



EOS

Company Update

30 May 2011

This document contains proprietary and copyright material which may not be copied or distributed without the consent of EOS.

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.

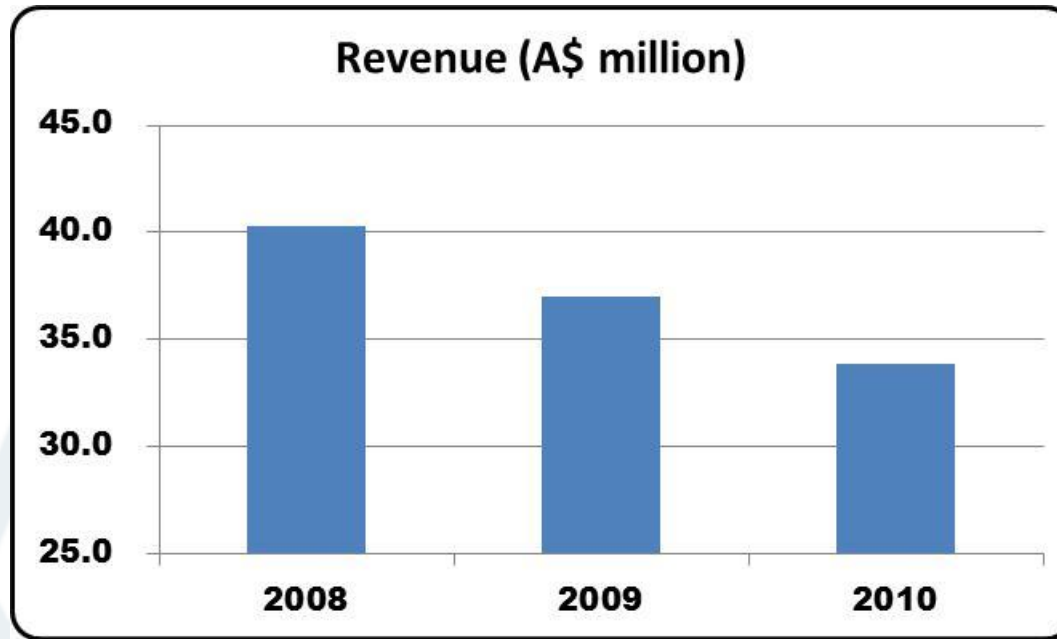
Such statements, therefore, should not be regarded as an expressed or implied forecast of the future financial performance of EOS. You are cautioned not to put undue reliance on this presentation.

Outline



- 1. Review of 2010**
- 2. Current Status and Outlook:**
 - Space**
 - Remote Weapon Systems**
- 3. Summary**

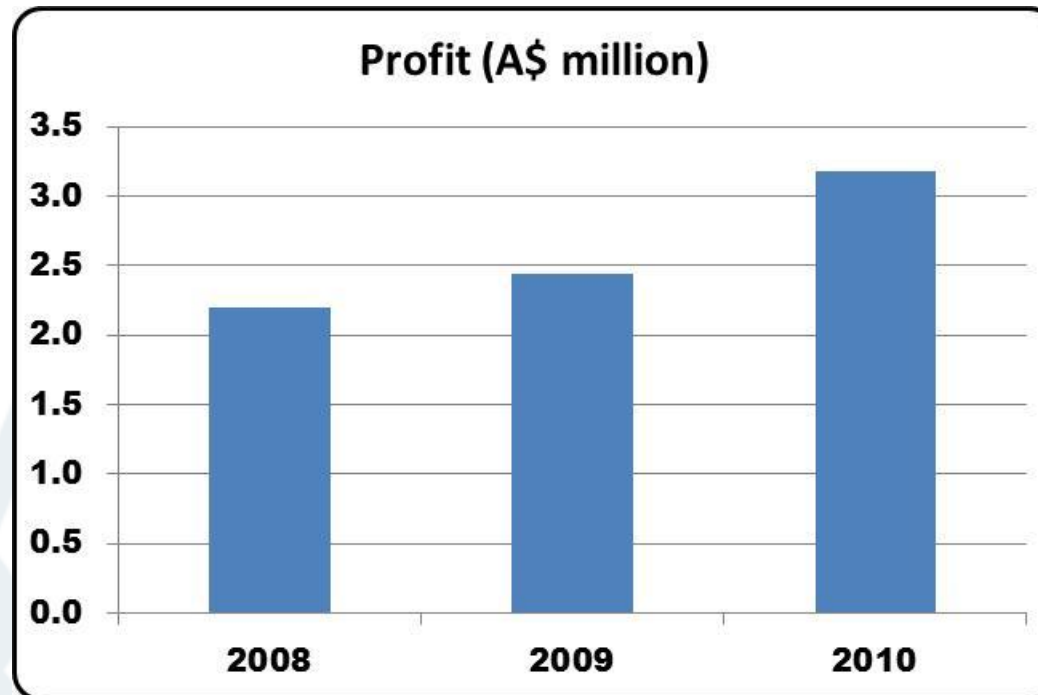
Revenue 2010



Revenue declined 9% due to:

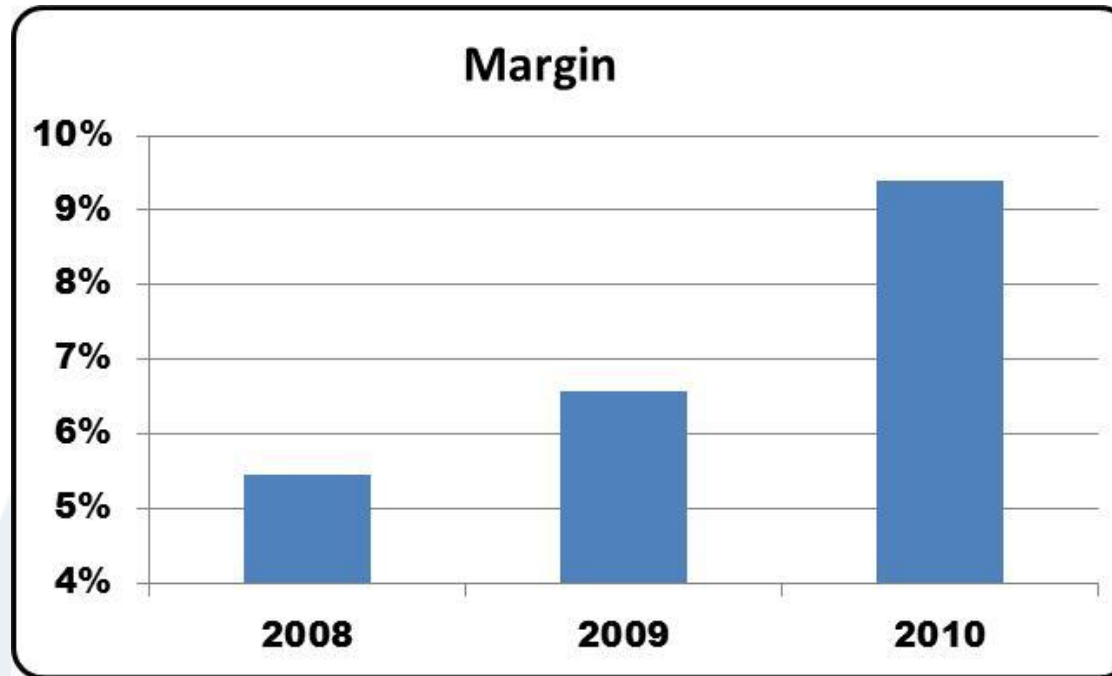
- US production facility consolidation and capacity upgrade
- A\$ appreciation of 15% from USD0.885 to USD1.022
- Tighter focus on higher yield products

Profit 2010



Profit increase of 30% achieved on reduced revenue while expanding technology, products and production capacity.

Profit Margin 2010



Profit margin of 9.4% matches the industry average, and is an increase of 43% over any previous result.

Cash 2010



Net cash provided by operating activities for the 2010 year was \$5.2 m (2009: net cash used \$6.0 m).

Cash available for operating activities was A\$7,591,663 at 31 December 2010 (2009: A\$2,351,881).

Cash + Inventory was \$20 million for 2010, providing a basis at 31 December for continuing expansion of production.

Space Sector:

Status and Outlook



Key Developments



1. Strong SS/SSA requirements emerging globally, with escalating application of funds.
2. Strong Australian engagement in space, including SSA and related technologies.
3. USA and AUS engage in defence partnership for SSA.
4. EOS increasingly sought out for SSA partnerships globally, with significant negotiations in train.
5. EOS technology and capabilities mature towards specific customer needs, using customer funding.



Copyright EOS



Space Tracking Systems

Space Tracking Systems



Australia



Germany



Now provided only to EOS strategic partners

Japan



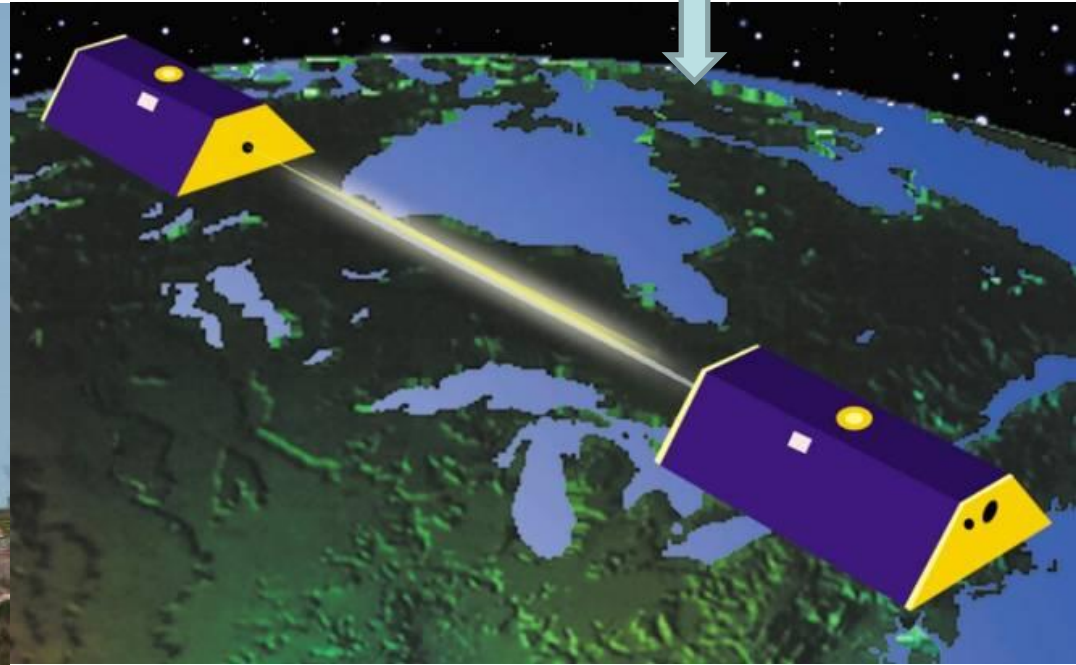
Saudi Arabia



Australian Space Research Program



- EOS is directly funded with over US\$5m thru 2012 for:
 - Operational enhancements to EOS space surveillance capability;
 - Improving space object orbit prediction; and
 - Space flight hardware for NASA Grace satellite mission

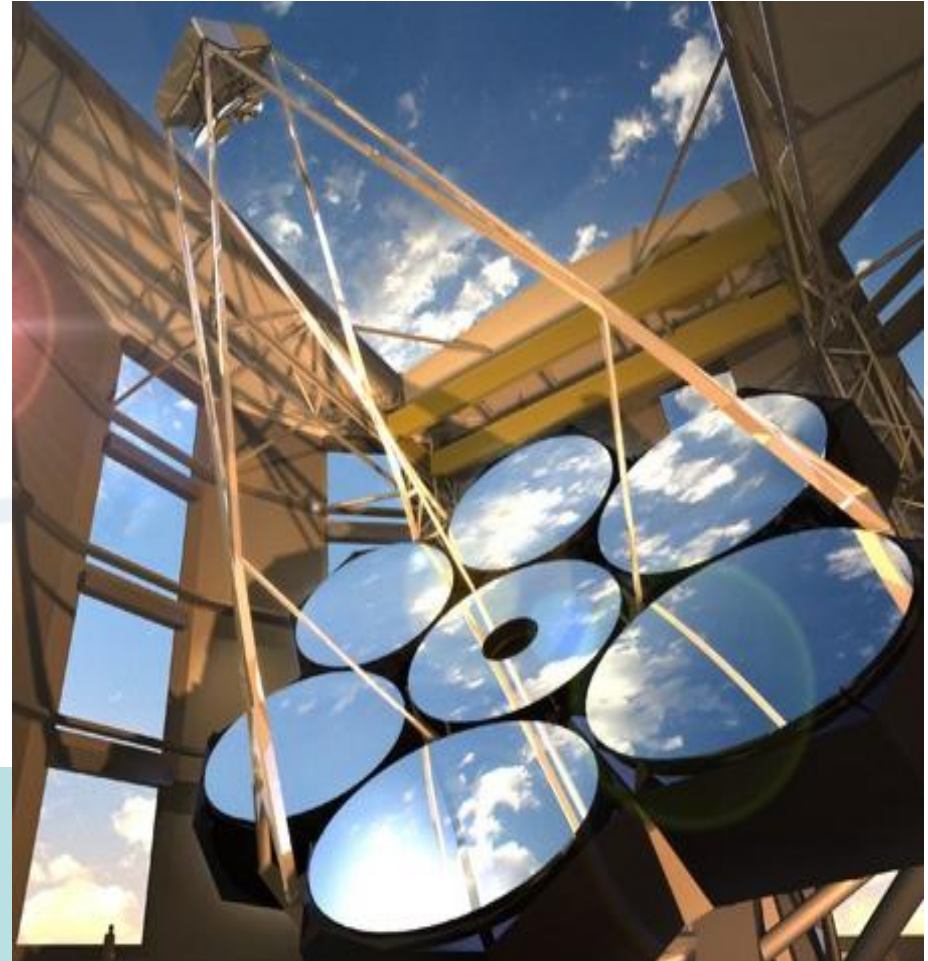


Giant Magellan Telescope [GMT]



- ❖ 26m diameter telescope (world's largest).
- ❖ A\$1bn international project with **A\$88m** Australian participation, fully funded.
- ❖ EOS and ANU have strong AO technology and will cooperate for GMT requirements.
- ❖ GMT requirements related to EOS applications in SS/SSA

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



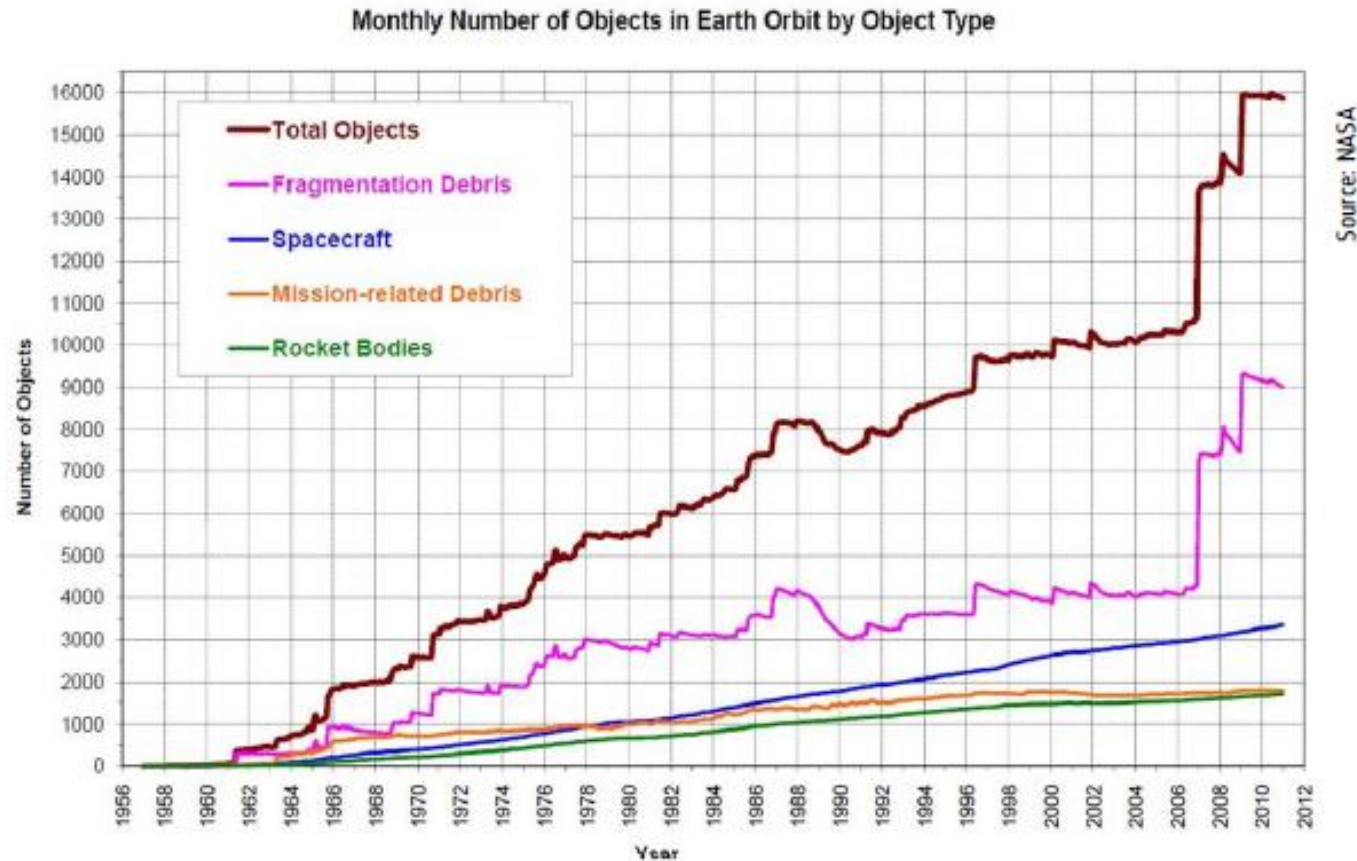
Space Surveillance and Space Situation Awareness [SS/SSA]



In most western countries SSA is rated in the top 3 national threats because of the risk to national defence capability, communications, trade, navigation, commerce, banking and finance.

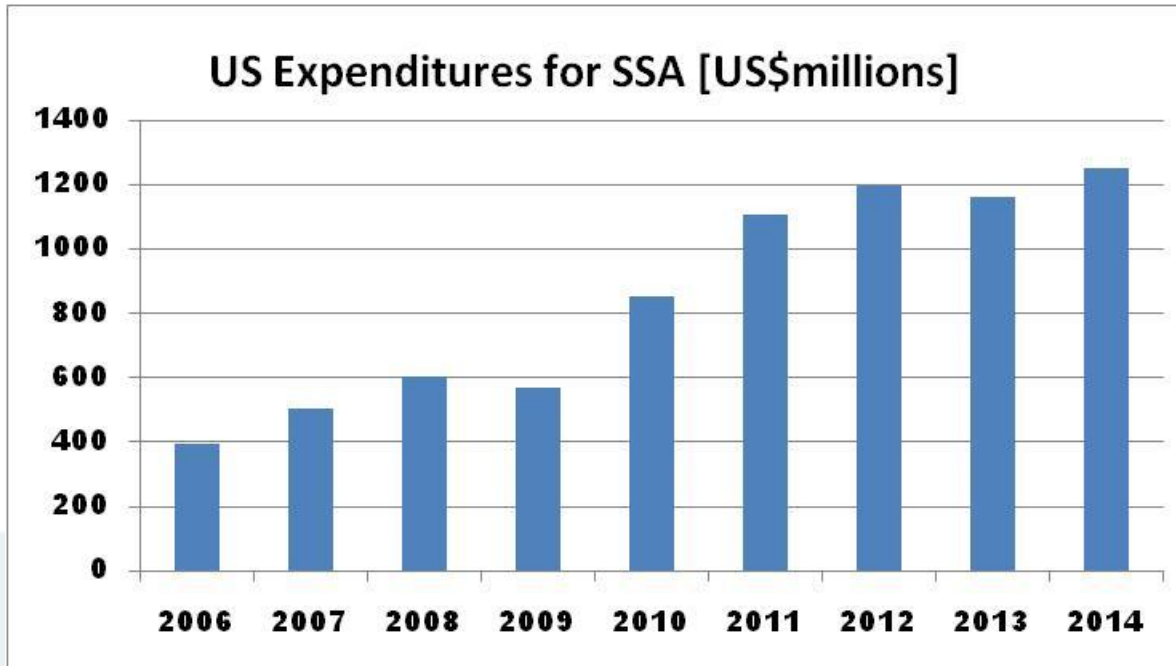
EOS forecast this development 7 years ago and has invested in the development and testing of solutions

Current Space Object Catalogue



Only objects >10 cm [10% of significant objects] are tracked and identified by current capabilities. Even major new capabilities fielding from 2014 cannot effectively track all objects of concern. EOS systems can track all these objects.

Space Surveillance and Space Situation Awareness [SS/SSA]



Source of data and forecast: US Government Accounting Office 27/05/11

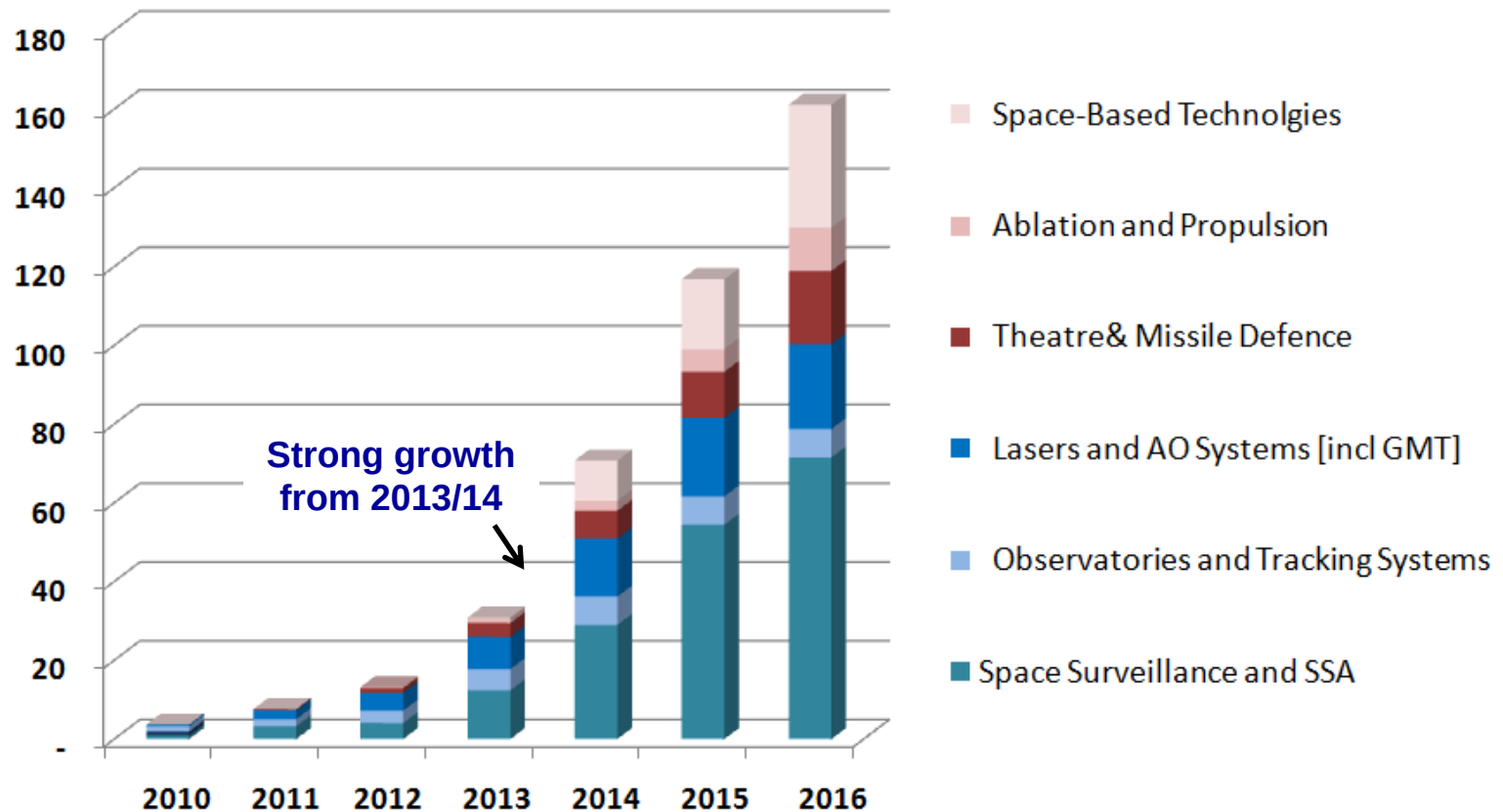
A proportion of US outlays are allocated for EO data. In addition cooperating entities globally, such as Australia and Europe, will contribute data from EO sensors.

The global SSA program presents significant commercial opportunities.

Accessible Revenue by Market Segment



EOS Target Space Revenue 2010-2016 [US\$ millions]



Includes programs where EOS is under contract, has completed trials, or is a supplier in good standing with the funding agency.

*Remote Weapons Systems Sector:
Status and Outlook*



Key Developments



1. RWS order growth

RWS order intake and backlog are at record levels with strong momentum.

2. Completion of ROI acquisition

The 2-stage acquisition was completed to give EOS complete control of all the technical data and designs for all its RWS products.

3. US production facilities

Arizona and Illinois plants were consolidated into a new, larger and more modern plant, with capacity to service both CROWS and export markets.

4. Product range

A wide range of new technology developed, including autonomous and remotely controlled systems, new sensors, and improved responsiveness.

5. CROWS

Arrangements completed to team with Northrop Grumman Corp.

Wide Range of RWS Products In a single family



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



Wide Range of Vehicles Adapted



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

Copyright EOS



US Army CROWS

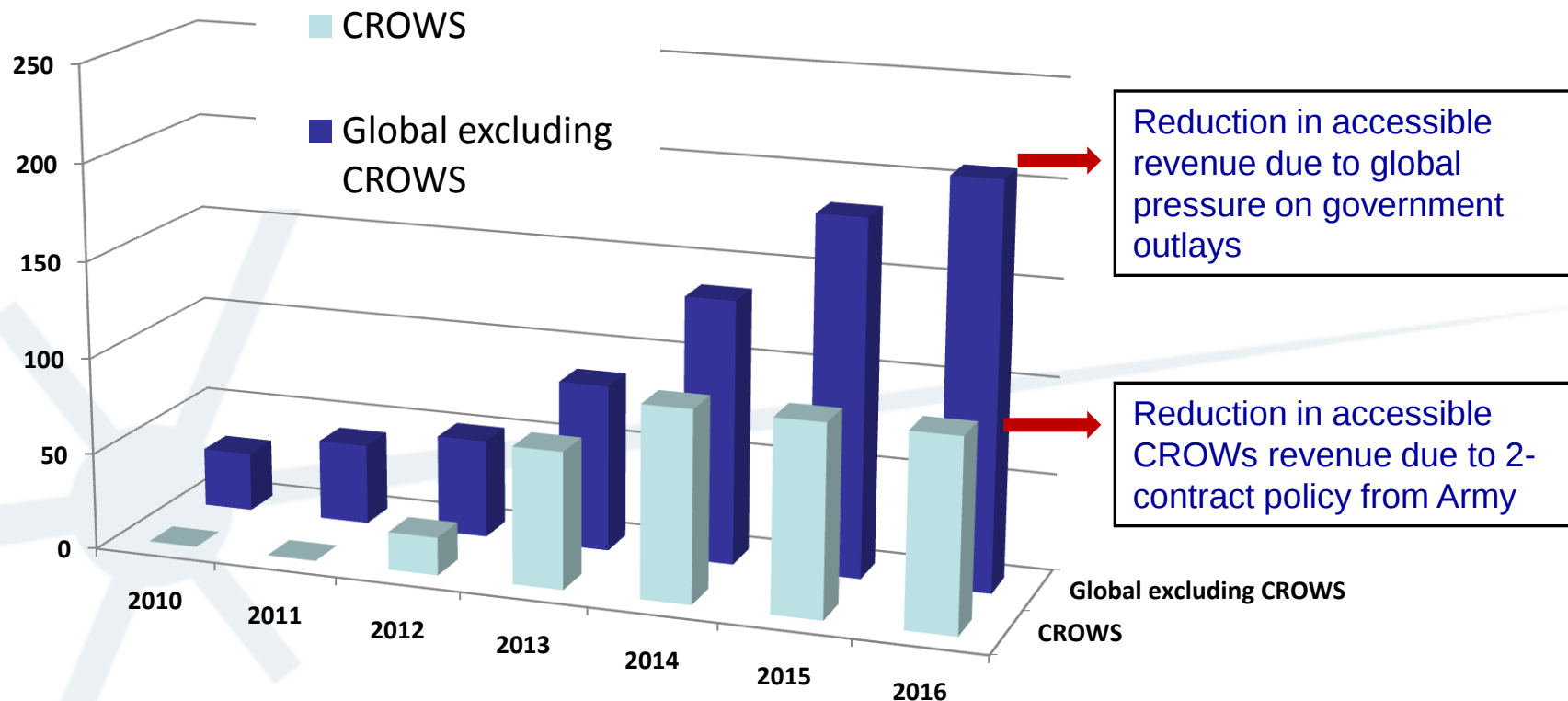


- *The US Army CROWS program is valued at around US\$4 billion over 7 years, subject to appropriations and related program approvals.*
- *The Army has recently stated its intention to award **two** contracts for the entire scope of work, and EOS makes up approx. 50% of one bidding team with Northrop Grumman Corp.*
- *Around 25% of CROWS program revenue may flow to EOS if the NGC/EOS team is successful in its bid.*
- *The expected date for the award of the CROWS contract by US Army is **calendar Q1 2012**.*
- *CROWS thus peaks at about 50% of EOS' accessible market opportunity in 2014. It is less than 50% before and after 2014.*
- *EOS and NGC continue to vigorously pursue this opportunity.*

CROWS & Other Market Potential



EOS Accessible Revenue: RWS Sector [US\$ millions]



The data excludes revenue allocated to local partners in various markets and has been discounted for widespread reductions in planned government expenditures thru 2016.

EOS

Summary



Key Issues Going Forward



1. A\$ appreciation and tight labor market conditions in Australia.
2. Increasing inflation and tighter government spending globally.
3. Management of limited resources to secure growth opportunities, including CROWS.
4. EOS revenues are lumpy in relation to annual revenue, and alignment with reporting dates is challenging.
5. Strategies to capture shareholder value. The EOS ADR.

Access to EOS via U.S. OTC Market



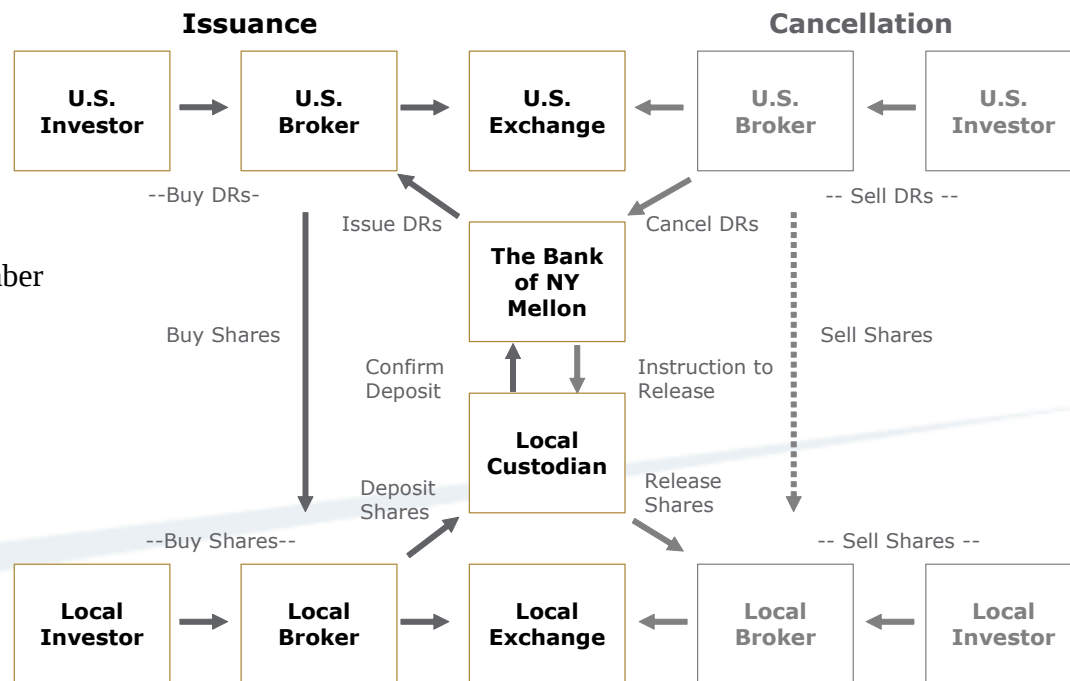
Electro Optic Systems Holdings Limited's ADR shares trade on the U.S. OTC market under the following information:

• Symbol	EOPSY
• CUSIP	28520B107
• Ratio	1 ADR : 5 ORDs
• Country	Australia
• Effective Date	November 22, 2010
• Underlying SEDOL	6293990
• Underlying ISIN	AU000000EOS8
• Depositary	BNY Mellon

ADR Benefits to U.S. Investors:

- ADRs give direct access to our listed equity capital base allowing participation in cross-border market liquidity
- ADRs are cost-effective
- ADRs are convenient to transact and own
- Quoted in U.S. dollars
- Settle via standard U.S securities settlement process
- Program is administered by a market leading global depositary

November



For more informations, please call The Bank of New York Mellon marketing desks:

■ London

BNYM – Sell-Side
Mark Lewis
mark.lewis@bnymellon.com
Telephone 44 207 964 6089

■ New York

BNYM-Sell-Side
Wendy Katz
wendy.katz@bnymellon.com
Telephone 212 815 2245

■ New York

BNYM-Buy-Side
Paul Hruby
paul.hruby@bnymellon.com
Telephone 212 815 3095

■ Hong Kong

BNYM – Sell-Side
Joe Oakenfold
joseph.oakenfold@bnymellon.com
Telephone 852 2840 9717

Summary



EOS continues to foster **three** significant growth opportunities:

1. **RWS CROWS.** The CROWS contract awards are expected in early 2012 with revenue impact if successful from late **2012**. This is an early growth opportunity for EOS, but there will be strong competition for each of the program awards. EOS and its partner NGC are well placed to compete.
2. **RWS *excluding* CROWS.** This sector is already profitable and will expand rapidly from **2013**, based on the success of current products and existing customer funding provisions going forward. This market will also be contested, but EOS and its partners expect to secure significant market share largely due to a strong existing presence with key customers.
3. **Space Sector.** This sector will expand rapidly from **2014**, based on forecast growth of existing EOS contracts and on customer relationships already in place. This sector has the least capture risk and has the highest potential revenue and margins, due to significant investments already made by EOS.