

APPLIED OPTICAL TECHNOLOGIES PLC

Changes to Crowther lease

7 April 2005

Applied Optical Technologies plc, the supplier of anti-counterfeiting technologies and services, has today surrendered the lease of its Crowther manufacturing site and simultaneously entered into a new lease for the same premises on revised terms.

The old lease had 17 years of the term remaining at a rent of £259,000 per annum and did not allow the Company an option to break the lease. The new lease has a 15 year term with an option to break the lease on the fifth anniversary of the term. The initial rent is £200,000 per annum with a review upon each of the fifth and tenth anniversaries of the term.

In consideration for the surrender and re-grant of the lease, the Company has paid to the landlord, GP Nominees Limited, a surrender premium of £1,025,000 in cash. The new lease is in substantially the same form as the existing lease. The Company will be responsible for 50% of the Landlord's costs, up to a maximum of £13,500 plus VAT and any disbursements.

The Company will initially capitalise the surrender premium and depreciate it over the first five years of the new lease. An impairment review will be performed as part of the review of the results for the year ended 31 March 2005.

These changes are part of the on-going re-organisation of the Group's European operations, announced in November 2004, which are aimed at reducing operating costs in the UK and moving this division into profit. The Crowther unit supplies high security products for governments and corporations, including certain currency, ID and fiscal stamp applications.

- Ends -

For further information, please contact:

Applied Optical Technologies plc

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

Mike Angus, Finance Director (mangus@AOTgroup.com)

0191 419 3344

Weber Shandwick Square Mile

Nick Osborne

0207 067 0700