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Company [Accsys Technologies PLC](#)
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ACCSYS TECHNOLOGIES PLC

("Accsys" or "the Company")

Interim Management Statement

- Benefits from process improvements start to be seen;
- Accoya® wood revenue record of €3.2m in the last quarter, a 46% increase compared to same quarter last year;
- Staff costs reduced by 23% in the quarter, equivalent to annualised saving of €2.8m; and
- Introduction of Accoya® wood at the American Institute of Architects exhibition in USA.

In the first quarter of the financial year, Accsys has started to see the benefits of the process improvements implemented over the course of the previous 12 months. In the three months to 30 June 2010, the Company achieved record Accoya® wood sales and record production volumes at the production plant in Arnhem.

Accoya® wood revenue of €3.2m for the quarter ended 30 June 2010 is a 46% increase compared to the same quarter of last year. Production volumes have increased by 76% from 2,161m³ to 3,805m³ for the same period, reflecting forward sales.

The improving performance of the Arnhem plant continues to be supported by the growing international network of distribution, supply and agency agreements with two agreements being signed since 31 March 2010, making a total of 19. In addition, Accsys continues to have a working relationship with a further 14 distributors and agents in key markets which have enabled the Company to sell Accoya® wood in 17 countries.

While Accsys continues to focus on decreasing costs and generating efficiencies, the benefits of last year's improvements and headcount reduction have had a positive impact on operating costs. Staff costs for the quarter ended 30 June 2010 were 23% less than the same quarter last year, which is equivalent to an annualised saving of €2.8m.

In June 2010, the American Institute of Architects national exhibition in Miami, USA was the premier event to introduce Accoya® wood to American architects. The event combined product and brand exposure to the most significant architecture firms in the USA, resulting in a significant number of sales leads. Moreover, considerable media interest and coverage is expected over the next few weeks.

Accsys was also proud of the use of Accoya® wood in the Florida International University's Solar Decathlon competition entry, with the team's award-winning design utilising sustainable materials in the zero-energy house.

The Company is extremely pleased with the outcome of negotiations that resulted in an amended Licence Agreement with Diamond Wood China Limited ('Diamond Wood') which we announced on 21 June 2010. The amended Licence Agreement now reflects Diamond Wood's new business plan, which has been re-modelled to reflect their proposed funding arrangements. The amended Licence Agreement includes, inter alia, revised licence fee and royalty terms, with benefits for both parties.

On 30 June 2010, following Diamond Wood's AGM, Accsys announced that they were in advanced discussions with two independent parties who were interested in investing sufficient funds for the construction of the first Accoya® wood manufacturing facility in Nanjing, China. Diamond Wood had received an acceptable terms sheet from one of these parties and were continuing discussions with the other party. Since then, the Company has continued to work with Diamond Wood in anticipation of the fundraising being completed in the near future.

The core business strategy remains the licensing of the Company's transformational technologies and the business development team has continued positive discussions with a number of other companies with a view to forming commercial alliances.

Paul Clegg, CEO, commented: "I am pleased by the progress that has been made at our Arnhem plant with the record sales and production figures in the first quarter having been possible as a result of the improvements made last year. We continue to look forward to the completion of Diamond Wood's fundraising and continue to make progress in identifying other companies with whom we are having constructive discussions concerning potential agreements to use our technology."

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