

FIBER-OPTIC SYSTEMS TECHNOLOGY, INC.

-FOX-TEK Announces Q1 2005 Results-

FOR IMMEDIATE RELEASE

TORONTO, Ontario (May 17, 2005) – Fiber Optic Systems Technology, Inc. (the “Company” or “FOX-TEK”), a developer of patented fiber optic sensing products, today announced its unaudited results for the first quarter of fiscal 2005, ended March 31, 2005.

FOX-TEK’s cash position was \$2.9 million at March 31, 2005, compared with \$2.5 million at March 31, 2004.

For the quarter ended March 31, 2005, the Company’s net loss was \$617,000, compared with \$597,000 in the year-earlier fiscal period. Operating expenses were \$573,000 for the first quarter of fiscal 2005, compared with \$465,000 in the year-earlier period. These higher figures reflect the increased costs associated with the execution of FOX-TEK’s commercialization strategy.

Product development costs were \$220,000 for the first quarter of fiscal 2005, compared with \$242,000 in the year-earlier period, a decrease of 10 per cent. This slight reduction reflects FOX-TEK’s shift from predominantly Research & Development activities to production activities, as the Company prepares to deploy its fiber optic sensing solutions to its clients.

“We’re very pleased with FOX-TEK’s progress in the first quarter of 2005,” said Gary W. Jolly, President and CEO, FOX-TEK. “We are implementing our business development strategy according to plan, and we are seeing some promising, initial demand for our specialized technology, particularly in the oil and gas industry.”

FOX-TEK had modest revenues of \$4,000 from product sales in the first quarter of fiscal 2005, as the Company’s business development and marketing efforts in the global oil and gas industry are in the initial stages of delivering returns.

In the first quarter of fiscal 2005, FOX-TEK announced its first purchase order from Saudi Arabian Oil Company (Saudi Aramco), the largest integrated oil company in the world. A FOX-TEK FT System is scheduled for installation at one of Saudi Aramco’s gas processing plants in the second quarter of 2005. Saudi Aramco plans to use this initial installation to validate FOX-TEK’s technology for use within their refinery infrastructure.

Subsequent to the end of the first quarter of fiscal 2005, FOX-TEK also announced the successful completion of a ‘Foreign Object Detection System for Spacecraft’ test, conducted in Houston, Texas at the request of National Aeronautics and Space Administration (NASA). Impact tests were conducted, in which foreign materials struck a surface covered with FOX-TEK’s smart material. The Company’s fiber optic sensors were able to determine the precise sizes and locations of the penetration holes in the surface. In a real-life situation, such information could allow astronauts to effect a timely repair.

“Based on examples such as these, we remain confident that the global market demand for our advanced fiber optic sensing solutions is strong and will continue to grow,” said Mr. Jolly. “The market for these specialized products is still in the early adoption stages and potential new

applications are being considered on an ongoing basis in a wide range of industries. We remain optimistic about continued success for FOX-TEK.”

About Fiber Optic Systems Technology

Established in 2000, FOX-TEK has developed patented fiber optic sensing products that deliver a cost-effective solution for companies to continually monitor their critical infrastructure and detect and prevent high-consequence or catastrophic occurrences. The company’s primary market is the global oil and gas industry, for the monitoring of pipelines and refineries. In addition to its monitoring systems, FOX-TEK delivers a full range of professional services to its customers, including engineering design services, training, supervision of on-site installation and turnkey fiber optic sensing systems. FOX-TEK is headquartered in Toronto, Ontario and is traded on the TSX Venture Exchange under the symbol “FOX”.

This press release contains forward-looking statements based on assumptions, uncertainties, and managements’ best estimates of future events. Actual results may differ materially from those currently anticipated. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements are detailed from time to time in FOX-TEK’s periodic reports filed with the Ontario Securities Commission and other regulatory authorities. FOX-TEK has no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

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