

4 July 2003

APPLIED OPTICAL TECHNOLOGIES

DIRECTORS' SHAREHOLDINGS

As part of the Company bonus scheme, the Company's Directors and Rick Salomone, whose appointment as a Director will become effective on 15 August 2003, have made share purchases from the AH LTIP Trustee Company Limited yesterday at a price of 25 pence per share. Their purchases and resultant holdings are as follows:

Director	Amount of shares	New shareholding	Percentage of the Company's Issued Share Capital
Mark Turnage	20,000	170,000	0.31%
Mike Angus	15,000	109,000	0.21%
Peter Emerson	10,000	32,000	0.06%
Rick Salomone	35,000	35,000	0.07%

Under the terms of the scheme, shares purchased by individuals are matched by the Company on a one-for-one basis. These matching shares vest with the individuals in three years time dependant upon continued employment, continued ownership of the original shares and growth in the Company's adjusted earnings per share being equal to or greater than the sum of the retail price index measure of inflation (RPI) plus 15 per cent over the three years ending 31 March 2006.

As the Company recorded a loss per share for the year ended 31 March 2003 (being the base point for the assessment of the matching shares) the base EPS will be taken as Brewin Dolphin Securities' forecast EPS for the year ended 31 March 2004 discounted by the RPI for that year plus 5 per cent.

Other members of the management team purchased 33,900 shares under the same scheme and the resultant holding of the AH LTIP Trustee Company is now 2,486,100 (representing 4.66% of the Company's Issued Share Capital).