



ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENTEX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
At June 30, 2001 and December 31, 2000

	ASSETS	
	June 30, 2001	December 31, 2000
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$133,403,011	\$110,195,583
Short-term investments	35,140,447	28,246,967
Accounts receivable, net	30,642,811	35,614,669
Inventories	11,560,336	12,087,513
Prepaid expenses and other	6,771,441	4,411,118
	-----	-----
Total current assets	217,518,046	190,555,850
PLANT AND EQUIPMENT - NET	102,038,780	81,919,668
OTHER ASSETS		
Long-term investments	147,437,755	153,016,195
Patents and other assets, net	3,055,530	2,636,980
	-----	-----
Total other assets	150,493,285	155,653,175
	-----	-----
Total assets	\$470,050,111	\$428,128,693
	=====	=====
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$9,551,555	\$9,328,155
Accrued liabilities	11,497,809	10,363,097
	-----	-----
Total current liabilities	21,049,364	19,691,252
DEFERRED INCOME TAXES	6,197,773	6,333,880
SHAREHOLDERS' INVESTMENT		
Common stock	4,489,261	4,457,465
Additional paid-in capital	100,105,258	92,132,617
Other shareholders' investment	338,208,455	305,513,479
	-----	-----
Total shareholders' investment	442,802,974	402,103,561
	-----	-----
Total liabilities and shareholders' investment	\$470,050,111	\$428,128,693
	=====	=====

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2001 ----	2000 ----	2001 ----	2000 ----
NET SALES	\$77,074,568	\$76,755,923	\$156,471,374	\$150,632,461
COST OF GOODS SOLD	46,710,921	44,635,685	94,382,078	86,005,307
	-----			
Gross profit	30,363,647	32,120,238	62,089,296	64,627,154
OPERATING EXPENSES:				
Research and development	5,325,034	4,256,066	10,225,844	8,129,999
Selling, general & administrative	4,780,327	4,501,495	9,704,414	8,640,635
	-----			
Total operating expenses	10,105,361	8,757,561	19,930,258	16,770,634
	-----			
Income from operations	20,258,286	23,362,677	42,159,038	47,856,520
OTHER INCOME:				
Interest and dividend income	3,253,200	3,008,014	6,907,776	5,684,296
Other, net	483,338	871,495	487,970	1,150,404
	-----			
Total other income	3,736,538	3,879,509	7,395,746	6,834,700
	-----			
Income before provision for income taxes	23,994,824	27,242,186	49,554,784	54,691,220
PROVISION FOR INCOME TAXES	7,799,000	8,882,000	16,106,000	17,781,000
	-----			
NET INCOME	\$16,195,824	\$18,360,186	\$33,448,784	\$36,910,220
	=====			
Earnings Per Share:				
Basic	\$0.22	\$0.25	\$0.45	\$0.50
Diluted	\$0.21	\$0.24	\$0.44	\$0.49
Weighted Average Shares:				
Basic	74,677,817	73,897,916	74,521,573	73,715,860
Diluted	75,865,525	75,688,794	75,701,341	75,653,305

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 2001 and 2000

	2001	2000
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$33,448,784	\$36,910,220
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	7,599,259	5,338,620
(Gain) loss on disposal of equipment	155,797	(8,481)
Deferred income taxes	239,088	46,260
Amortization of deferred compensation	454,873	382,643
Change in operating assets and liabilities:		
Accounts receivable, net	4,971,858	(9,404,036)
Inventories	527,177	150,882
Prepaid expenses and other	(2,525,072)	473,209
Accounts payable	223,400	939,903
Accrued liabilities	1,134,712	5,351,691
	-----	-----
Net cash provided by operating activities	46,229,876	40,180,911
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in short-term investments	(6,893,480)	(3,059,644)
Plant and equipment additions	(29,069,936)	(13,285,785)
Proceeds from sale of plant and equipment	1,241,285	166,103
(Increase) decrease in long-term investments	4,977,167	(14,590,901)
(Increase) decrease in other assets	(521,539)	(167,993)
	-----	-----
Net cash used for investing activities	(30,266,503)	(30,938,220)
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of common stock and tax benefit of stock plan transactions	7,244,055	7,927,465
	-----	-----
Net cash provided by financing activities	7,244,055	7,927,465
	-----	-----
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>23,207,428</b>	<b>17,170,156</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>110,195,583</b>	<b>69,227,972</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$133,403,011</b>	<b>\$86,398,128</b>
	=====	=====

See accompanying notes to condensed consolidated financial statements.

## GENTEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (1) The condensed consolidated financial statements included herein have been prepared by the Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Registrant believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Registrant's 2000 annual report on Form 10-K.
- (2) In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only a normal and recurring nature, necessary to present fairly the financial position of the Registrant as of June 30, 2001, and December 31, 2000, and the results of operations and cash flows for the interim periods presented.

In June 1998 and June 2000, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment of SFAS No. 133, respectively, which establish accounting and reporting standards for all derivative instruments and hedging activities. These statements require an entity to recognize all derivatives as either assets or liabilities in the balance sheet and measure those investments at fair value. Adoption of these pronouncements on January 1, 2001, had minimal effect on the Company's consolidated results of operations, financial position and financial disclosures.

- (3) Inventories consisted of the following at the respective balance sheet dates:

	June 30, 2001 -----	December 31, 2000 -----
Raw materials	\$ 5,853,877	\$ 7,362,544
Work-in-process	1,822,464	1,488,326
Finished goods	3,883,995	3,236,643
	-----	-----
	\$ 11,560,336	\$ 12,087,513
	=====	=====

- (4) Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the Company, comprehensive income represents net income adjusted for items such as unrealized gains and losses on certain investments and foreign currency translation adjustments. Comprehensive income was as follows:

	June 30, 2001 -----	June 30, 2000 -----
Quarter Ended	\$ 18,237,099	\$ 18,077,064
Six Months Ended	33,000,485	37,676,885

- (5) The increase in common stock and additional paid-in capital during the quarter and six months ended June 30, 2001, is attributable to the issuance of 263,512 and 529,933 shares, respectively, of the Company's common stock under its stock-based compensation plans.
- (6) The Company currently manufactures electro-optic products, including automatic-dimming rearview mirrors for the automotive industry and fire protection products for the commercial building industry:

	Quarter Ended June 30, -----		Six Months Ended June 30, -----	
	2001	2000	2001	2000
Revenue:	-----	-----	-----	-----
Automotive Products	\$71,413,728	\$71,063,071	\$145,532,925	\$139,824,283
Fire Protection Products	5,660,840	5,692,852	10,938,449	10,808,178
	-----	-----	-----	-----

Total	\$77,074,568	\$76,755,923	\$156,471,374	\$150,632,461
	=====	=====	=====	=====
Operating Income:				
Automotive Products	\$18,936,770	\$22,228,526	\$ 39,943,740	\$ 45,861,559
Fire Protection Products	1,321,516	1,134,151	2,215,298	1,994,961
	-----	-----	-----	-----
Total	\$20,258,286	\$23,362,677	\$ 42,159,038	\$ 47,856,520
	=====	=====	=====	=====

## GENTEX CORPORATION AND SUBSIDIARIES

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## RESULTS OF OPERATIONS:

## SECOND QUARTER 2001 VERSUS SECOND QUARTER 2000

Net Sales. Net sales for the second quarter of 2001 increased by approximately \$319,000, or less than 1%, when compared with the second quarter last year. Net sales of the Company's automotive mirrors increased by \$351,000, or less than 1%, as automatic mirror unit shipments increased by 3% from approximately 1,698,000 in the second quarter of 2000 to 1,753,000 in the current quarter. This increase reflected increased penetration of interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors on 2001 model year vehicles manufactured overseas. Shipments to customers in North America decreased by 6%, primarily due to reduced North American automotive production schedules. Mirror unit shipments to automotive customers outside North America increased by 17% compared with the second quarter in 2000, primarily due to increased interior and exterior mirror sub-assembly shipments to European and Japanese automakers. Net sales of the Company's fire protection products decreased 1%, primarily due to lower sales of certain of the Company's smoke detectors.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 58% in the second quarter of 2000 to 61% in the second quarter of 2001. This increased percentage primarily reflected customer price reductions, changes in product mix, and the continued ramp-up of the Company's third automotive supply manufacturing facility.

Operating Expenses. Research and development expenses increased approximately \$1,069,000, and increased from 6% to 7% of net sales, when compared with the same quarter last year, primarily reflecting additional staffing, engineering and testing for new product development, including mirrors with additional electronic features. Selling, general and administrative expenses increased approximately \$279,000, but remained unchanged at 6% of net sales, when compared with the second quarter of 2000. This increased expense primarily reflected the expansion of the Company's overseas sales and engineering offices.

Other Income - Net. Other income decreased by approximately \$143,000 when compared with the second quarter of 2000, primarily due to declining interest rates on investments and lower income from customer reimbursable engineering and tooling projects.

## SIX MONTHS ENDED JUNE 30, 2001 VERSUS SIX MONTHS ENDED JUNE 30, 2000

Net Sales. Net sales for the six months ended June 30, 2001 increased by approximately \$5,839,000, or 4%, when compared with the same period last year. Automatic mirror unit shipments increased from approximately 3,431,000 in the first six months of 2000 to 3,603,000 in the first six months of 2001. This increase primarily reflected increased penetration on foreign 2001 model year vehicles for interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors. Shipments to customers in North America decreased by 8%, primarily due to reduced industry production levels. Mirror unit shipments to automotive customers outside North America increased by 29% compared with the first six months in 2000, primarily due to increased interior and exterior mirror sub-assembly shipments to European and Japanese automakers. Net sales of the Company's fire protection products increased 1%, primarily due to higher sales of certain of the Company's signaling products.

Cost of Goods Sold. As a percentage of net sales, cost of good sold increased from 57% in the first six months of 2000, to 60% for the comparable period in 2001. This increased percentage primarily reflected customer price reductions, some shifts in mirror product mix, and the start-up of the Company's third automotive manufacturing facility during the second quarter of 2000.

SIX MONTHS ENDED JUNE 30, 2001 VERSUS SIX MONTHS ENDED JUNE 30, 2000  
(CONT.)

Operating Expenses. For the six months ended June 30, 2001, research and development expenses increased approximately \$2,096,000, and increased from 5% to 7% of net sales, when compared with the same period last year, primarily reflecting additional staffing, engineering and testing for new product development, including mirrors with additional electronic features. Selling, general and administrative expenses increased approximately \$1,064,000, but remained at 6% of net sales, when compared with the first six months of 2000. This increased expense primarily reflected the expansion of the Company's overseas automotive sales and engineering offices to support future growth opportunities.

Other Income - Net. Other income for the six months ended June 30, 2001, increased by approximately \$561,000 when compared with the first six months of 2000, primarily due to higher investable fund balances, partially offset by declining interest rates and lower income from customer-reimbursable engineering and tooling projects.

#### FINANCIAL CONDITION:

Management considers the Company's working capital and long-term investments totaling approximately \$343,906,000 at June 30, 2001, together with internally generated cash flow and an unsecured \$5,000,000 line of credit from a bank, to be sufficient to cover anticipated cash needs for the foreseeable future.

#### TRENDS AND DEVELOPMENTS:

The Company is subject to market risk exposures of varying correlations and volatilities, including foreign exchange rate risk, interest rate risk and equity price risk. There were no significant changes in the market risks reported in the Company's 2000 10-K report.

The Company has some assets, liabilities and operations outside the United States, which currently are not significant. Because the Company sells its automotive mirrors throughout the world, it could be significantly affected by weak economic conditions in foreign markets that could reduce demand for its products.

In addition to price reductions over the life of its long-term agreements, the Company continues to experience pricing pressures from its automotive customers, which have affected, and which will continue to affect, its margins to the extent that the Company is unable to offset the price reductions with productivity improvements, engineering and purchasing cost reductions, and increases in unit sales volume. In addition, the Company continues to experience some pressure for select raw material cost increases.

The Company currently supplies NVS(R) Mirrors to DaimlerChrysler AG and General Motors Corporation under long-term agreements. The long-term supply agreement with DaimlerChrysler AG runs through the 2003 Model Year, while the GM contract is through the 2004 Model Year for inside mirrors.

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by this item is provided under the caption "Trends and Developments" under Item 2 - Management's Discussion and Analysis of Results of Operations and Financial Condition.

Statements in this Quarterly Report on Form 10-Q which express "belief", "anticipation" or "expectation" as well as other statements which are not historical fact, are forward-looking statements and involve risks and uncertainties described under the headings "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Trends and Developments" that could cause actual results to differ materially from those projected. All forward-looking statements in this Report are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements.



## PART II. OTHER INFORMATION

## Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on May 16, 2001, at which:

- (a) The following nominees were elected to serve three-year terms on the Company's Board of Directors by the following votes:

	Mickey Fouts -----	John Mulder -----	Fred Sotok -----
For	67,696,603	60,042,125	67,787,174
Against	-	-	-
Withheld	824,958	8,479,436	734,387
Broker Non-Votes	-	-	-

The terms of office for incumbent Directors Fred Bauer, Arlyn Lanting, Kenneth La Grand, Ted Thompson, and Leo Weber, continued after the meeting.

- (b) A proposal to approve the Gentex Second Restricted Stock Plan was approved by the following vote:

For	61,386,047
Against	6,858,081
Abstain	277,433
Broker Non-Votes	-

## Item 6. Exhibits and Reports on Form 8-K

- (a) See Exhibit Index on Page 10.
- (b) No reports on Form 8-K were filed during the three months ended June 30, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENTEX CORPORATION

Date: 7/27/01  
-----

/s/ Fred T. Bauer  
-----  
Fred T. Bauer  
Chairman and Chief  
Executive Officer

Date: 7/27/01  
-----

/s/ Enoch C. Jen  
-----  
Enoch C. Jen  
Vice President - Finance,  
Principal Financial and  
Accounting Officer

## EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE
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3(a)(1)	<p>Registrant's Articles of Incorporation were filed in 1981 as Exhibit 2(a) to a Registration Statement on Form S-18 (Registration No. 2-74226C), an Amendment to those Articles was filed as Exhibit 3 to Registrant's Report on Form 10-Q in August of 1985, an additional Amendment to those Articles was filed as Exhibit 3(a)(1) to Registrant's Report on Form 10-Q in August of 1987, an additional Amendment to those Articles was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-K dated March 10, 1992, an Amendment to Articles of Incorporation, adopted on May 9, 1996, was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-Q dated July 31, 1996, and an Amendment to Articles of Incorporation, adopted on May 21, 1998, was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-Q dated July 30, 1998, all of which are hereby incorporated herein by reference.</p>	
3(b)(1)	<p>Registrant's Bylaws as amended and restated August 18, 2000. were filed on Exhibit 3(b)(1) to Registrant's Report on Form 10-Q dated October 27, 2000, and the same is hereby incorporated herein by reference.</p>	
4(a)	<p>A specimen form of certificate for the Registrant's common stock, par value \$.06 per share, was filed as part of a Registration Statement on Form S-18 (Registration No. 2-74226C) as Exhibit 3(a), as amended by Amendment No. 3 to such Registration Statement, and the same is hereby incorporated herein by reference.</p>	
4(b)	<p>Amended and Restated Shareholder Protection Rights Agreement, dated as of March 29, 2001, including as Exhibit A the form of Certificate of Adoption of Resolution Establishing Series of Shares of Junior Participating Preferred Stock of the Company, and as Exhibit B the form of Rights Certificate and of Election to Exercise, was filed as Exhibit 4(b) to Registrant's Report on Form 10-Q dated April 27, 2001, and the same is hereby incorporated herein by reference.</p>	
10(a)(1)	<p>A Lease dated August 15, 1981, was filed as part of a Registration Statement (Registration Number 2-74226C) as Exhibit 9(a)(1), and the same is hereby incorporated herein by reference.</p>	
10(a)(2)	<p>A First Amendment to Lease dated June 28, 1985, was filed as Exhibit 10(m) to Registrant's Report on Form 10-K dated March 18, 1986, and the same is hereby incorporated herein by reference.</p>	
*10(b)(1)	<p>Gentex Corporation Qualified Stock Option Plan (as amended and restated, effective August 25, 1997) was filed as Exhibit 10(b)(1) to Registrant's Report on Form 10-Q, and the same is hereby incorporated herein by reference.</p>	
*10(b)(2)	<p>Gentex Corporation Second Restricted Stock Plan was filed as Exhibit 10(b)(2) to Registrant's Report on Form 10-Q dated April 27, 2001, and the same is hereby incorporated herein by reference.</p>	

EXHIBIT NO. -----	DESCRIPTION -----	PAGE -----
*10(b)(3)	Gentex Corporation Non-Employee Director Stock Option Plan (as amended and restated, effective March 7, 1997), was filed as Exhibit 10(b)(4) to Registrant's Report on Form 10-K dated March 7, 1997, and the same is incorporated herein by reference.	
10(e)	The form of Indemnity Agreement between Registrant and each of the Registrant's directors was filed as a part of a Registration Statement on Form S-2 (Registration No. 33-30353) as Exhibit 10(k) and the same is hereby incorporated herein by reference.	

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\*Indicates a compensatory plan or arrangement.