

26 March 2004

**Applied Optical Technologies plc
("the Company")**

Pre Closed Period Update

Prior to entering its closed period for the year ending 31 March 2004, the Company has released today the following update.

The Company announced previously that it is at an advanced stage of discussions in respect of one of the options arising from its strategic review. These discussions are progressing well and a further announcement will be made at the earliest possible opportunity.

The Company's Brand Protection business continues to perform well and, as expected, we have agreed a five year extension to our contract with Major League Baseball. Signature of this contract will mean that the Company continues to secure contract extensions with all the four major sports leagues in America.

The tax stamp programme in the Middle East has now commenced in full and the high volumes associated with this programme have had a positive impact on the profitability of the European operations. We are still expecting to secure the contract for the delayed tax stamp programme referred to in our January trading statement.

In ID Technologies the contract to provide security laminates for voter ID cards to a major Latin American country has now started. This has increased the volumes through our facility in Lancaster, Pennsylvania but market conditions in this product area continue to be challenging.

Accordingly, the Board expects results for the year ending 31 March 2004 to be broadly in line with expectations expressed at the time of the January trading statement.

- Ends -

For further information, please contact:

Applied Optical Technologies plc

Mark Turnage, Chief Executive (mturnage@AOTgroup.com)

Mike Angus, Finance Director (mangus@AOTgroup.co.uk)

0191 419 3344

Weber Shandwick Square Mile

Nick Osborne/Rachel Taylor

0207 067 0700