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EOS Acquires US Remote Weapon Systems Business

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Electro Optic Systems Holdings Limited (ASX "EOS") is pleased to announce that its US subsidiary EOS Defense Systems Inc. has acquired the remote weapon systems business of Recon Optical, Inc ("ROI"). This acquisition consolidates under EOS a technology base and product range unsurpassed in the rapidly-expanding remote weapon systems sector.

Background

Remote weapon systems allow ballistic weapons, such as machine guns, to be operated remotely from the weapon, providing a protected environment for the gunner. These systems typically comprise a weapon gimbal, for directing the weapon, and a wide range of sensors, software, and weapon control systems to allow the weapon to be safely and effectively operated.

Since 1994 EOS has been in the forefront of the development of remote weapon systems. In 1999 EOS and ROI joined forces for the development of CROWS 1 remote weapon systems for the US Army, with ROI contributing weapon system gimbals, the mechanical devices for moving and pointing the weapons. EOS contributed sensors, electronics, operator interface, software, and weapon control and aiming systems.



The EOS R-400 (CROWS 1) Remote Weapon System

By mid-2007 the partners had jointly produced around 500 CROWS 1 units for the US Army and variants of the CROWS 1 product were marketed internationally by EOS as the R-400 (“CROWS 1”).

In August 2007 the US Army awarded the CROWS production contract to a competitor (“CROWS 2”) and EOS and ROI continued to cooperate in the development and marketing of R-400 for NATO and other customers while continuing to jointly support and maintain many US Army units in Iraq.



CROWS 1 units in Iraq

In addition to CROWS 1 EOS and ROI also developed and deployed to Iraq a lightweight version of CROWS 1 called “CROWS Lightning”. Variants of this product are marketed in international markets as the EOS R-200 remote weapon system.



The EOS R-200 (CROWS Lightning) Remote Weapon System

The ROI technology for R-200 is included in the acquisition.



CROWS Lightning in Action

Implications for EOS

The EOS remote weapon system product range includes R-600, R-400 and R-200 products that range from over 600lb to less than 200 lb in weight to suit various vehicles, and provide a wide range of performance. Until now only the R-600 was comprised entirely of EOS-owned or controlled technology. The acquisition consolidates all the R-400 and R-200 technologies directly within EOS and its subsidiaries.



EOS R-600 Dual Weapon System

Direct control of all of the technology and production for all of its products provides EOS with competitive advantages through:

- larger production volume, leading to internal efficiencies and supply chain improvements;
- flexibility for allocating offsets within export markets to enable local participation in remote weapon system production and support;
- product improvements in one product which can now be more readily moved to other products; and
- seamless movement for all customers from one product in the range to another.

Upon completion of the acquisition this week, EOS will engage the ROI staff and occupy the ROI premises in Barrington IL that were purpose-built for the production of gimbals for remote weapon systems.

This represents a substantial increase in EOS production capability.

The acquisition also improves EOS' ability to provide total support for its entire product range, since EOS is also acquiring the physical ROI depot and spare parts operations for remote weapon systems, including CROWS support operations in Iraq.

Speaking immediately after the acquisition, the Chief Executive officer of EOS Dr Ben Greene said:

“The acquisition of ROI's remote weapon systems business provides a leap forward to EOS in terms of its product range, price competitiveness, technology base, plant capacity and field support capabilities.

The fusion of ROI and EOS technologies will allow EOS to ensure CROWS compatibility throughout its product range, and in particular will position it as a strong competitor for future U.S. Army requirements.”

Further information:

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