EOS Company Update

15 November 2010

Disclaimer

This presentation and any related communication may contain statements that are forward looking with regard to the business and future performance of Electro Optic Systems Holdings Limited [“EOS”] and its subsidiaries.

These statements reflect EOS’ current views, assumptions and projections based on, but not limited to, currently available information with regard to its existing and potential customers, markets and the prevailing economic conditions.

These statements may involve risks and uncertainties which may cause EOS actual financial performance to differ materially from those inferred from any forward-looking statements.

Such statements, therefore, should not be regarded as an expressed or implied forecast of the future financial performance of EOS. You are cautioned not to put undue reliance on this presentation.

1. *Company Resume*
2. *Space Systems: Sector Overview*
3. *Remote Weapon Systems: Sector Overview*
4. *Market Size and Positioning*

EOS Overview

- Founded in 1983, Stock Exchange listed [ASX] 2003
- Core business sectors:
  - Remote weapon systems [RWS]
  - Space surveillance [SS] and space situation awareness [SSA]
- Target markets to 2016 exceed US$6bn. Strong initial market positions
- Compelling technology. Stable leadership. 150 staff world-wide.
- ISO9000 accreditation. Key patents. Qualified production plants.
- Key strategic relationships in core business areas
- Diversified customer base with operations in USA, Asia and Europe

Financial Resume

- **Revenue**. US$30-40 million.
- **Profit**. US$3-4m annual [nominal]. 3 years of profit since 2007.
- **Cash.** US$17m including liquid inventory.
- **Net assets**. US$10m approx. All technology development is expensed.
- **Debt**. None except normal trade creditors and operating leases.
- **Accounts**. 31 December FY. Auditors Deloitte. No qualifications.
- **Tax loss.** US$35m [nominal] net carried forward.
- **Shares.** 57 million issued.
- **Market Cap.** ca US$80 million.

EOS Strategic Summary 2010

EOS is a profitable technology company which is well positioned for high growth in markets initiated by its technology in two sectors:

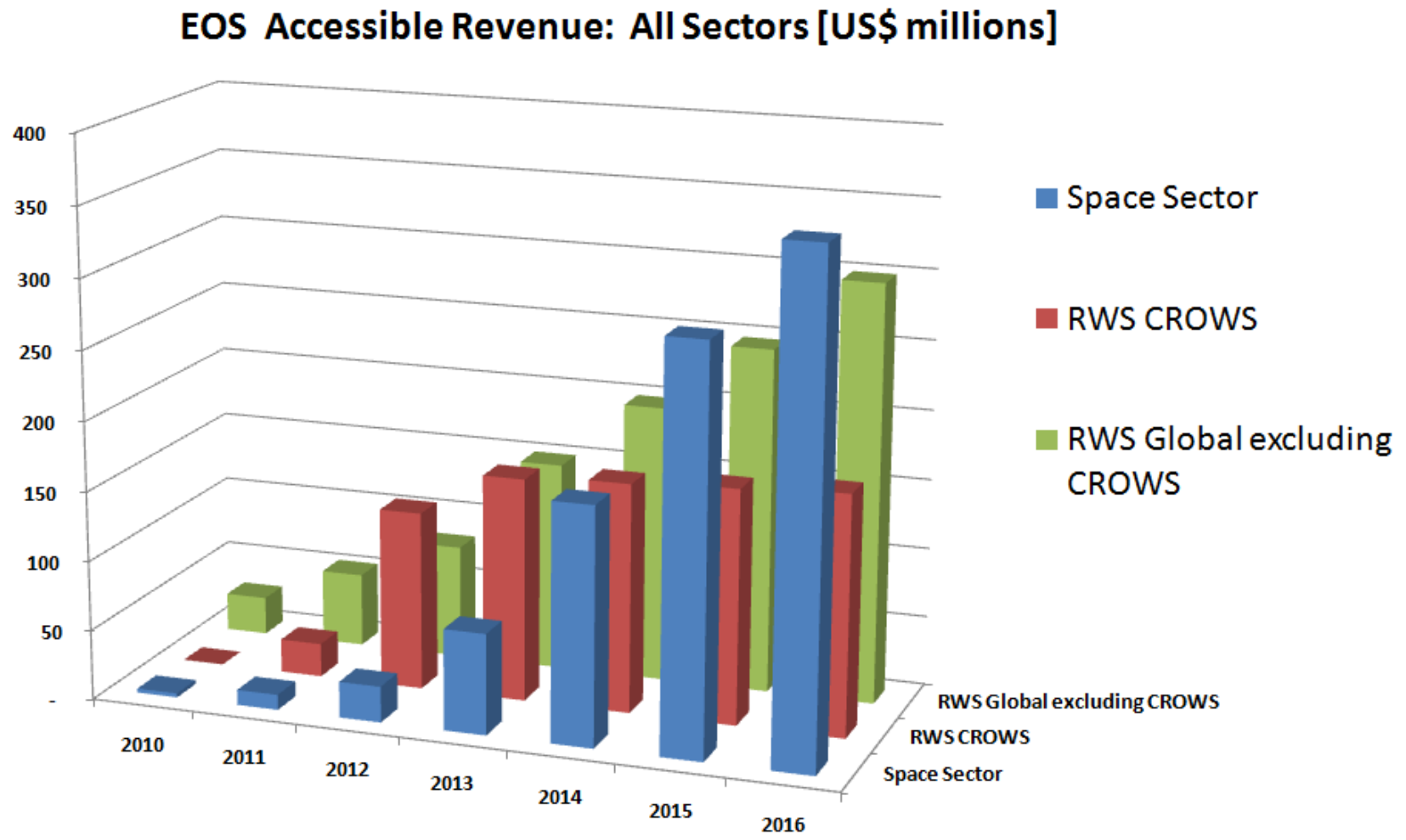
- Remote weapon systems [RWS]
- Space surveillance and space situation awareness [SS/SSA]

EOS is a market leader in these emerging markets with over US$6 billion in accessible revenue up to 2016, either directly or with industry partners.

There are very significant barriers to entry for entrants seeking to follow EOS into its selected niches in these markets.

EOS has invested strongly in technology, production capabilities, quality systems, marketing and strategic relationships with larger partners.

EOS is Focused in 2 Sectors: RWS sector has 2 segments



Each of these sements has a specific capture strategy in place.


EOS Space Systems
Sector Overview: 15 November 2010

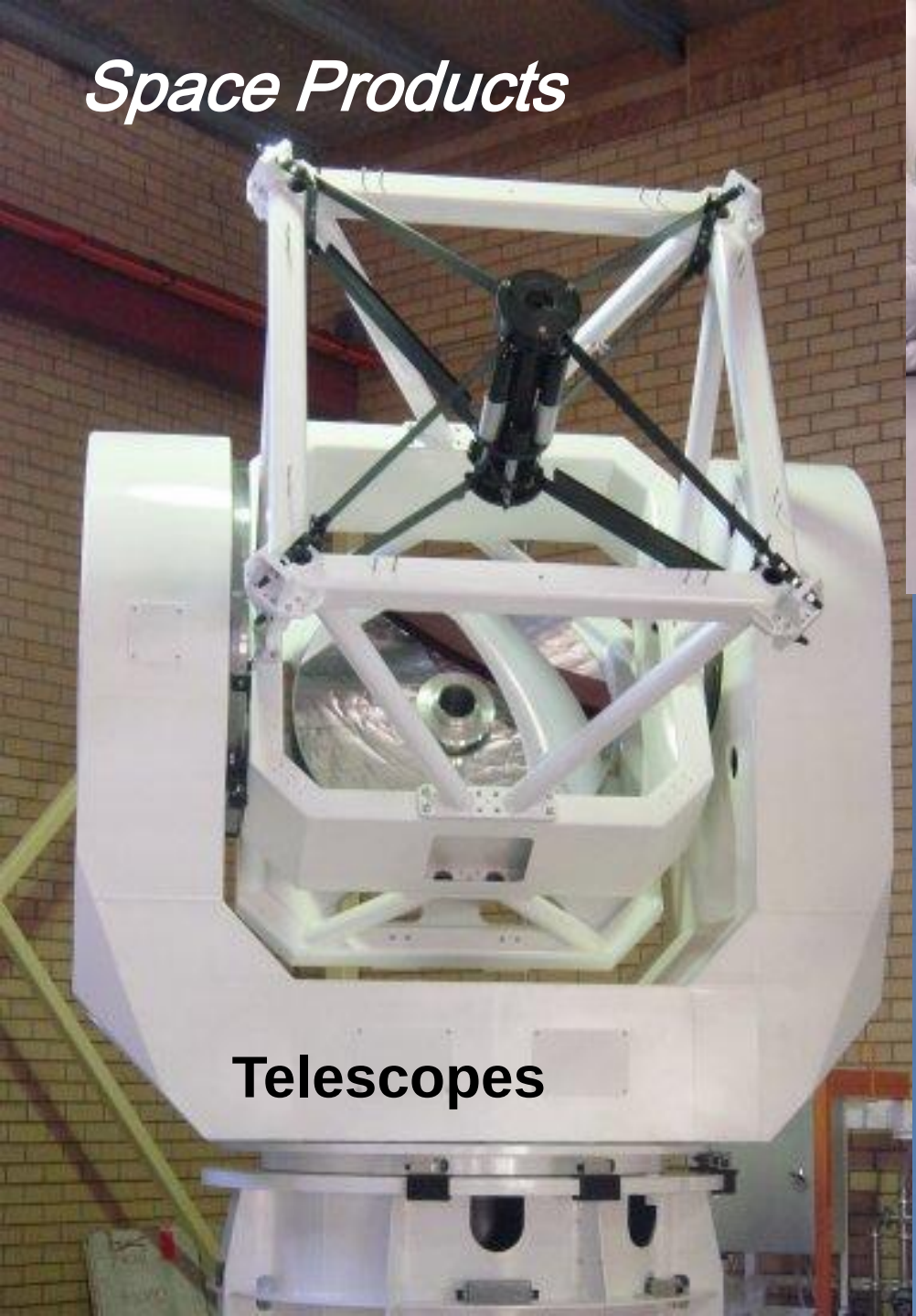
Space Sector Overview

1. Space Business Heritage
2. Space Systems
   - *Telescope and Observatory Products*
   - *Lasers and Adaptive Optics*
3. Space Surveillance
   - *Catalogue Operations and Space Debris*
   - *Space Situation Awareness*
4. Directed Energy Applications:
   - *Theatre and missile defense*
   - *Space debris removal*

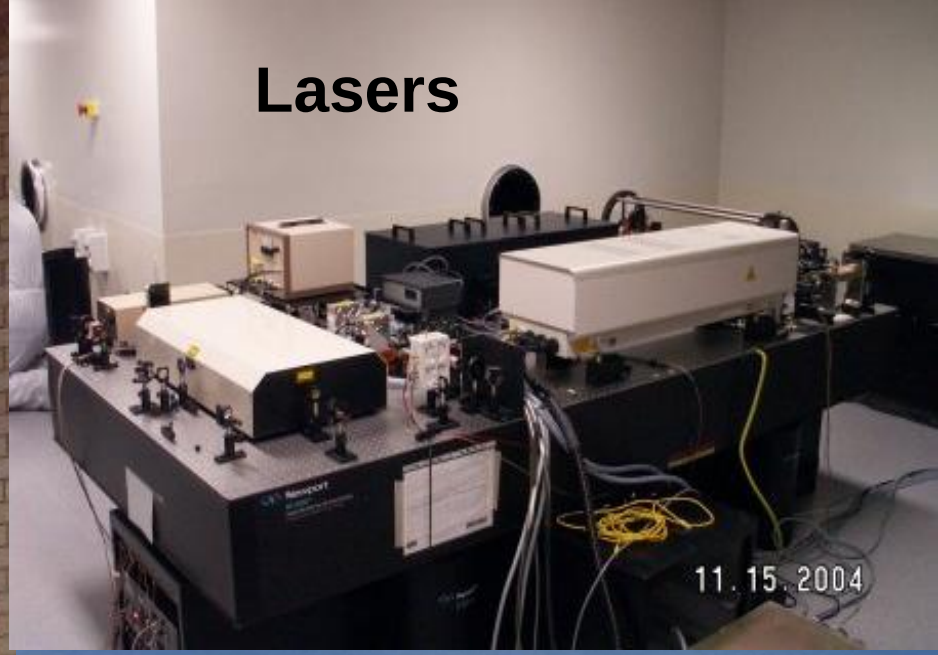
EOS Space Sector Heritage

- 1983: EOS established to privatise Australian laser space effort.
- 1993: EOS conducts first ***eyesafe*** (ANSI Class 1A) laser operations
- 2000: EOS implements operation of the first ***robotic*** laser tracker
- 2003: EOS discovers low intensity laser ***ablation***
- 2004: First laser tracking of <***10 cm*** targets for space surveillance.
- 2006: First initial track <***10 cm*** targets for space situation awareness
- 2008: High power solid-state pulsed kW lasers developed
- 2010: Funding for autonomous EO surveillance operations
- 2010: AUS commitment to advanced adaptive optics development

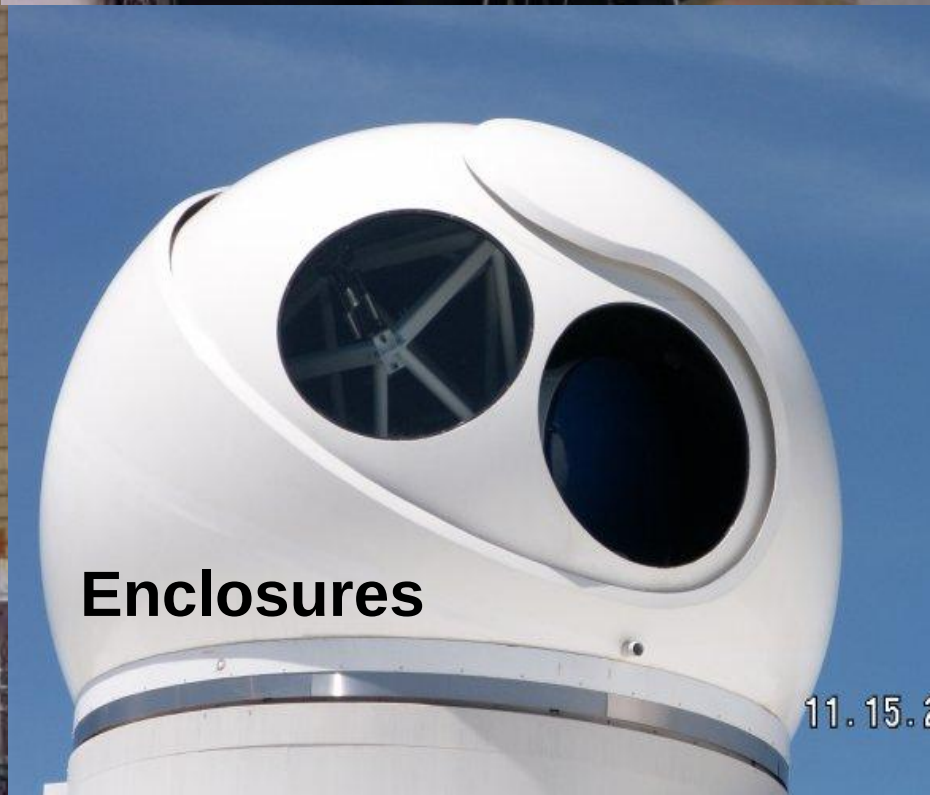
Space Products



Telescopes



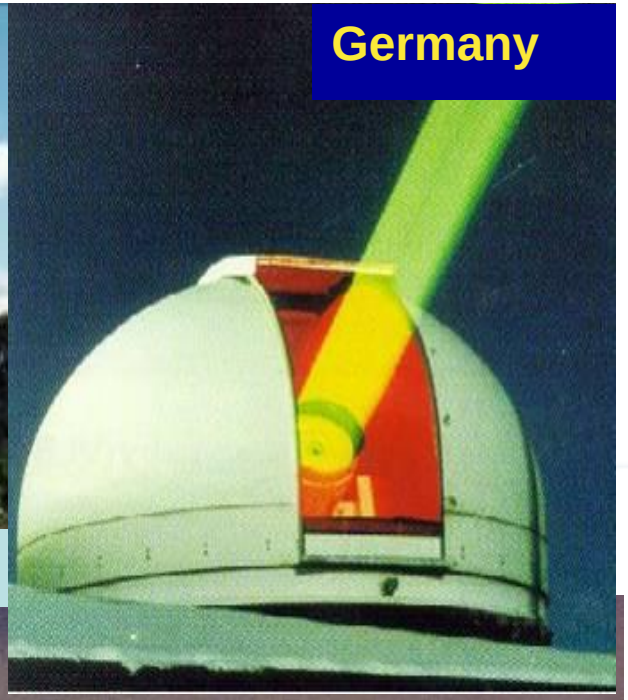
Lasers



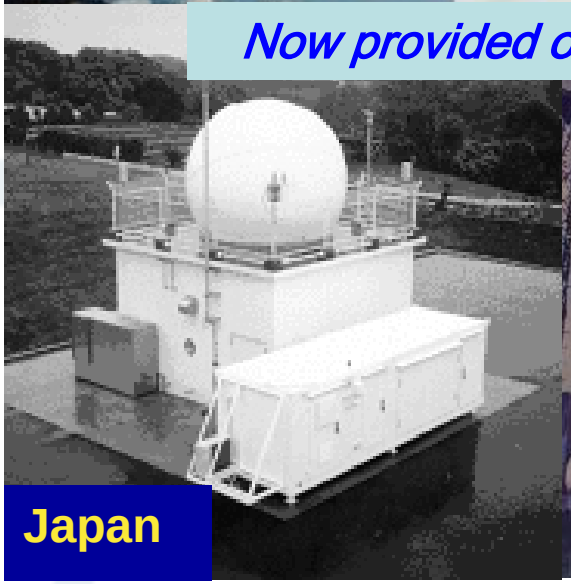
Enclosures

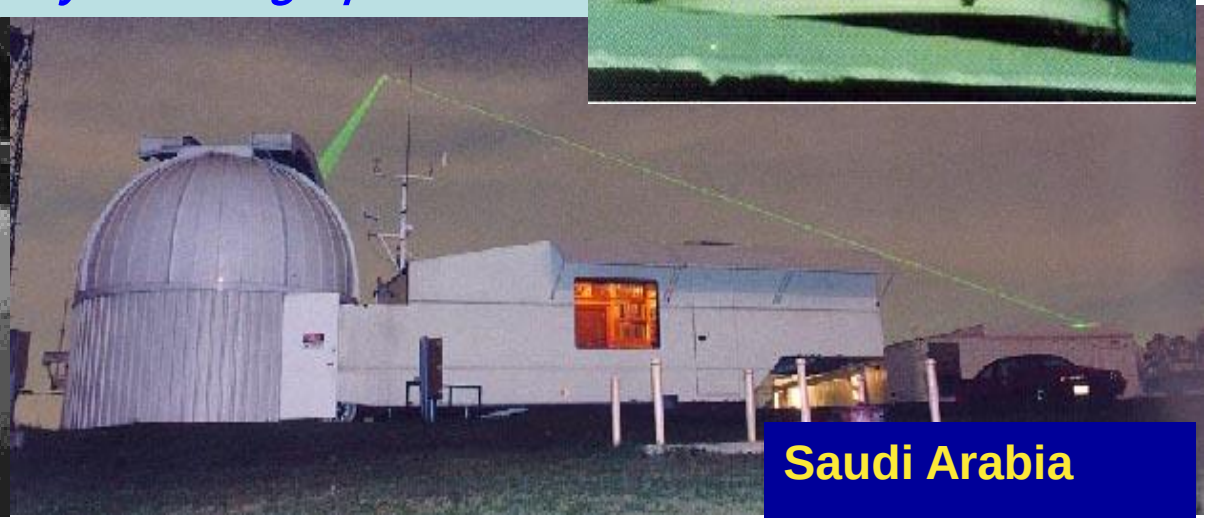
Observatory Systems continue to be a core segment for EOS own applications and also for other customers.

Space Tracking Systems



Now provided only to strategic partners.





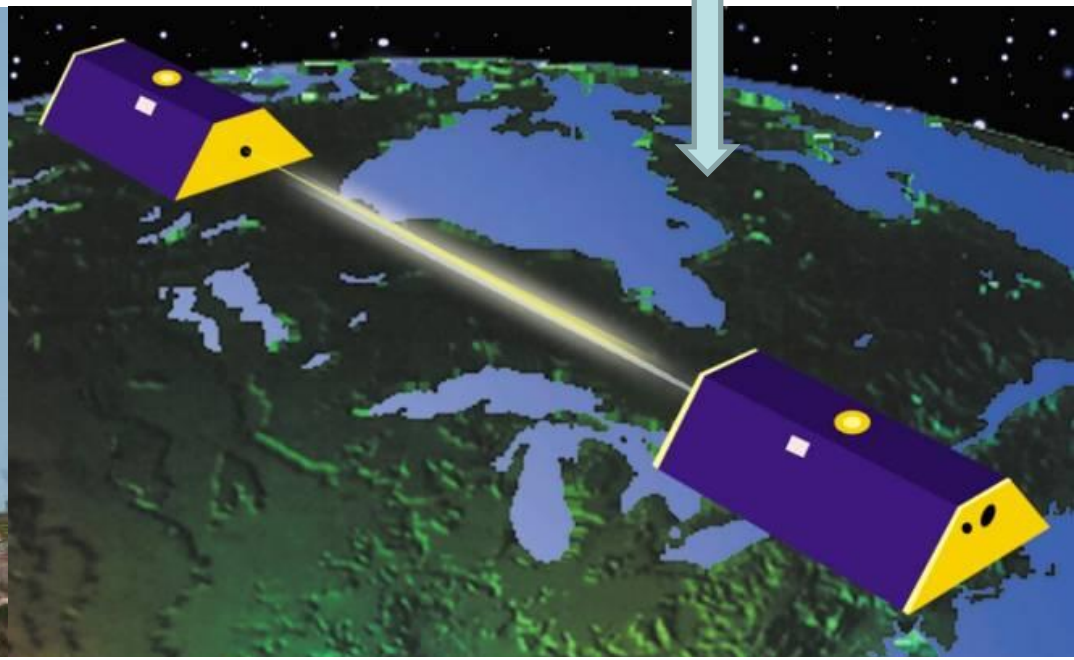
Giant Magellan Telescope [GMT]

- 26m diameter telescope (world's largest).
- A$1bn international project with **A$88m** Australian participation through ANU.
- Success depends on "Adaptive Optics" technology.
- EOS and ANU have strong AO technology and will cooperate for GMT requirements.
- Program fully funded thru 2018

GMT will consolidate Australian AO technology for a wide range of applications.

Australian Space Research Program

- ASRP is a $40M fund for space technology
- EOS is directly funded with approx. US$5m thru 2012 for:
  - Operational enhancements to EOS space surveillance capability;
  - Improving satellite orbit prediction; and
  - Space flight hardware for NASA Grace satellite mission



Customer co-funding thru lead-in contracts and grants allows tailoring of technologies to specific customer applications.

EOS Space Research Centre

This US$30m facility is used for development and testing of space surveillance and space situation awareness technology.

SS/SSA Activities to Expand in AUS

The Australia-United States Ministerial Consultations [AUSMIN] for 2010 were held in Melbourne on 8 November, and were attended by US Secretary of State Hillary Clinton, US Secretary of Defence Robert Gates, Australian Foreign Minister Kevin Rudd and Australian Defence Minister Stephen Smith.

In a joint communiqué issued after the meeting, the US and Australia stated:

*"Building upon a long history of defence space cooperation, Australia and the United States signed a **Space Situational Awareness Partnership** Statement of Principles, which should enable further close cooperation on space surveillance to the benefit of both countries."*

The two governments also endorsed a ***Joint Statement on Space Security*** highlighting their shared views and resolve to cooperate with like-minded countries to ensure free and safe access to space.

SS/SSA requirements are now expanding rapidly to meet the space debris threat. EOS has technologies and products to apply to this requirement.

Directed Energy Applications

Theatre and Missile Defence:

Adaptation of EOS high power laser, laser tracking and sensor technologies for theatre defence has been subordinated to the deployment of SS/SSA capability. This market-driven re-focus of resources has slowed theatre defence efforts.

EOS is exploring collaboration with partners to mitigate the cost and delay of achieving full theatre defence capability. Synergies between theatre defence and SS/SSA technical requirements are limiting impact on schedules as the SS/SSA efforts pushes forward.

Space Debris Removal [de-orbit]:

EOS' ablative de-orbit capability requires further development of its lasers and adaptive optics [AO] systems. These two efforts are being kept on track by parallel effort being undertaken for the SS/SSA and GMT [Giant Magellan Telescope] programs respectively. Funding for debris de-orbit will not be possible before debris tracking has been achieved, and EOS is focused on achieving this as soon as possible.

Directed energy applications have been delayed due to the GFC, and resource limitations in EOS. EOS still expects its solutions to be attractive in its target markets.

EOS ***Remote Weapon Systems:***

Sector Overview: 15 November 2010

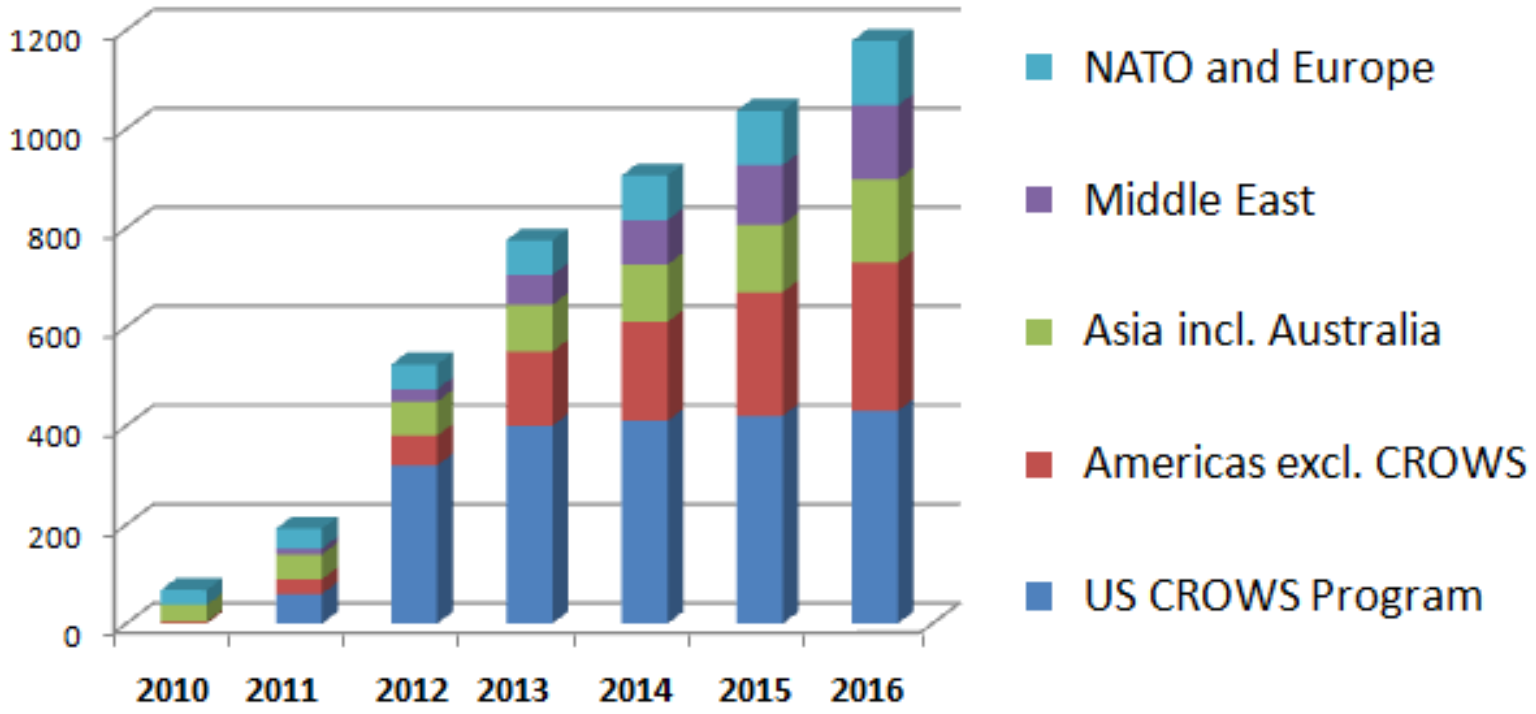
EOS Weapon System Heritage: 20 years

- 1989: EOS teams with MDC Boeing for small arms fire control
- 1992: EOS acquires joint weapon business from MDC/Boeing
- 1998: EOS teams with ROI for US Army CROWS development
- 2003: CROWS deploys to Iraq and enters production
- 2008: EOS acquires ROI weapon system business
- 2010: EOS teams with Northrop Grumman for US requirements
- 2011: Next CROWS production award expected from US Army

Product development lead times are typically 6-8 years in this sector. EOS has a 20-year development and supplier relationship with key customers.

Remote Weapon Systems: Market Size

RWS Markets Applying Competitive Procurement and Accessible to EOS or its Partners

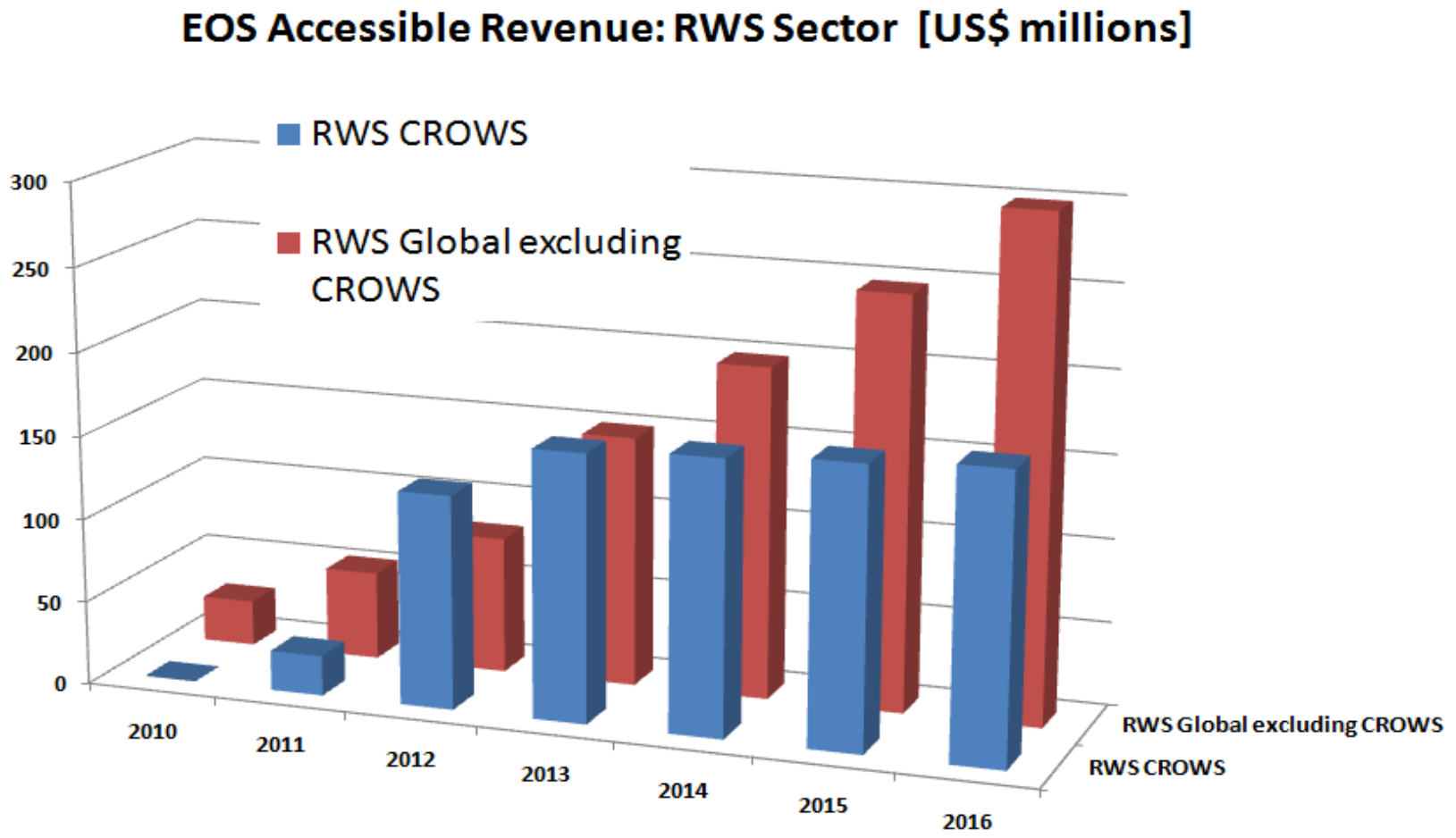


EOS has already sold into every segment. EOS acts in most segments through partners who capture up to 50% of all revenue when EOS products succeed in a specific segment.

The Impact of CROWS

- *The RWS business has effectively two separate growth elements: the global RWS market and the US Army CROWS market.*
- *CROWS is a large, single procurement that is addressed as a separate business segment. As a single opportunity it is larger than the total accessible global RWS market **until** 2013/14.*
- *The expected date for the award of the CROWS contract by US Army is mid 2011.*
- *EOS and its partner Northrop Grumman are on schedule to complete all technology development and production capacity requirements for CROWS.*

Accessible RWS Market Size: EOS only



This data excludes revenue allocated to local partners in various markets and is discounted for project risk. EOS RWS products are well-placed in this sector.

EOS Remote Weapon Systems [RWS]

20 years of product development and extensive combat operations have resulted in:

- *Wide range* of RWS products, qualified and in production.
  - Achieving a full product range is a ***barrier to entry*** to this market
- *Wide range* of different vehicles and weapons adapted and deployed
  - Achieving product flexibility is a ***barrier to entry*** to this market
- *Wide range* of technology options
  - Achieving advanced technology options is a ***barrier to entry*** to this market
- *RWS technical data* is 100% owned and controlled by EOS
  - Control allows in-country licenses to customers and partners as usually required
- *Strong industry partners* in key markets
  - Business model does not require EOS involvement in production

Wide Range of RWS Products

In a single family

- R-600 Dual [400 kg]
- R-400 [CROWS 1] [200 kg]
- R-200 [100 kg]

R-200 Lightweight RWS


R-400 in service
Copyright EOS

R-600 Weapon System

R-600 is the most advanced RWS in production

Wide Range of Vehicles Adapted






Over 20 combat vehicles integrated and deployed.
Product maturity is a significant market advantage



R-400 in service with coalition in Afghanistan

EOS RWS continue to perform well in service with long-term customers.

New Technology

Access to new technology is important in this market. EOS and its partners now have substantial reserves of new technology specifically developed to anticipate the needs of this market. Current customer options include:

1. 360 degree remotely-viewable visibility around the weapon system for situation awareness.
2. Integration with customer battle management systems to provide fully networked weapon system capability, as well as friendly force location, GPS navigation and secure communications.
3. Target image analysis, including automatic tracking.
4. Video recording of all applications of lethal force.
5. Built-in test and fault/damage diagnosis.
6. Built-in training
7. Robotic and autonomous weapon systems

Most of these capabilities are already fielded incurrent products

CROWS scans the horizon for threats while soldiers take a break on patrol.

Remote weapon systems are becoming indispensable in efforts to cut the cost of credible defence capability.

The Next Generation RWS : Wireless Remote Control

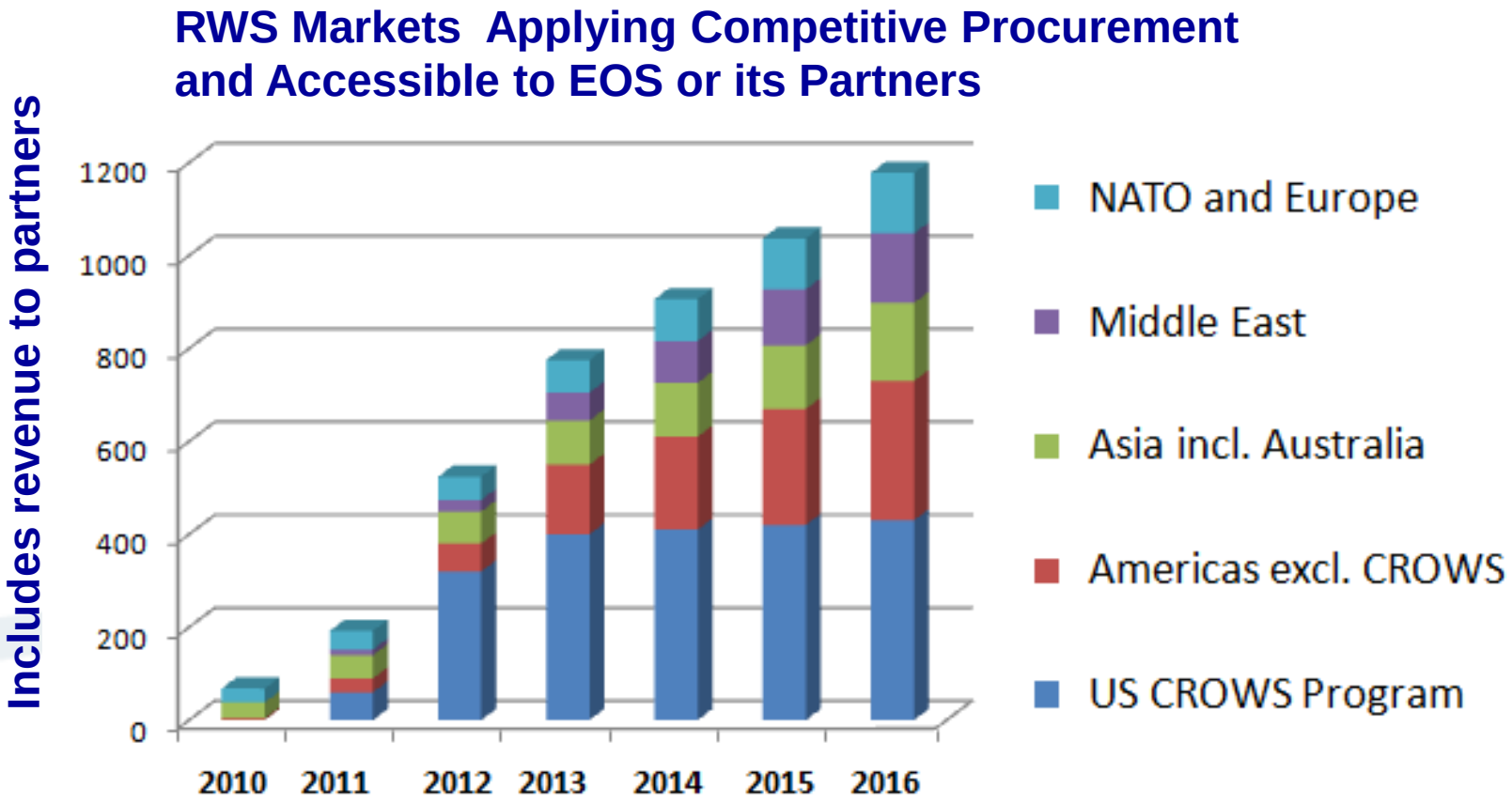
Northrop Grumman Camel robot

EOS & Northrop Grumman are expanding the role of RWS with new technology

Market Size and Positioning:

15 November 2010

RWS: Market Size by Regional Segments



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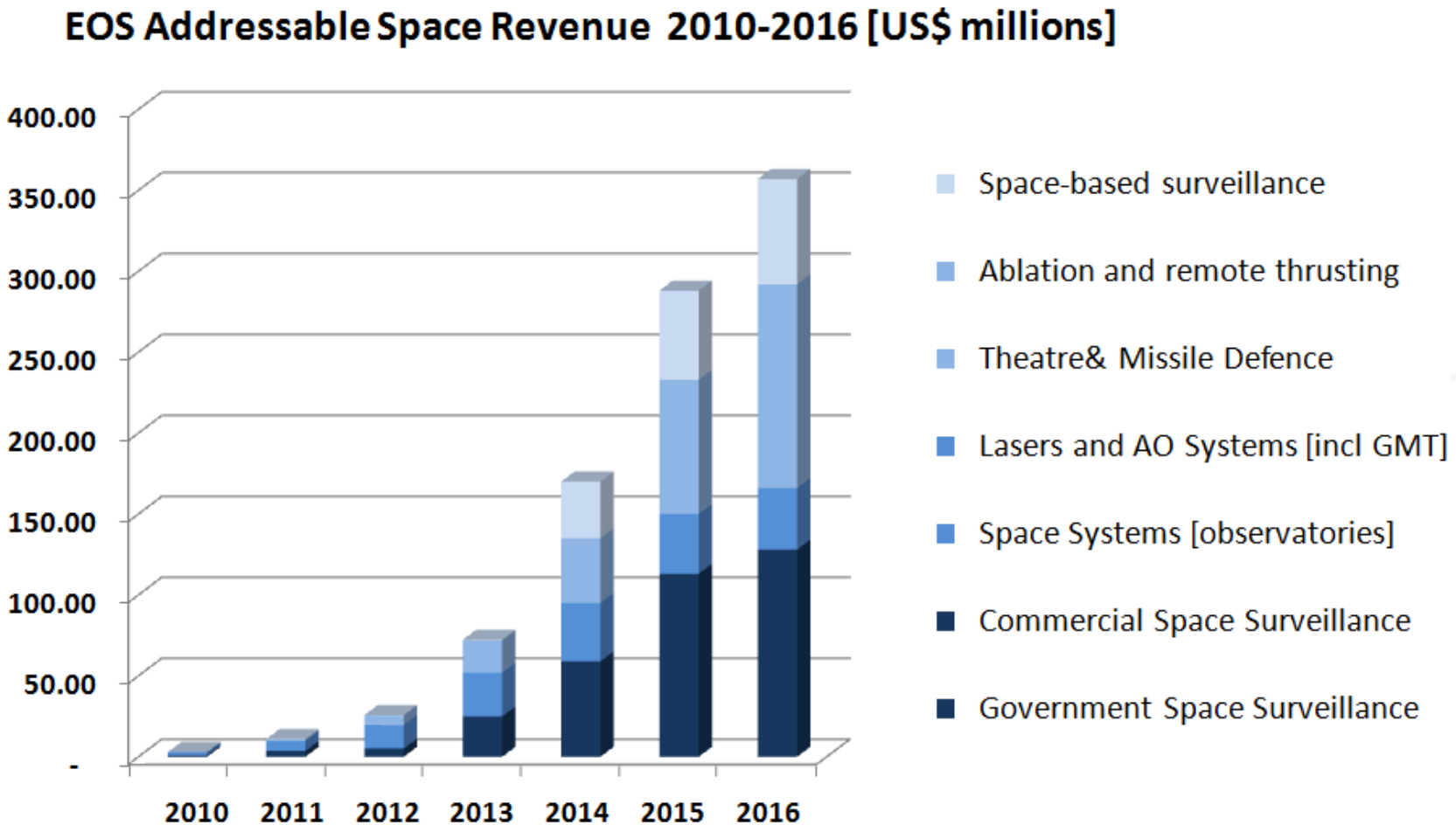
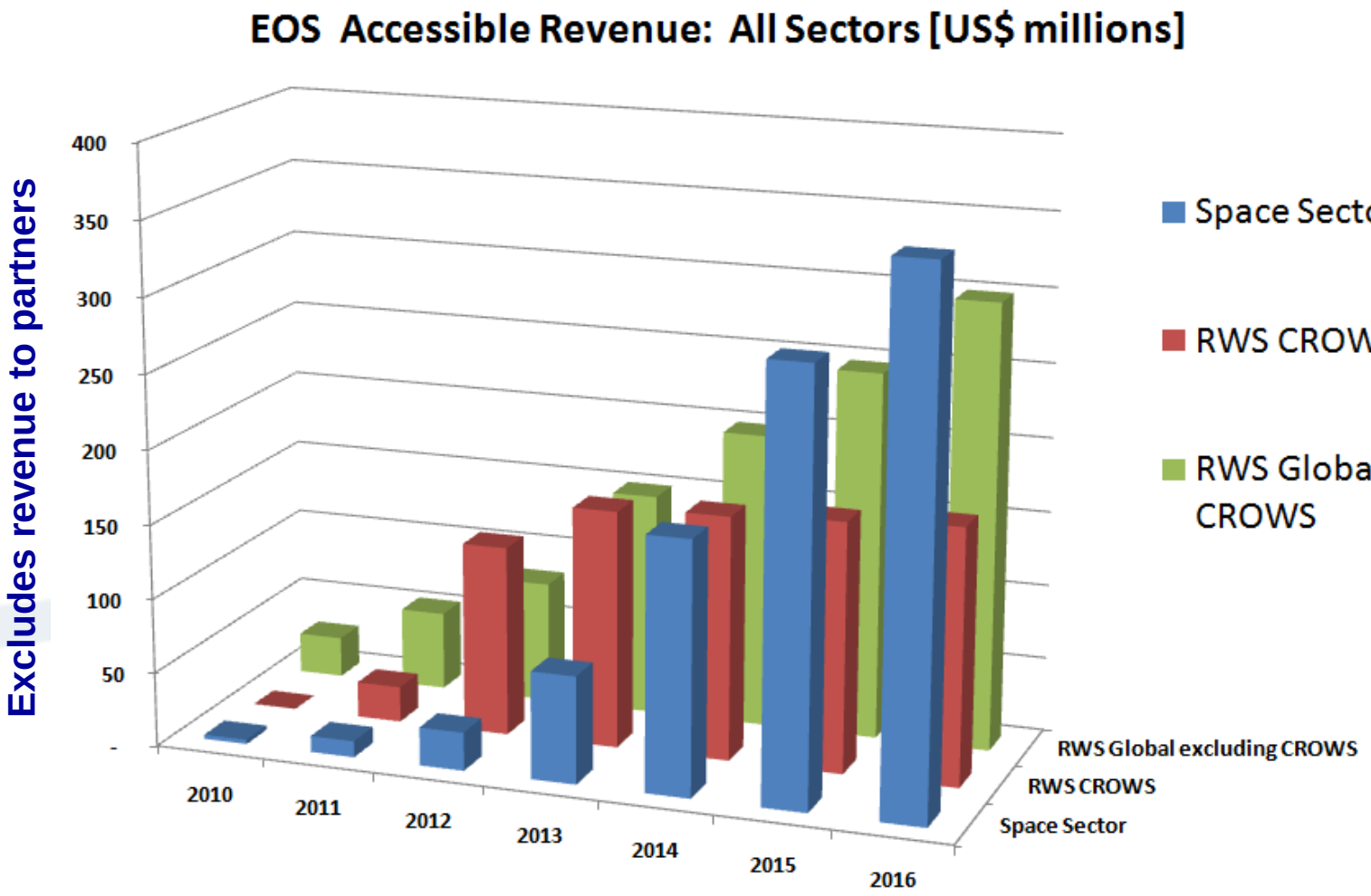
Space Sector: 4 Market Segments



Includes only programs where EOS is under contract, has completed trials, or is a supplier in good standing.

Market Size: All Sectors



Space is last sector to mature but is also the largest by 2015. CROWS is the earliest to mature but the smallest by 2014.

Summary

EOS is a stable, profitable hi-tech company that has created **three** powerful growth opportunities with technology, products, relationships and marketing:

1. **RWS CROWS**. The CROWS contract award is expected to be made in 2011 with revenue impact from ***2012***. EOS and its partner are well placed in this competition. This is the earliest major growth opportunity for EOS, but it is the smallest [see prior graphic] and the highest capture risk.
2. **RWS *excluding* CROWS**. This sector is already profitable and will expand rapidly from ***2013***, based on the success of current products and customer funding provisions going forward. This market will be very competitive, but EOS and its partners expect to secure significant market share going forward.
3. **Space Sector**. This sector will expand rapidly from ***2014***, based on the forecast growth of existing EOS contracts and on customer relationships already in place. This growth opportunity has the least capture risk and has the highest potential revenue and margins, corresponding to significant investment.

Because it is already profitable on the leading edge of these revenue streams, EOS can adapt to changes in the evolution of these markets.