

1st June 2006

Applied Optical Technologies plc (“the Company” or “AOT”)

Acquisition of GenuOne Inc.

Creates a single company able to meet the brand protection needs of global brand owners in online and supply chain environments.

Applied Optical Technologies plc, the supplier of high quality anti-counterfeiting technologies and services, is pleased to announce it has agreed to acquire GenuOne Inc, (“GenuOne”) for a cash consideration of \$13 million (approximately £7 million). It is anticipated that the completion will take place in mid June.

GenuOne is a provider of anti-counterfeiting and anti-diversion software products which enable brand owners to monitor and protect their products and brands across a range of online environments, including auction sites, retail and wholesale internet exchanges, and business to business boards where significant sale of counterfeit products occurs. GenuOne also provides product tagging and tracking services to customers.

GenuOne has 28 employees based in Boston, Massachusetts. It currently services 45 major global brands including XEROX, New Balance Athletic Shoes, Cisco, Richemont Group and Dell. Its accounts for the year ended 31st December 2005 showed turnover of \$6.1 million and a net income of \$42,000. The balance sheet at 31st December showed net liabilities of \$2 million.

Upon acquisition, certain liabilities of GenuOne will convert into share capital and accordingly AOT will acquire net assets of approximately \$Nil. GenuOne has significant tax losses which AOT expects to be able to utilise against the future profits of its American operations.

The acquisition will be financed in part from the Group’s cash resources with the balance met from a new revolving credit facility agreed with Bank of America. The facility allows the Group to borrow up to \$10 million at a variable rate equal to The Wall Street Journal LIBOR one month floating rate plus 150 basis points. Any principal borrowed will be repayable within three years and will be secured on the assets of the Company’s American operations.

Commenting on the acquisition Mark Turnage, Chief Executive Officer, said:

“The acquisition of GenuOne is of fundamental importance to our brand protection business.

“The combination of our overt and covert tracking products with GenuOne’s software and tracking technologies, creates a single company able to meet the needs of global brand owners in both the online and supply chain environments. The ability to provide this range of services is unique in the industry.

“In addition to expanding the range of products supplied by the Group, the acquisition of GenuOne adds a number of global brands as customers. The cross selling opportunities between GenuOne and AOT are significant. The strong management and operating team at GenuOne will enhance Group operating management.”

- ends -

Enquiries:

Applied Optical Technologies plc:

Mike Angus, Finance Director:
Mark Turnage, Chief Executive

0191 417 5434

Oriel Securities Limited:

Andrew Edwards

0207 710 7600

Weber Shandwick Square Mile:

Nick Osborne/Stephanie Badjonat

020 7067 0700