

NEWS RELEASE
Fiber Optic Systems Technology, Inc.
RESULTS FOR Q2 2004

TORONTO, Ontario (August 27, 2004) - Fiber Optic Systems Technology, Inc. (the "Company" or "FOX-TEK"), a Delaware company which became a Reporting Issuer in Ontario on August 3, 2004, today announced its unaudited financial results for the three and six months ended June 30, 2004.

FOX-TEK's cash position increased to \$1.9 million at June 30, 2004 from \$77,000 at December 31, 2003 primarily due to the gross proceeds of a \$3 million private placement of special warrants in March 2004.

For the 3 months ended June 30, 2004, the loss from operations increased slightly to \$410,000 from the \$395,000 in the comparable 2003 quarter whereas the six month loss increased to \$860,000 from the \$592,000 in the comparable 2003 period mainly due to increased activity in R&D. The Company had very small revenues in these recent six months as its marketing efforts to the oil and gas industry (which recently began) have not yet materialized in a significant way.

The foreign exchange gain of \$43,000 for the 3 month period ended June 30, 2004 primarily arose from the rebound in the US dollar in this quarter versus a foreign exchange loss of \$87,000 in the 6 months ended June 30, 2004 which primarily arose from decline in the value of the US dollar during the month of March 2004 and the bulk of the funds collected on the March 2004 private placement were immediately converted and held in US dollars. This is compared to foreign exchange gains of \$6,000 and \$46,000 in the 3 and 6 months, respectively, ended June 30, 2003.

FOX-TEK provides an operational sensing solution to enterprises which require continuous monitoring to detect and prevent high consequence or catastrophic occurrences. The Company is engaged in the development, design, manufacture, and sale of fibre optic sensors and related monitoring instruments, and providing engineering design services, training, supervision of on-site installation and turnkey fibre optic sensing systems, primarily focused on applications within the oil and gas industry.

This press release contains forward looking statements based on assumptions, uncertainties, and management's 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.

FOX-TEK is a trademark of Fiber Optic Systems Technology, Inc.

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