



**05 August 2003**

**PLASMON PLC**

**2003 AGM STATEMENT**

At today's Annual General Meeting, the Company will issue the following statement.

The UDO development programme continues to make good progress and the technology is creating strong interest from potential channel and major OEM customers. As we highlighted in our Annual Report, we experienced some problems with the Optical Disk Controller (ODC) chip that required several design iterations before the chip could finally be released to fabrication. The additional design work has caused a slight delay in the overall UDO programme and initial product shipments are now expected to slip one month to late October 2003.

The new design of Nichia laser continues to perform above our specifications and is no longer considered a significant risk to the overall UDO programme.

In June we delivered prototype UDO drives to HP and they are now moving forward with formal product qualification. In July we also co-hosted a UDO storage management software conference with HP and we have recently entered detailed OEM contract negotiations for UDO drive and media supply.

The difficult market conditions seen in 2002/3 have continued into the start of the current year with Europe performing better than our US business. We are finally seeing some slowdown in our core 5.25" library business as customers wait for UDO which when coupled with the adverse effect of the weak dollar, will result in first half revenues below last year. However, the market response to UDO continues to be excellent and we expect it to become the major driver of our future growth.

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