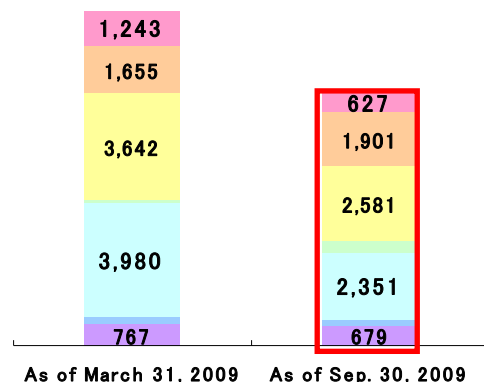
Business Segment	Classification	6 months ending Sept 2008 Results	6 months ending Sept 2009		
			Actual Results	Component Ratio	Year-on-year Change
Machine Vision Systems	Sales	5,166	2,281	53.4%	-55.8%
	Gross Profit	1,653	14		-99.2%
	Operating Profit	488	-884		—
Digital Imaging Systems	Sales	792	610	14.3%	-23.0%
	Gross Profit	102	156		52.9%
	Operating Profit	-191	-33		—
Telecommunications Equipment	Sales	307	278	6.5%	-9.4%
	Gross Profit	37	12		-67.6%
	Operating Profit	-66	-37		—
Applied Photonic	Sales	6,266	3,170	74.2%	-49.4%
	Gross Profit	1,793	184		-89.7%
	Operating Profit	230	-955		—
Functional Materials	Sales	824	579	13.5%	-29.7%
	Gross Profit	282	208		-26.2%
	Operating Profit	65	91		40.0%
Bio-Science Related	Sales	615	473	11.1%	-23.1%
	Gross Profit	123	119		-3.3%
	Operating Profit	-190	-62		—
Other	Sales	49	50	1.2%	2.0%
	Gross Profit	12	35		191.7%
	Operating Profit	24	26		8.3%
Sales		7,755	4,274	100.0%	-44.9%
Gross Profit on Sales		2,211	548		-75.2%
Gross Profit Margin		28.5%	12.8%		
Operating Profit		130	-899		—
Operating Profit Margin		1.7%	-21.0%		

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Consolidated Balance Sheet

Assets

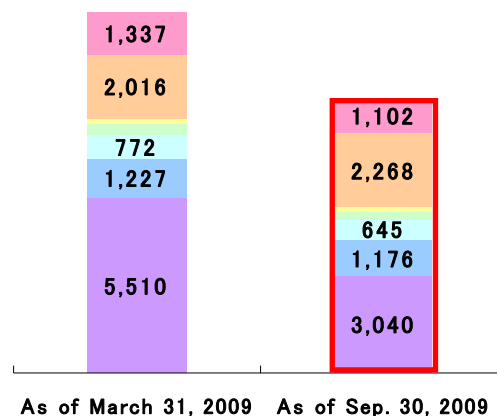


- Cash and Deposits
- Notes and Accounts Receivable
- Inventory
- Other Current Assets
- Tangible Fixed Assets
- Intangible Fixed Assets
- Investment, etc.

(Unit: million yen)

Assets	As of March 31, 2009	As of Sep. 30, 2009	Increase/Decrease
Cash and Deposits	1,243	627	-616
Notes and Accounts Receivable	1,655	1,901	246
Inventory	3,642	2,581	-1,061
Other Current Assets	130	407	277
Tangible Fixed Assets	3,980	2,351	-1,629
Intangible Fixed Assets	233	217	-16
Investment, etc.	767	679	-88
Total Assets	11,652	8,766	-2,886

Liabilities and Net Assets



- Notes and Accounts Payable
- Short-term Borrowing, etc.
- Other Accounts Payable
- Other Current Liabilities
- Long-term Borrowing
- Other Fixed Liabilities
- Net Assets

Liabilities and Net Assets	As of March 31, 2009	As of Sep. 30, 2009	Increase/Decrease
Notes and Accounts Payable	1,337	1,102	-235
Short-term Borrowing, etc.	2,016	2,268	252
Other Accounts Payable	192	205	13
Allowance for Business Structure	279	125	-154
Other Current Liabilities	315	200	-115
Long-term Borrowing	772	645	-127
Other Fixed Liabilities	1,227	1,176	-51
Net Assets	5,510	3,040	-2,470
Total Liabilities and Net Assets	11,652	8,766	-2,886



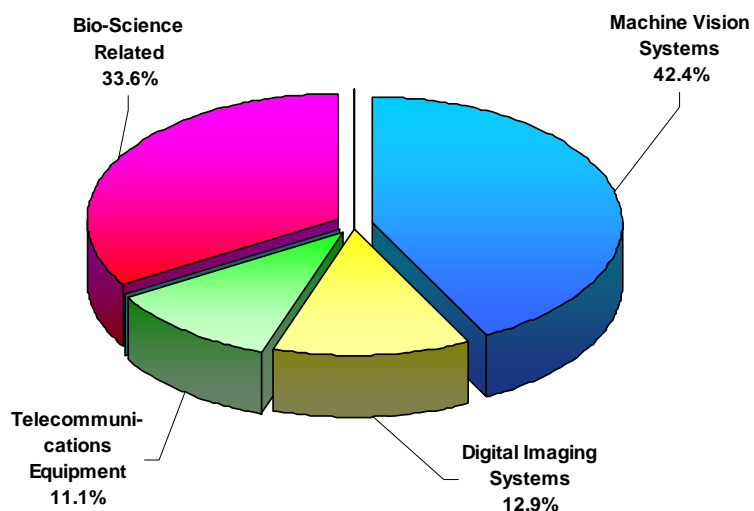
Consolidated Cash Flow

(Unit: million yen)

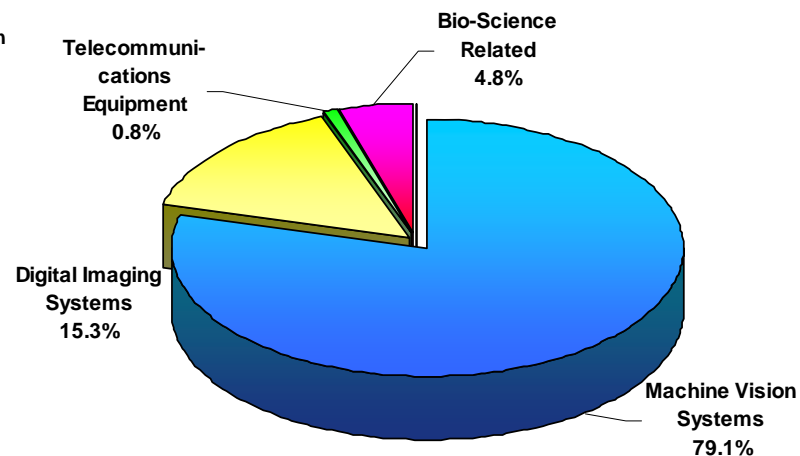
	6 months ending Sept 2008	6 months ending Sept 2009
I Cash flow from operating activities	582	-851
Income (loss) before income taxes and others	154	-2,550
Depreciation and amortization	263	170
Decrease (increase) in accounts receivable -trade	362	-246
Decrease (increase) in inventory	-97	859
Increase (decrease) in accounts payable -trade	64	-220
Others	-165	1,136
II Cash flow from investing activities	-237	131
Expenditure for acquisition of tangible fixed assets	-222	-18
Expenditure for acquisition of intangible fixed assets	-20	-5
Others	4	156
III Cash flow from financing activities	-399	105
Increase (decrease) in short-term borrowings-net	-19	301
Expenditure for repayment of long-term loans	-310	-192
Dividend payment	-69	-2
IV Exchange difference of cash and cash equivalents	2	-2
V Increase (decrease) in cash and cash equivalents	-51	-616
VI Cash and cash equivalents at beginning of period	2,161	1,243
VII Cash and cash equivalents at end of period	2,109	627

R&D Expenditure by Business Segment

Fiscal Year Ending March 2009



Fiscal Year Ending March 2010

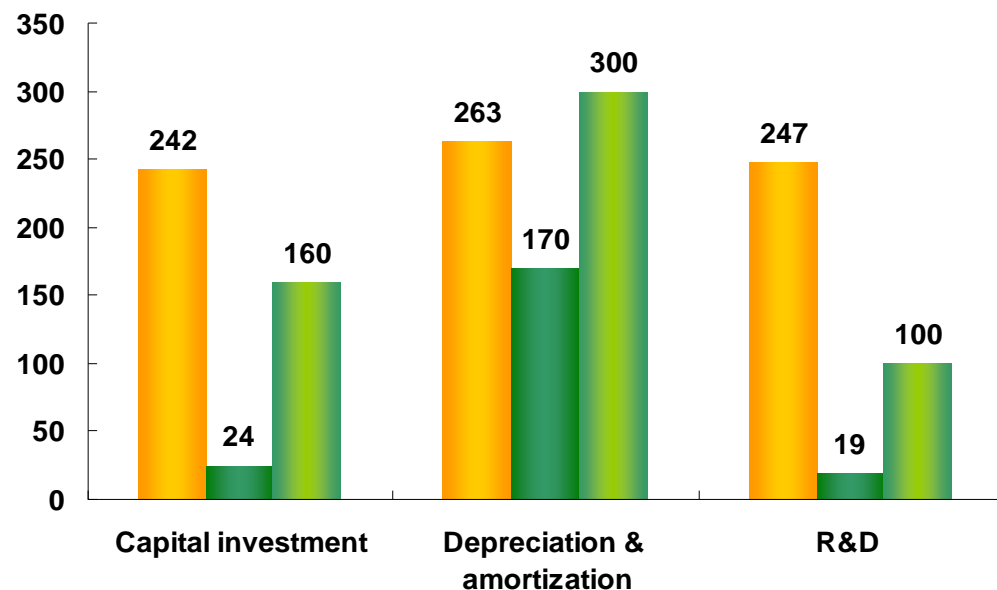


	FY March 2009		FY March 2010	
	Result for Full Year	Component Ratio	Result for 6 months	Component Ratio
Machine Vision Systems	207	42.4%	15	79.1%
Digital Imaging Systems	63	12.9%	2	15.2%
Telecommunications Equipment	54	11.1%	0	0.8%
Functional Materials	-	-	-	-
Bio-Science Related	164	33.6%	0	4.8%
Other	-	-	-	-
Total	490	100.0%	19	100.0%



Capital Investment, etc.

(Million Yen)



■ 6 months ending Sept 2008 (Actual)
 ■ 6 months ending Sept 2009 (Actual)
■ Fiscal Year ending March 2010 (Plan)

○ Results of the 6 months ending Sept 2009

【Capital investments】

- Quartz fiber spinning machine 24 million yen

【Research and Development expenditure】

- Development of lenses and lighting in the machine vision systems segment

○ Future plan of year ending March 2010

【Capital investments】

- PDM system reform
- Image processing device for assessment
- Demonstration device for sales activity etc.

【Research and Development expenditure】

- The development of line-lenses for a sensor, vacuum fiber, etc. mainly for the machine vision systems segment

(Unit: million yen)

	6 months ending Sept 2008 (Actual)	6 months ending Sept 2009 (Actual)	Year-on-year Change
Capital investment	242	24	-90.0%
Depreciation & amortization	263	170	-35.1%
R&D	247	19	-92.1%

(Reference)

Fiscal Year ending March 2010 (Plan)	Achivement Ratio
160	15.2%
300	56.9%
100	19.6%



I . Result of Second Quarter of fiscal year ending March 2010

II . Earnings estimate for the fiscal year ending March 2010

III . Future business strategy

Earnings Estimate for Fiscal Year ending March 2010

(Unit: million yen)

	Fiscal year ending March 2009 (Actual)	Fiscal year ending March 2010 (Plan)	Year-on-year Change
Net Sales	13,021	8,800	-32.4%
Gross profit	3,587	1,600	-55.4%
Selling and general administrative expenses	3,888	2,860	-26.5%
Operating profit	-301	-1,260	—
Recurring profit	-311	-1,260	—
Net income and loss	-1,785	-3,100	—
Net income (loss) per share	-128.52	-223.09	—

【Business overview】

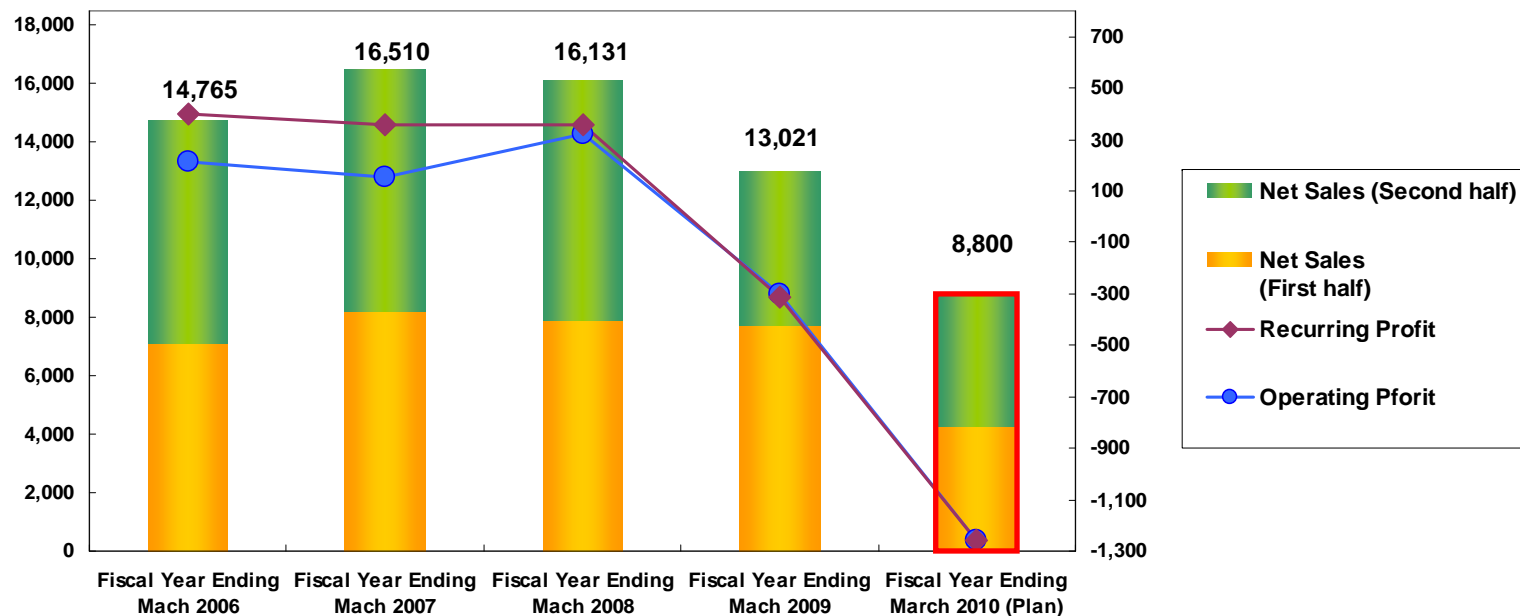
The adjustment of some inventory has been completed and the orders show gradual recovery. However, the capital investment by corporations will remain small, and the consumers' consumption in the future is still uncertain due to the deteriorating employment and income situations. Therefore, for the business throughout the year, it is predicted that the severe environment will yet to continue.

Our company transferred the business of the physics and chemical instrument department in the Bio-science related segment. However, the extraordinary loss will be generated from the following actions: adding lighting imaging business which was transferred by SCHOTT Nippon K.K. and transferring the location of the headquarters (HQ), and closing Yaita business office to consolidate business locations. As a result, the consolidated net sales will be the 8,800 million yen, and net income will be negative.



Trend of Business Performance

(Million yen)



(Unit: million yen)














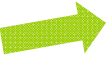

	Fiscal Year Ending Mach 2006	Fiscal Year Ending Mach 2007	Fiscal Year Ending Mach 2008	Fiscal Year Ending Mach 2009	Fiscal Year Ending March 2010 (Plan)
Net Sales	14,765	16,510	16,121	13,021	8,800
Gross Profit	5,036	4,741	4,624	3,587	1,600
Operating Profit	216	154	320	-301	-1,260
Recurring Profit	402	358	360	-311	-1,260
Net income (loss)	165	-1,495	184	-1,785	-3,100

Earnings Estimate by Business Segment

(Unit: million yen)

Business Segment	Classification	Fiscal year ending March 2009 (Actual)	Fiscal year ending March 2010				
			First half (Actual)	Second half (Plan)	Full year (Plan)	Component Ratio	Growth Ratio
Machine Vision Systems	Sales	8,014	2,281	2,911	5,192	59.0%	-35.2%
	Gross Profit	2,390	14	649	664		-72.2%
	Operating Profit	246	-884	-407	-1,291		-
Digital Imaging Systems	Sales	1,492	610	607	1,218	0.0%	-18.4%
	Gross Profit	257	156	158	315		22.5%
	Operating Profit	-342	-33	18	-14		-
Telecommunications Equipment	Sales	640	278	286	565	13.8%	-11.7%
	Gross Profit	57	12	8	20		-63.8%
	Operating Profit	-134	-37	-42	-80		-
Applied Photonic	Sales	10,146	3,170	3,805	6,976	0.0%	-31.2%
	Gross Profit	2,705	184	816	1,000		-63.0%
	Operating Profit	-229	-955	-430	-1,386		-
Functional Materials	Sales	1,609	579	657	1,237	6.4%	-23.1%
	Gross Profit	564	208	225	434		-23.1%
	Operating Profit	190	91	88	179		-5.6%
Bio-Science Related	Sales	1,194	473	61	535	0.0%	-55.1%
	Gross Profit	311	119	11	131		-57.9%
	Operating Profit	-290	-62	-16	-78		-
Other	Sales	70	50	0	50	79.3%	-28.3%
	Gross Profit	5	35	-1	33		574.8%
	Operating Profit	27	26	-1	25		-8.4%
Net Sales		13,021	4,274	4,525	8,800	0.0%	-32.4%
Gross Profit		3,587	548	1,051	1,600		-55.4%
Gross Profit Margin		27.5%	12.8%	23.2%	18.2%		
Operating Profit		-301	-899	-360	-1,260		-
Operating Profit Margin		-2.3%	-21.0%	-8.0%	-14.3%		

Market Trend

Business Segment	Fiscal Year ending March 2010	Fiscal Year ending March 2011	Fiscal Year ending March 2012	Factors
Machine Vision Systems (MVS)				Although semiconductor production device industry partly shows recovery, the true recovery is expected to be after March 2012. Although the Japanese market is stagnant, the liquid crystal panel production device industry is expected to have higher demand in East Asia largely due to capital investments in China.
Digital Imaging Systems				It is expected that the changing demand by large cosmetic manufacturer will take place in 2012. It is still uncertain when the demand for imaging related market for the industrial products will recover.
Telecommunications Equipment				The distribution of FTTH(FTTx) is steadily growing despite the global economic downturn. In North America, the number of subscribers is rapidly increasing. The future market expansion is expected, and the full-blown global distribution is anticipated.
Functional Materials				In the medical market (i.e. catheter), continuous steady growth is expected. As a new area, we will try to penetrate into the submarine cable system market which can be a part of the national project.
Bio-Science Related				The recovery of pharmaceutical corporations in the market is delayed.

Machine Vision Systems

(Unit: million yen)

	Fiscal year ending March 2009			Fiscal year ending March 2010			Year-on-year Change
	First half (Actual)	Second half (Actual)	Total	First half (Actual)	Second half (Plan)	Total	
Sales	5,166	2,848	8,014	2,281	2,911	5,192	-35.2%
Operating profit	488	-241	246	-884	-407	-1,291	—

- In the semiconductor production device industry, there is a sign of recovery among some users.
- In the liquid crystal panel production device industry, the willingness of capital investment had returned in China after summer 2009. As a result, it is expected that the number of orders will increase.
- Promote the higher resolution of machine vision lenses, which is our company's key product, and to strengthen the product lineup.
- Promote cost reduction and efficiency by consolidating the production sites in Saitama business office and Shenzhen factory in China.
- As a SCHOTT group, realize synergy such as 1)strengthening sales overseas and in Japan, 2)reducing cost, and 3)promoting collaborative technology development.

※The “inspection & measurement instruments”, which was previously included in the “applied photonic businesses”, is now under the “machine vision systems” segment as a result of the organizational restructuring.



New application field

(The business segment transferred from SCHOTT Nippon – transferred to the MVS segment.)

- Begin developing samples in the automotive field in Japan.
- Develop LED illuminant etc.
- Find new customers in the aircraft field.
- Enhance domestic sales support for the SCHOTT products.
- Undertake trainings for engineers and share product knowledge.

Digital Imaging Systems

(Unit: million yen)

	Fiscal year ending March 2009			Fiscal year ending March 2010			
	First half (Actual)	Second half (Actual)	Total	First half (Actual)	Second half (Plan)	Total	Year-on-year Change
Sales	792	699	1,492	610	607	1,218	-18.4%
Operating profit	-191	-150	-342	-33	-18	-14	—

- Strengthen activities for new product development.
- Strengthen sales in Europe by utilizing the sales network of the SCHOTT group.
- Strengthen sales system targeting large cosmetic manufacturers (domestic and overseas)
- Review the existing products lineups.
- Explore the promotion of self-manufacturer in the Shinzhen factory in China.

Telecommunications Equipment

(Unit: million yen)

	Fiscal year ending March 2009			Fiscal year ending March 2010			
	First half (Actual)	Second half (Actual)	Total	First half (Actual)	Second half (Plan)	Total	Year-on-year Change
Sales	307	332	640	278	286	565	-11.7%
Operating profit	-66	-68	-134	-37	-42	-80	—

- Establish high-volume manufacturing systems and quality assurance systems and expand the sales of aspheric lenses for optical access market, which are our key products.
- Review possibilities of strengthening the price competitiveness by transferring the production site to the Shinzhen factory in China and promoting cost reduction and streamlining.
- The optical module production system will try to quickly respond to the updating demands.



Functional Materials

(Unit: million yen)

	Fiscal year ending March 2009			Fiscal year ending March 2010			
	First half (Actual)	Second half (Actual)	Total	First half (Actual)	Second half (Plan)	Total	Year-on-year Change
Sales	824	785	1,609	579	657	1,237	-23.1%
Operating profit	65	124	190	91	88	179	-5.6%

- Strengthen sales efforts by adding high values on the peripheral equipment in the medical field (catheter).
- Strengthen the line-up of particles for analytical/pharmaceutical drugs related devices (blood/environment).
- Enter into a submarine cable system market as a new market.
- Investigate and seek new market/ new application.

Bio-Science Related

(Unit: million yen)

	Fiscal year ending March 2009			Fiscal year ending March 2010			
	First half (Actual)	Second half (Actual)	Total	First half (Actual)	Second half (Plan)	Total	Year-on-year Change
Sales	615	578	1,194	473	61	535	-55.1%
Operating profit	-190	-99	-290	-62	-16	-78	—

- As for the physics and chemical instrument department in the Bio-science related business, the company determined that it would be desirable to strengthen the management foundation by transferring the business to another company, instead of continuing the business alone. Therefore, the businesses of the physics and chemical instrument department were transferred to Shoko Scientific Co., Ltd. as of September 30, 2009.
- Respond to diversifying gene tests (contract service).

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Recent Business Environment

■ Recognition of environment

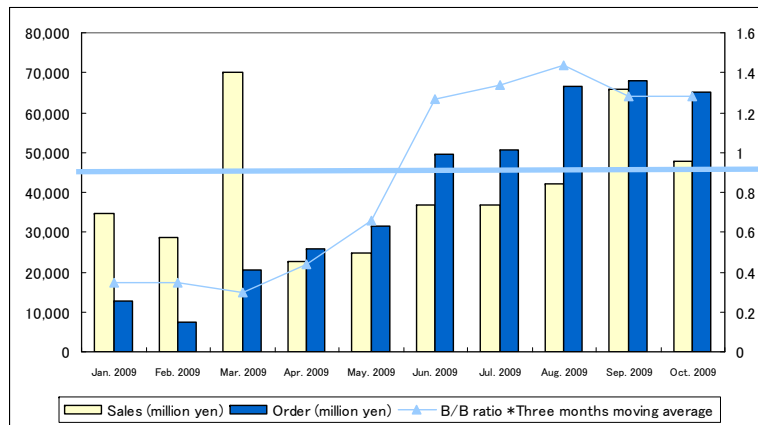
1. The actual economy is on the recovery. However, it is anticipated that the capital investment by corporations will continue to remain at low levels.
2. While the individual consumption shows recovery, there is uncertainty due to deterioration of the employment and income environment.
3. The global semiconductor shipment is picking up gradually. It is anticipated that it will be on a growth path from 2010.
4. As for the global semiconductor production device market, the sales of equipment in 2008 was 29.5 billion US\$, down by 31% from 2007. The 2009 sales will be 16 billion US\$, down by 46 % from 2008. After 2010, the market is anticipated to grow. As a result, the sales will be 24.5 billion US\$ in 2010, up by about 53% from 2009, and 31.2 billion US\$ in 2011, up by about 28 % from 2010.

(Announcement by Semiconductor Equipment and Materials International (SEMI), Headquarters in San Jose, California on December 1, 2009.)

Semiconductor Production Device Industry

Japanese semiconductor production equipment - Sales, Orders, Book-to-bill Ratio

	Sales volume (million yen)	Year-on-year	Order (million yen)	Year-on-year	B/B ratio
					Three months moving average
January, 2009	34,774	-73.9%	12,665	-88.0%	0.35
February, 2009	28,712	-76.0%	7,353	-93.0%	0.35
March, 2009	69,939	-67.0%	20,634	-84.1%	0.3
April, 2009	22,681	-71.9%	25,848	-67.5%	0.44
May, 2009	24,849	-70.0%	31,435	-64.7%	0.66
June, 2009	36,774	-63.7%	49,459	-47.4%	1.27
July, 2009	36,760	-47.4%	50,471	-46.3%	1.34
August, 2009	42,172	-40.9%	66,442	-8.2%	1.44
September, 2009	65,725	-39.7%	67,789	-4.7%	1.28
October, 2009	47,837	8.1%	65,034	66.0%	1.28



- In February, the order decreased 90% over the previous year, but it has been on the growth trend since June
- B/B ratio shows the ratio of orders and sales. In the semiconductor production equipment industry, “1.0” indicates the equilibrium between orders and sales
- After June, the B/B ratio has been exceeding 1.0, showing growth trend.
- In October, the sales and orders recovered to the extent that exceeds last year’s level. (However it has not reached a full-scale recovery yet.)

※Data published by Semiconductor Equipment Association of Japan

Prioritized measures during Second half of the 38th Fiscal Year (Fiscal year ending March, 2010)

- Implement measures to improve sales and order
- Reduce production cost
- Reduce expenses and capital expenditures
- Continue reform of business structure
- Enhance collaboration with SCHOTT Group

Measures to improve sales and orders

- The orders from the semiconductor production equipment industry and liquid crystal manufacturing equipment industry are on the upward trend. Taking this opportunity, the company will secure and expand the market share.
- Concentrate resources on the machine vision systems segment and develop new products that are responding to the market needs.
- Strengthen the overseas sales by utilizing the sales network of the SCHOTT Group.
- Promote sales of the products that were transferred from SCHOTT Nippon K.K. to our customers. At the same time, promote sales of our products to the customers which had been using the SCHOTT products.
- Reorganize of the sales group of the MVS segment to find new customers and new fields. Make sales target clear for each sales person.

Manufacturing cost reduction

1. Transfer of manufacturing process

- Items to be transferred
 - Quartz fiber spinning machines
 - Assembly of LED
 - Assembly of multi-component glass fiber
 - Machine vision lenses (standard products)
 - Schedule
 - Transfer the production site from Yaita factory to the Chinese factory by the end of March, 2010
 - Close the Yaita factory by the end of September, 2010.
- From Yaita factory to the Chinese factory
- From Saitama factory to the factory in China

2. Implement the efforts to reduce manufacturing cost ···High priority

- Cost of raw materials
- Cost of subcontract processing

Expense/investment cost reduction

- Cut compensation for board members
- Change workdays of part time workers
- End contracts with advisors and temporary workers
- End reemployment system of the contract workers
- Reduce number of overtime
- Reduce day wage
- Reduce work days
- Freeze raises in salary
- Reduce the number of overseas business trips
- Cut bonuses
- Sold the business of the physics and chemical instrument department
- Sold the business of the glycomics department
- Implement the early retirement program
- Freeze capital investment
- Freeze research and development expenditure

Continue the promotion of business structure reform

- Fundamental review of the human resources/cost
 - Implement the favorable treatment system for early retirement system → Already implemented.
 - Intensify the activities to reduce production cost → Currently being implemented.
(Transfer of high-volume manufacturing to China, Intensification of parts procurement from the low cost countries (LCC))
 - Review the fixed cost (e.g. office rent)
→ Currently being implemented (Review of the office floors space/contract)

- Restructuring organizational structure
 - Shift from Headquarters system to business segment system → Already implemented.
 - Build a system where the profit of each segment is more visible. → The business segment system was implemented.

- Intensifying the “Selection and Focus”
 - Elimination and consolidation of branches (Tsukuba branch and West Tokyo branch were closed.)
 - Transfer of business (Glycomics department and physics and chemistry)



Promote collaboration with the SCHOTT Group



KL-1500 LED



LED illumination LLS-2

- Changed the corporate logo from October 2010. Focus on the sales activities utilizing the branding power of SCHOTT.
- Collaboratively participate in the exhibits.
- Promote the collaborative work at the overseas locations.
- The lighting/imaging business was transferred from SCHOTT Nippon K.K. to us. From the 2nd half of the year, the sales activities became a full-scale. Although the sales of the current period were small, the sales are expected to grow in the future.



Interior illumination in an aircraft

Matters to Be Attended to Concerning Future Events

The data and opinions provided at this document was created based on currently available information. However, our company will not guarantee its accuracy and certainty. Please bear in mind that actual events may vary from forecast due to various factors.