



Electro Optic Systems Holdings Limited

A.C.N. 092 708 364

Suite 2, Level 12, 75 Elizabeth Street, Sydney NSW
2000

Tel +61 2 9233 3915 Fax +61 2 9232 3411

<http://www.eos-aus.com>

Canberra 20 December 2006

EOS WINS FIRST AUSTRALIAN ARMY ORDER

Queanbeyan based company Fire Control Systems Pty Limited, a wholly owned subsidiary of Electro Optic Systems (ASX:EOS) has won an order to supply 44 units of its Stabilised Remote Weapon System (SRWS) to Thales Australia for fitting to the Australian Army's Bushmaster Infantry Mobility Vehicle. The contract, worth \$AUD14 million, will see the units delivered between now and February next year.

SRWS enables a weapon mounted on top of military vehicles – in this case, Thales Australia's Bushmaster vehicle - to be fired accurately and swiftly by a gunner inside the vehicle. As the prime contractor, Thales Australia is responsible for the integration of the SRWS onto the Bushmaster vehicle. The system is identical to the equipment provided to the US Army's CROWS program which has already seen hundreds of such weapon systems in use in Iraq. EOS is delivering 450 to the US Army under the CROWS program.

CROWS evolved directly from Australian technology developed by EOS.

EOS CEO, Dr Ben Greene, says the contract is an important breakthrough.

"Given the US Army's acceptance of our technology and products, we were confident that the Defence Materiel Organisation would also take a close interest in CROWS for the Australian Army's requirements, which are similar. This is a state-of-the art military product, proven in volume production in Australia and on the battlefield. CROWS is the world's leading SRWS program in terms of technology, quality, and production volume.

"Because we are producing at the rate of 40 units each month for export markets, EOS is able to provide very rapid delivery to Australia.

"EOS is consistently informed that CROWS is saving lives in combat, and we are very pleased that our technology may also now help Australian soldiers."

Dr Greene said the Australian Army contract would also help EOS in its current efforts to win major orders in Asia. Just as the US is highly regarded for the technology and quality in its military equipment acquisitions, Australia is a key reference customer for Asia with its specific environmental and operational factors."

"The Australian purchase will be noted in Asia, where important competitive procurements will be concluded in 2007. All SRWS systems for Australia and Asia are produced in EOS' Queanbeyan [NSW] production facility."

"The \$14 million Australian order clearly improves our FY07 outlook, both in its own right and in terms of near-term export opportunities" Dr Greene added.

Thales-built 'Bushmaster' vehicles have been selected by the Australian Army as the basis for its infantry mobility vehicle and three-hundred are currently being built in Bendigo, Victoria, under the current phase of Defence's Project Bushranger.

Thales Australia's role as the integrator of the SRWS on the Bushmaster reflects both local expertise and the important local relationship between prime contractors and SMEs – all of whom play an important role in Australia's defence industry," said Thales Australia's General Manager, Protected Mobility – Land Systems, Bob Simpson.

EOS is currently producing for the CROWS program in the US under sole source arrangements which will expire in 2007. It has previously announced it is competing for a US Army tender for the supply over four years of components and software for up to 3400 CROWS systems for 2008. Based on current prices, the contract, if won, could be worth up to AUD\$440 million to EOS.

Further information:

Dr Ben Greene
CEO Electro Optic Systems
0414 365 658