

20 May 2005

PLASMON PLC
2005 PRELIMINARY RESULTS

UDO IS NOW A PROVEN TECHNOLOGY AND GAINING OEM SUPPORT

Plasmon Plc, the leader in professional optical archival solutions, today announces its 2005 Preliminary Results.

Highlights

- Turnover declined 10 per cent. to £44.9 million (2003/4: £50.1 million) reflecting a:
 - Fall in mastering and consultancy revenues caused by market oversupply
 - Downturn in legacy sales as customers anticipated new UDO Archive Appliance
 - Slower than expected UDO sales to OEM customers
- Full year retained loss increased to £9.3 million (2003/4: £4.3 million) after exceptional costs of £1.6 million
- Basic loss per share 15.75p (2003/4: 7.95p)
- Net debt reduced to £11.9 million at year end (2003/4: £13.3 million) after £7.3 million net of additional equity capital raised during year
- UDO is now firmly established as a proven product with a growing number of key partners
 - Mitsubishi started UDO media production in November 2004
 - Xerox commenced UDO stand alone drive sales in early 2005
 - Sales of UDO Archive Appliance commenced in March 2005, a major milestone
 - 24 per cent. growth in Plasmon's 5.25 inch channel sales driven by UDO
 - Engaged with IBM as a future OEM customer for UDO
- Fully underwritten Placing and Open Offer to raise £12 million (gross) to fund the next stage of UDO business development and provide working capital for the Group

Nigel Street, Chief Executive of Plasmon, commented:

“UDO has been our main focus for the past five years and we now have a proven product that is attracting growing interest from a number of potential major customers. The fundraising announced today will give us the financial strength to move our full UDO product range into the marketplace and build a profitable and growing long term business.”

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CHAIRMAN'S STATEMENT

During 2004/5 we firmly established UDO in the archival storage market and a growing number of OEM customers are being attracted by the reliability and cost effectiveness of UDO technology. However, the past year has proved to be a disappointing year for Plasmon with the expected growth from sales of UDO solutions proving to be slower than originally anticipated.

In 2003/4 we successfully completed the UDO development programme and signed HP and a major medical systems integrator as our first OEM customers for UDO. After a long period of decline, in the second half of 2003/4 revenues increased and with losses significantly reduced we were cautiously optimistic about the outlook for 2004/5.

Business continued to improve in the first half of 2004/5 with revenues slightly ahead of the previous year at £24.6 million and UDO driving an encouraging 15 per cent. growth in our core 5.25 inch products. However, this position reversed in the second half as our major medical imaging customer delayed purchases of legacy solutions in anticipation of the new UDO Archive Appliance. We also experienced weak trading in our historically profitable mastering and consultancy business and sales to HP were below expectations. These issues resulted in revenues falling 17 per cent. to £20.3 million in the second half of 2004/5 and full year revenues falling 10 per cent. to £44.9 million from £50.1 million the previous year.

The loss of £3.6 million in the first half increased to £5.7 million in the second half as the reduced sales revenues led to a significant under recovery of our overheads. Overall the Company incurred a loss of £9.3 million in 2004/5 after exceptional reorganisation costs of £1.6 million compared to a loss of £4.3 million in 2003/4. In response to these market conditions, in October 2004 we raised £4.3 million net through a 5 per cent. cash placing to strengthen our working capital position and in November 2004 we reduced our annual cost base by some £2 million.

Although trading was very challenging last year, there were some exciting developments in our business with positive long term implications for the Group. In early 2005 IBM informed us that they wished to OEM a full range of UDO drives, libraries and media with shipments starting in late 2005. In addition, we shipped the first UDO Archive Appliances to our major medical imaging customer in March 2005 which represents a major milestone for the Group as an integrated solutions supplier.

The last year has clearly been a most difficult period for the Group with the fall in sales leading to significant losses being incurred despite our cost reduction efforts. However, UDO is now a proven data storage technology and continues to gain the widespread support of major OEM customers. We are also experiencing strong interest in our new UDO Archive Appliance which we expect will drive substantial increases in future revenues. Although taking longer than originally anticipated, we still expect UDO to create a profitable long-term business for the Group.

The Company has announced today a placing and open offer to raise £12 million gross, fully underwritten by Investec Bank (UK) Limited, in order to provide capital to fund the proposed transaction with Pentax; the anticipated IBM OEM agreement and the costs relating to the placing and open offer with the remainder being used to fund the ongoing development of UDO and general working capital purposes. Further details relating to the placing and open offer can be found in a circular which will be posted to shareholders today.

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during a particularly challenging period in our history.

J. Barrie Morgans
Chairman

CHIEF EXECUTIVE'S REVIEW

2004/5 was a very challenging year for Plasmon with a number of factors coinciding to create a disappointing financial outcome for the year as a whole. However, the short term trading performance has to be reviewed against the longer term objectives of establishing UDO as a dependable storage platform and attracting sufficient OEM support to ensure UDO becomes the *de facto* standard in optical archival technology. On both these counts we made good progress in 2004/5, and despite the slow start we still expect UDO to deliver substantial increases in our future revenues and profitability.

By the end of 2003/4 we had commenced shipments of UDO and had largely solved the inevitable start-up problems of bringing a new technology into volume production. We had also signed OEM supply agreements with HP for UDO drives and media and secured a leading medical systems integrator as the first customer for our integrated UDO Archive Appliance. With revenues increasing 7 per cent. sequentially in the second half of 2003/4, the outlook for UDO deployment and 2004/5 in general looked positive.

In the first half of 2004/5 we achieved a slight increase in sales to £24.6 million, as the growth in UDO revenues largely offset the expected decline in sales of our legacy products. However, this modest sales growth was behind our initial expectations due to a number of factors. Firstly, sales of UDO drives and media to HP were considerably below forecast, due to the slow conversion of their library customers to UDO from the earlier MO technology. In contrast, Plasmon's channel customers have rapidly migrated to UDO and by year end over 90 per cent. of our 5.25 inch library sales employed UDO technology.

Another factor in the slower than expected sales growth was the lack of suitable software drivers for UDO standalone drives. In co-operation with HP we subcontracted development of this software to a third party in late 2003, but they failed to deliver an acceptable product. In mid 2004 our own software team commenced a fast track development programme to recover the situation and successfully delivered their solution in December 2004.

Sales of standalone drives represents a new business for Plasmon and we expected them to generate considerable revenue growth in 2004/5. In early 2004 our largest medical imaging customer selected UDO to replace previous generation MO drives in several of their mobile scanning products, and sales were expected to commence from mid year. Unfortunately, due to the lack of the third party software drivers, we missed their deployment window and this new revenue opportunity is now expected to commence in early 2006. We continue to work with several other OEM customers and in early 2005 we commenced sales of UDO standalone drives to Xerox for the direct archiving of scanned images.

Over the past few years we have developed a successful consultancy and mastering business based on the sales of manufacturing technology to the volume CD/DVD replication industry. After several years of rapid growth, new entrants to the industry caused an oversupply situation and as a result our revenues declined by some 25 per cent. to £5.6 million in 2004/5. Consultancy and mastering is a highly profitable business for Plasmon and any shortfall in sales has a direct impact on our profitability.

In the second half of 2004/5 we expected to commence sales of the UDO Archive Appliance to our largest medical imaging customer who has traditionally purchased both DVD and MO libraries. In anticipation of the availability of the UDO Archive Appliance they ceased purchases of MO libraries from mid year. However, due to integration issues with the customer's application software, initial shipments of the UDO Archive Appliance were not made until March 2005. This delay, coupled with the downturn in our mastering and consultancy business and slow sales to HP, resulted in a 17 per cent. decline in second half sales to £20.3 million and overall sales in 2004/5 falling 10 per cent. to £44.9 million.

In light of the poor sales performance, we completed a reorganisation programme in November 2004, reducing our workforce by 8 per cent. and making overhead savings of some £2 million per annum. Coupled with the first half reorganisation of Raidtec and costs associated with our exit from the tape library business, the reorganisation resulted in a full year exceptional charge of £1.6 million. At the pre-tax level our full year loss increased to £9.2 million from £4.2 million after goodwill costs of £1.4 million and £0.9 million of interest expense.

During 2004/5 our fixed asset investment, excluding goodwill, fell to £2.9 million (2003/4: £6.6 million) as we substantially completed our investment in UDO media manufacturing. Our inventory increased by £2.7 million primarily as a result of sales revenues falling below expectations in the second half. After equity fundraising proceeds of £7.3 million, our net debt at the year end fell from £13.3 million to £11.9 million, representing gearing of 34 per cent. compared to 41 per cent. the previous year.

IBM

Since 1996 Plasmon has supplied libraries based on MO technology to IBM under a full IBM brand OEM agreement. During this period over 10,000 libraries have been delivered and a very successful working relationship has been established. For technical reasons IBM did not adopt the last generation 9.1GB MO drive and in recent years our sales to IBM have declined as their 5.2GB solutions became increasingly uncompetitive. Plasmon delivered the last libraries to IBM in March 2004 and no library sales were made during the last year, which put additional pressure on our overall revenue performance.

IBM were involved with HP and Plasmon in developing the original specification for UDO and they have been kept informed of our progress throughout the UDO development programme. In 2003 we entered into a software development agreement with IBM to support UDO under their OS400 and TSM software platforms from late 2004. In early 2005 they informed us they wished to proceed with a full IBM brand OEM agreement for UDO drives, libraries and media with initial shipments scheduled for September 2005. We are now working with IBM to customise the products and expect to sign formal agreements in mid 2005.

Product Development

Plasmon's development efforts remain focused on creating integrated storage solutions with a high level of in-house content to ensure our margins remain attractive on a long term basis. While this strategy has entailed considerable risk and expenditure, we achieved a major milestone in March 2005 with the first shipments of the UDO Archive Appliance.

UDO

The early production of UDO drives was hampered by component supply issues and the transfer of OMA production from Pentax to a contract manufacturer in Northern Japan. These issues were fully resolved by mid 2004 and we are now manufacturing UDO drives at a yield in excess of 90 per cent. UDO drives are proving extremely reliable in the field and, having passed both HP's and IBM's qualification process, can be considered world class optical storage devices.

Development of the next generation UDO II technology is now underway and we are already decoding data at the target 60GB capacity. This product will use a 0.85NA objective lens that we have sourced from Konica Minolta who have agreed to be our development partner for UDO II. They have also agreed to take over management of the contract manufacturer from Pentax for both the existing and future generations of product. To facilitate this arrangement, we have signed heads of agreement to purchase the intellectual property and designs of the UDO OMA from Pentax for a consideration of approximately £1.1 million in cash and we expect to complete this transaction by the end of August.

UDO media manufacturing in our Melbourn facility is now stable and we are achieving yields in line with plan at 70-80 per cent. Our development efforts are now focused on 60GB UDO II media which we are co-developing with Mitsubishi, our UDO media licensee. Mitsubishi commenced manufacturing UDO media in November 2004 and they are proving to be an excellent development partner for UDO technology. In addition to UDO II, we have also collaborated with Mitsubishi on the development of liquid cover layers to reduce the manufacturing cost of UDO media. We have recently made disks within specification and we are now building a pilot production machine that should enter service in early 2006.

UDO Archive Appliance

Following our acquisition of Raidtec in April 2004, we have invested considerable effort to complete the development of UDO Archive Appliance. This product integrates our own UDO drives, media,

library, RAID and software technologies, to create an integrated archival solution that offers Plasmon attractive margins and should become the mainstay of our future product portfolio.

Initial sales of the UDO Archive Appliance have been smaller units with the RAID and server integrated into the new Gx libraries. In response to customer requirements we have also integrated external Raidtec NAS devices with our larger G-Series libraries to create enterprise level archival solutions with expandable RAID capacities. In the coming year we plan to increase the functionality of the software and integrate the UDO Archive Appliance with the application software of our other medical imaging customers.

In the longer term we plan to develop the product into a generic archival storage device that competes with systems based on RAID and tape technologies. We believe that the combination of UDO and RAID offers compelling benefits in the long term data archiving market and that the UDO Archive Appliance and its derivatives will create substantial opportunities for future growth.

Raid Solutions

In April 2004 we acquired Raidtec to broaden our product range and provide core RAID technology for integration into our new UDO Archive Appliance. As expected at the time of acquisition, heavy investment in new product development and reorganisation has resulted in the business remaining loss making in 2004/5, but we expect to achieve significant growth in the future as we develop a broader product portfolio. In 2005/6 we plan to increase our investment in sales and marketing of Raidtec solutions and firmly establish ourselves in the RAID market, initially in Europe and later in the US.

In February 2005 we launched the first new product developed since we acquired the company and it has been well received by the market. This product is based on SATA drive technology and represents a repositioning of Raidtec solutions towards the lower end of the RAID market. Lower end solutions require less consultative type selling and are more in-line with our traditional Plasmon sales channels. Further new products based on FC and SAS technology are expected to be launched in 2005 and we are already in discussions with several potential OEM customers.

Product Review

<i>Product mix by sales value</i>	<i>2003/4</i>	<i>2004/5</i>
5.25 inch MO	34%	18%
UDO	5%	24%
12 inch	25%	23%
CD/DVD	15%	13%
Mastering	8%	7%
Consultancy	7%	5%
Software and connectivity	3%	6%
Other	3%	4%

As expected, the launch of UDO significantly reduced sales of 5.25 inch MO technology in 2004/5 which declined 52 per cent. to £8.0 million. The rate of transition to UDO was partially dependent on the availability of application software support which took longer than originally anticipated. In March 2005 Filenet, a leading document management software vendor, released UDO support which substantially completed industry support for UDO. The availability of Filenet support has already benefited Plasmon's UDO sales and we also expect it to have a positive impact on our business with HP.

Sales of UDO technology increased significantly last year to £10.5 million and UDO has become our leading technology platform. This position is expected to strengthen further in 2005/6 as we increase sales of the UDO Archive Appliance and commence sales to IBM. Over 90 per cent. of current 5.25 inch library sales are based on UDO technology and sales of MO library solutions are expected to be minimal in 2005/6.

Our 12 inch business declined only 19 per cent. to £10.3 million last year and slightly exceeded our expectations. The business is now a media and service annuity, and we are carefully planning end of life

manufacture of 12 inch media to ensure we have sufficient inventory in the light of higher than expected demand. Since we acquired this business from Philips for some £12 million in 1999, it has generated over £100 million in profitable revenues as well as providing the core technology of our UDO drives.

Our DVD business declined 20 per cent. to £6 million last year as our customer base transferred to UDO and the market generally tired of the reliability provided by storage systems based on consumer DVD technology. This trend should markedly accelerate in 2005/6 when we expect our two largest medical imaging customers will transition to the UDO Archive Appliance.

Having grown 45 per cent. and 31 per cent. in the previous two years, our mastering business in Caen suffered a steep reversal in fortunes in 2004/5 as revenues fell 21 per cent. to £3.3 million. The downturn in revenues and profitability was driven by the combination of new manufacturing capacity in China entering production and the CD-R market reaching maturity. The response of the volume disc replicators to these conditions was to mothball manufacturing lines while demand caught up with supply. As we enter 2005/6 market conditions are showing signs of improvement, but we continue to focus on our European DVD mastering business where conditions are more stable.

In line with our mastering business, consultancy revenues declined 32 per cent. to £2.3 million last year as the CD-R market matured. Ciba have recently introduced a new DVD-R solution that offers considerable benefits to the disc replicators and we expect it to lead to a revival of our mastering and consultancy business in the future.

Following the acquisition of Raidtec, sales of our software and NAS connectivity solutions increased by 107 per cent. to £2.7 million last year. We expect this growth to accelerate with the launch of the new UDO Archive Appliance and RAID products and for these products to become an important part of our business in future years. While there are possible competitors to UDO based on consumer blue laser products, the established competition for UDO is based on RAID and tape technologies. We must invest in our software and system integration capabilities to ensure our hybrid UDO-RAID solutions offer the most compelling performance and cost benefits to the archival storage market.

Outlook

UDO is now established as a reliable storage technology and widespread software support for standalone drives and libraries is now in place. The list of major OEM customers who offer UDO solutions is growing and our own UDO Archive Appliance is finally shipping. We are well advanced with UDO II development and the high technological risk of the original development is behind us; UDO is a proven data storage technology with proven field performance. The overall status of UDO is far more complete and ready for successful growth than at this stage last year.

Over the past few years Plasmon has reduced overheads substantially and has balanced its cost base with the broad development and manufacturing capability we possess. We now require revenue growth to return the Group to profitability and provide an appropriate return to our shareholders. The lessons of the past year have been that it takes time to establish a new technology and that growth in the early years can be slow as the infrastructure necessary to support the new technology is established. With the strengthening of the Company's balance sheet that will result from the fundraising announced today, we expect to make steady progress in the coming year and believe that UDO still provides the Group with substantial opportunities for growth in revenue and profitability in the longer term.

N. Street
Chief Executive

**Consolidated profit and loss account
for the year ended 31 March 2005**

	<i>Before goodwill amortisation and exceptional costs £'000</i>	<i>Goodwill amortisation and exceptional costs (Note 3) £'000</i>	<i>Total 2005 £'000</i>	<i>Before goodwill amortisation £'000</i>	<i>Goodwill amortisation (Note 3) £'000</i>	<i>Total 2004 £'000</i>
Turnover	44,939	–	44,939	50,132	–	50,132
Cost of sales	(31,001)	–	(31,001)	(31,674)	–	(31,674)
Gross profit	<u>13,938</u>	<u>–</u>	<u>13,938</u>	<u>18,458</u>	<u>–</u>	<u>18,458</u>
Operating expenses						
Existing	(19,296)	(2,992)	(22,288)	(16,461)	(1,045)	(17,506)
Pre-launch UDO development costs	–	–	–	(4,279)	–	(4,279)
Net operating expenses	<u>(19,296)</u>	<u>(2,992)</u>	<u>(22,288)</u>	<u>(20,740)</u>	<u>(1,045)</u>	<u>(21,785)</u>
Operating (loss)/profit						
Existing	(5,358)	(2,992)	(8,350)	1,997	(1,045)	952
Pre-launch UDO	–	–	–	(4,279)	–	(4,279)
Operating loss	<u>(5,358)</u>	<u>(2,992)</u>	<u>(8,350)</u>	<u>(2,282)</u>	<u>(1,045)</u>	<u>(3,327)</u>
Interest receivable			10			1
Interest payable			(869)			(828)
Loss on ordinary activities before taxation			<u>(9,209)</u>			<u>(4,154)</u>
Tax on ordinary activities			(113)			(170)
Loss for the financial year			<u>(9,322)</u>			<u>(4,324)</u>
Basic and diluted losses per Ordinary share (p)			(15.75)			(7.95)
Basic (losses)/earnings per Ordinary share excluding pre-launch UDO development costs, exceptional costs and goodwill amortisation (p)			(10.70)			1.84

**Consolidated balance sheet
at 31 March 2005**

	<i>2005</i> £'000	<i>2004</i> £'000
Fixed assets		
Intangible assets	9,764	6,396
Tangible assets	24,693	26,452
	<u>34,457</u>	<u>32,848</u>
Current assets		
Stocks	16,342	13,779
Debtors	9,675	11,185
Cash at bank and in hand	791	534
	<u>26,808</u>	<u>25,498</u>
Creditors: amounts falling due within one year	<u>(21,625)</u>	<u>(18,657)</u>
Net current assets	<u>5,183</u>	<u>6,841</u>
Total assets less current liabilities	39,640	39,689
Creditors: amounts falling due after more than one year	<u>(5,105)</u>	<u>(7,031)</u>
Net assets	<u><u>34,535</u></u>	<u><u>32,658</u></u>
Capital and reserves		
Called-up share capital	3,084	2,737
Share premium account	53,998	42,945
Profit and loss account	<u>(22,547)</u>	<u>(13,024)</u>
Equity shareholders' funds	<u><u>34,535</u></u>	<u><u>32,658</u></u>

**Consolidated cash flow statement
for the year ended 31 March 2005**

	2005 £'000	2004 £'000
Net cash (outflow)/inflow from operating activities	(2,719)	5,468
Returns on investments and servicing of finance		
Interest received	10	–
Interest paid on bank loans and overdrafts	(639)	(585)
Interest paid on finance leases	(240)	(242)
Net cash outflow from returns on investments and servicing of finance	<u>(869)</u>	<u>(827)</u>
Taxation		
UK corporation tax received	–	6
Overseas tax paid	(62)	(162)
Tax paid	<u>(62)</u>	<u>(156)</u>
Capital expenditure		
Purchase of intangible fixed assets	(490)	(627)
Purchase of tangible fixed assets	(1,594)	(2,703)
Proceeds from sale of tangible fixed assets	14	142
Net cash outflow for capital expenditure	<u>(2,070)</u>	<u>(3,188)</u>
Acquisitions		
Payments to acquire Raidtec Holdings Limited	(105)	–
Overdrafts acquired with Raidtec Holdings Limited	(153)	–
Net cash outflow for acquisitions	<u>(258)</u>	<u>–</u>
Net cash (outflow)/inflow before financing	<u>(5,978)</u>	<u>1,297</u>
Financing		
Issue of Ordinary shares	8,436	207
Expenses on issue of Ordinary shares	(340)	–
New bank loans	188	–
Payment of principal under bank loans	(1,138)	(1,286)
Payment of principal under finance leases	(1,562)	(1,366)
Net cash inflow/(outflow) from financing	<u>5,584</u>	<u>(2,445)</u>
Decrease in cash	<u><u>(394)</u></u>	<u><u>(1,148)</u></u>

Reconciliation of net cash flow to movement in net debt:

	2005 £'000	2004 £'000
Decrease in cash	(394)	(1,148)
Net inflow from decrease in debt and lease financing	2,512	2,652
Changes in net debt resulting from cash flows	<u>2,118</u>	<u>1,504</u>
Inception of finance leases	(831)	(2,555)
Foreign exchange differences	87	723
Movement in net debt in period	<u>1,374</u>	<u>(328)</u>
Opening net debt	<u>(13,289)</u>	<u>(12,961)</u>
Closing net debt	<u><u>(11,915)</u></u>	<u><u>(13,289)</u></u>

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2005 £'000	2004 £'000
Operating loss	(8,350)	(3,327)
Amortisation of intangible fixed assets	1,695	1,282
Depreciation of tangible fixed assets	4,060	4,189
Loss on sale of fixed assets	129	135
(Increase)/decrease in stocks	(2,692)	1,094
Decrease in trade debtors	1,803	2,041
(Increase)/decrease in prepayments and other debtors	(128)	340
Decrease in trade creditors	(618)	(62)
(Decrease)/increase in other taxation and social security	(32)	118
Increase/(decrease) in accruals and deferred income	1,261	(255)
Decrease in provisions for liabilities and charges	–	(41)
Other non-cash items	153	(46)
Net cash (outflow)/inflow from operating activities	<u><u>(2,719)</u></u>	<u><u>5,468</u></u>

Analysis of net debt

	<i>At</i> 1 April 2004 £'000	<i>Cash flow</i> £'000	<i>Inception of</i> <i>bank loans</i> £'000	<i>Inception</i> <i>of finance</i> <i>leases</i> £'000	<i>Foreign</i> <i>exchange</i> <i>gain/(loss)</i> £'000	<i>At</i> 31 March 2005 £'000
Cash at bank and in hand	534	254	–	–	3	791
Overdrafts	(4,106)	(648)	–	–	64	(4,690)
	<u>(3,572)</u>	<u>(394)</u>	<u>–</u>	<u>–</u>	<u>67</u>	<u>(3,899)</u>
Debt due within year	(1,277)	(171)	(55)	–	2	(1,501)
Debt due after one year	(4,528)	1,309	(133)	–	27	(3,325)
Finance leases due within one year	(1,409)	211	–	(207)	(5)	(1,410)
Finance leases due after one year	(2,503)	1,351	–	(624)	(4)	(1,780)
Net debt	<u><u>(13,289)</u></u>	<u><u>2,306</u></u>	<u><u>(188)</u></u>	<u><u>(831)</u></u>	<u><u>87</u></u>	<u><u>(11,915)</u></u>

Notes to the Financial Information:

1. The financial information contained in this statement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The information has been extracted from financial statements approved by the Directors on 20 May 2005 which have received an unqualified auditors' report from PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors of Abacus House, Castle Park, Cambridge CB3 0AN. The financial statements will be delivered to the Registrar of Companies after the Annual General Meeting. The results for 2004 are an extract from the 2004 financial statements that have been filed with the Registrar of Companies and on which the auditors gave an unqualified opinion.
2. The financial information has been prepared under the historical cost convention and in accordance with applicable Accounting Standards using accounting policies which have been consistently applied. Turnover and operating loss relate to continuing operations, there being no discontinued operations in the periods as defined by FRS3, "Reporting Financial Performance".
3. Goodwill amortisation in the year ended 31 March 2005 totalled £1,400,000 (2004: £1,045,000). The exceptional operating costs in the year ended 31 March 2005 of £1,592,000 (2004: £nil) arose from the reorganisation of the Group subsidiaries, principally comprising employment related severance costs and costs associated with exiting the tape business.
4. Basic losses per share have been calculated on the basis of loss on ordinary activities after tax and 59,175,850 Ordinary Shares (2004: 54,368,070), being the weighted average number of Ordinary Shares deemed to have been in issue in the period. Basic losses per share excluding goodwill amortisation and exceptional operating costs have been calculated on the basis of loss on ordinary activities after tax adjusted for goodwill amortisation of £1,400,000 (2004: £1,045,000) and exceptional operating costs of £1,592,000 (2004: £nil). No pre-launch UDO development costs have been adjusted at 31 March 2005 (2004: £4,279,000).
5. There is no dilution of earnings per share in the year ended 31 March 2005 and 31 March 2004.
6. The Directors do not propose to declare a dividend in respect of the year ended 31 March 2005.
7. The Annual Report will be mailed to shareholders and copies will be available from the registered office – Plasmon Plc, Whiting Way, Melbourn, Hertfordshire, SG8 6EN.