Regulatory Announcement

Company	Accsys Technologies PLC
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World leaders in wood technology

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24 November 2014

ACCSYS TECHNOLOGIES PLC ("Accsys" or "the Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Accsys, the chemical technology group, focused on the acetylation of wood, today announces interim results for the six months ended 30 September 2014.

	Unaudited six months to 30 Sept 2014	Unaudited six months to 30 Sept 2013	Change
Total Group Revenue	**€21.8m**	€15.8m	+38%
Gross profit	**€5.0m**	€3.5m	+46%
Underlying EBITDA*	**(€1.9m)**	(€2.5m)	Improved 24%
Underlying loss before tax*	**(€3.1m)**	(€3.7m)	Improved 16%
Loss before tax	**(€6.2m)**	(€3.8m)	63% decrease
Period end cash balance	**€13.5m**	€15.2m	-11%

*Underlying EBITDA and loss before tax are stated before exceptional items of €3.1m recorded in respect of arbitration relating to the Diamond Wood licence agreement.

Highlights

- Continued trend of strong revenue growth, with revenue from the sale of Accoya® increased by 43% to €19.8m in the first half of the year compared to the corresponding period last year;
- Total revenue increased 38% compared to the corresponding period last year, and by 23% compared to the preceding six month period;
- Manufacturing segment profitability continues to improve, recording EBITDA of €3.1m (2013: €0.9m) as a result of record production levels; gross manufacturing profit margin increased from 19% to 23%;
- Total Accoya® volume sold increased by 39% to 16,840 cubic metres in the period (2013: 12,102 cubic meters);
- Strong balance sheet maintained with cash balance of €13.5m at 30 September 2014;
- 60% reduction in cash out-flow from operating activities (before changes in working capital and exceptional items) to €0.7m (2013: €1.6m) as a result in improvement in profitability;
- Significant progress made with Solvay, our Accoya® licensee;
- Accoya® distributor and agency agreements now in place covering most of Europe, Australia, Canada, Chile, China, India, Japan, Mexico, Morocco, New Zealand, South Africa, parts of South-East Asia and the USA; and
- Patrick Shanley appointed as full time Chairman.

Paul Clegg, Chief Executive commented: "This latest set of results, in particular those achieved by the Manufacturing segment, provides further evidence that the extensive sales and marketing efforts we have carried out in recent years are delivering real benefit, resulting in continued, impressive growth in Accoya® sales and significant improvement of profitability. Our balance sheet remains strong and we are confident of achieving a cash-flow positive position in the foreseeable future.

"Our immediate challenge is for additional capacity through the construction of additional Accoya plants in order to meet the growing global demand for our products. We are confident of achieving this through our relationship with Solvay, and we continue to explore additional opportunities in order to achieve the goal of adding Accoya capacity to enable Accsys to maximise the value generated from our products and technologies."

There will be a presentation relating to these results at 10:00 GMT on Monday 24 November 2014. The presentation will take the form of a web based conference call, details of which are below:

Webcast link:

Click here or copy and paste ALL of the following text into your browser:

http://www.media-server.com/m/p/kkwcss2y

Conference call details for participants:

Participant Telephone Number: +44(0)20 3427 1915 UK Toll
Confirmation Code: 9263307

Participants will have to quote the above code when dialling into the conference.

For further information, please contact:

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Overview

I am pleased by the progress Accsys has made over the last period. Demand for Accoya® continues to increase, we are manufacturing at record levels and we have made significant progress in developing the long term potential for Accoya® with Solvay. Following our review of the composition of the Board, I am honoured to have been appointed as your Chairman on a continuing basis. I am also excited about the prospect of being able to strengthen and add to our Board, and look forward to being able to make a further announcement in that regard shortly.

Accoya® revenue increased by 43% to €19.8m in the period, reflecting the continuing increase in demand for our products, while total revenue increased by 38% to €21.8m. Manufacturing profitability also continues to improve, with gross manufacturing profit margin improving from 19% to 23% and the manufacturing segment recording EBITDA of €3.1m compared to €0.9m in the previous year.

The Manufacturing segment continues to benefit from the economies of scale achieved from record Accoya® production which enabled sales volumes to increase by 39% to 16,840 cubic metres. Together with a price increase implemented in the second half of the previous financial year, improved profitability helped the Group to reduce its underlying EBITDA loss from €2.5m to €1.9m. Group loss before tax, before exceptional items of €3.1m, decreased by 16% to €3.1m.

Our balance sheet remains strong, with a cash balance of €13.5m as at 30 September 2014 (€15.2m as at 31 March 2014). Part of this reduction was due to cash outflows from operating activities before changes in working capital, however this outflow reduced by 60% to €0.7m when excluding exceptional items.

Solvay Acetow has announced that it is progressing to the next stage of the preparation of the Accoya plant in Freiburg, which includes amongst other works the completion of the Detailed Engineering and the physical clearing and preparation of the site. The next construction milestone is mid-2015, in line with the expected schedule of completion by 2016. This follows on from the binding term sheet agreed with Solvay in August 2014 in respect of a three year global co-operation agreement to develop Accoya® under which Solvay is expected to engage Accsys to carry out targeted marketing activities outside of Europe. In addition the term sheet allows for Accsys to grant Solvay a non-exclusive global Accoya® licence option for available regions and for Solvay to grant Accsys the option to invest in a substantial minority share in the European project and future Accoya® production projects. The full marketing agreement is expected to be finalised in December 2014.

Our joint venture with Ineos, Tricoya Technologies Limited ('TTL') also continues to progress the development of Tricoya. Market development activities continue with Medite and Masisa, with Masisa extending the duration of its licence option for Latin America. The progress is demonstrated by sales of Accoya to Medite for the manufacture of Medite Tricoya, prior to dedicated facilities being built, with revenue having increased by 68% to €2.4m compared to the same period last year. The licence with Medite remains conditional upon the approval from its Board of Directors.

We have recorded an exceptional cost of €3.1m relating to the arbitration ruling received in the period in respect of the dispute with Diamond Wood, following our decision to terminate the licence agreement in August 2013. The charge reflects an award of damages of €250,000, payment of Diamond Wood's costs of €2.1m and our own costs of €0.7m.

Outlook

The Accoya® sales outlook remains strong and we expect revenue to continue to grow in the second half of the year. Accoya orders are now in place for approximately the next five months of production with further orders having been received for the remainder of the year, reflecting a significantly longer outlook than this time last year.

Further sales growth is also possible as we continue to increase the efficiency of our processes and operating procedures which enable us to continue to exploit the Arnhem plant and increase its capacity. As a result we expect our profitability to continue to improve and to achieve a cash-flow positive position in the foreseeable future.

The relationship with our licensed partners, Solvay and Medite, will continue to progress as we continue to develop how to best exploit the significant value which has been created in our intellectual property and I look forward to reporting further developments in due course.

I am confident that we remain in a strong position to continue the transition from a R&D company into one focused on fully commercialising our technologies and the experience we have developed.

Patrick Shanley
Chairman
21 November 2014

Introduction

Accsys has made further significant progress in its three main business areas. We have achieved record sales and production volumes from our Arnhem plant, further developed the relationship with our existing partners and continued our research and development programs which have involved improving a number of our manufacturing processes.

This progress was evident at our fourth Worldwide Accoya® wood sales conference held in September in Ireland. The three day conference involved around 130 participants, an increase from 90 last year, and included 46 existing or potential customers from 29 countries. Representatives from Solvay, Medite and Masisa also attended and the conference provided an opportunity for all participants to further understand the benefits of Tricoya and included a visit to Medite's facility in Clonmel.

Progress with Accoya® manufacturing and sales

Revenue from the sale of Accoya® increased by 43% to €19.8m in the first half of the year compared to the same period in the previous year. Revenue from the sale of Accoya also increased by 28% in the first half of the year compared to the second half of the previous financial year.

Growth in the period has primarily been attributable to existing distributors and has been experienced in most regions with the exception of the Benelux which has been impacted particularly by the difficult economic conditions affecting the construction industry. In contrast, the United Kingdom, one of our most established regions, which has also benefited from an improving economy, grew by 109%, all derived from existing distributors. We have added new distributors in the USA, Australia and Europe amongst other countries and we now have a total of 55 distribution or agency agreements covering most of Europe, Australia, Chile, China, India, Israel, Japan, Morocco, New Zealand, North America, South Africa and parts of South-East Asia, excluding those in Diamond Wood's territory.

The growth in Accoya® sales continues to result in improved profitability from our manufacturing operations, with our manufacturing gross margin increasing to 23% (2013: 19%) and the manufacturing EBITDA to €3.1m (2013: €0.9m). This has resulted from higher volumes, a price increase implemented in the later part of the previous financial year, economies of scale associated with operating a chemical plant together with operational and process improvements.

During the period, we sold 16,840 cubic meters of Accoya®, a 39% increase compared to the same period in the previous year. We successfully optimised short term production constraints and recently completed our annual maintenance stop during which we implemented changes which will help enable us to increase manufacturing capacity. A further price increase is being implemented in the second half of the financial year for all of our customers which we expect to further improve profitability.

The Manufacturing segment's profitability helps demonstrate the potential returns achievable from manufacturing Accoya® on a larger scale. This is particularly the case when taking account of the economies of scale expected from operating a larger plant and when considering that our profitability has been impacted by significant volumes (approximately 18% of total Accoya® volume in the period) sold to Medite at lower prices, reflecting the on-going Tricoya market development activities.

We continue to build upon Accoya's® reputation in the market place. For example, recent joint research from Imperial College London and Heriot Watt University confirmed an estimated service life of Accoya windows of a minimum of 90 years. In addition, Accoya has increased the eligible credits with its use within the US Green Building Council's LEED program, a leading sustainable building program.

Licensing

In August 2014 our licenced partner Solvay, the Belgian chemical group, confirmed its intention to build a 63,000 cubic meter Accoya® wood production plant. Solvay Acetow has announced that it is progressing to the next stage of the preparation of the Accoya plant in Freiburg, which includes amongst other works the completion of the Detailed Engineering and the physical clearing and preparation of the site. The next construction milestone is mid-2015, in line with the expected schedule of completion by 2016.

In addition, we entered into a binding term sheet with Solvay, in respect of a three year non-exclusive global co-operation agreement to develop Accoya® under which Solvay will engage Accsys to carry out targeted marketing activities to develop the Accoya® market outside of Europe.

Under the term sheet Accsys is also to grant Solvay a non-exclusive global Accoya® licence option for defined available regions under conditions that reflect the improved acceptance of Accoya® in the market. In addition, Solvay is to grant Accsys the option to invest up to a substantial minority share in both the European project and in any future Accoya® production projects. Such a partnership would allow Accsys to benefit from future manufacturing profits of any Accoya® manufacturing plants that Solvay may construct under licence.

Accsys and Solvay are working together to complete the various full agreements to implement the binding term sheet. The first of these agreements, in respect of marketing, is expected to be entered into by the end of December 2014 with the remaining agreements following in 2015.

Following the arbitration ruling received in July 2014 in respect of the Diamond Wood licence agreement, Diamond Wood are obliged to resume endeavours towards the construction of an Accoya® plant in the Far East, together with the promotion, marketing and selling of Accoya to customers in China and the Far East.

Tricoya® Technologies Limited ('TTL')

TTL, our joint venture with Ineos formed to exploit Accsys' intellectual property associated with Tricoya® and to accelerate its global deployment, has continued to make solid progress.

The market evaluation of Medite Tricoya® continues to be positive with increasing acceptance of the product leading to a significant increase in sales to customers. This is partly reflected by the sales of Accoya® to Medite for the manufacture of Medite Tricoya®, prior to dedicated facilities for wood acetylation being built. These sales increased by 68% to €2.4m in the period compared to €1.4m in the corresponding period in the previous year.

Medite has a joint development, production and distribution licence with TTL. This allows them to build and operate a plant to manufacture, market and sell Tricoya, with an initial plant capacity of 30,000 metric tonnes per annum; however it remains conditional upon the approval of Medite's board of directors.

In May 2014 TTL's partner in Latin America, Masisa, took a step forward with the extension of its licence option and agreement to carry out an evaluation of Tricoya® including market testing, product testing and development of finished end-products with the launch of Masisa Tricoya® Super MDF.

Masisa has industrial facilities in Chile, Argentina, Brazil, Venezuela and Mexico as well as commercial operations in over 40 countries. Its main panel products are MDP (medium density particleboard), MDF (medium density fibreboard) and Melamine boards. The option agreement, originally signed in April 2012, if exercised, grants Masisa exclusive production and distribution rights for Tricoya® for the Latin American market (excluding Brazil, for which the sales and marketing rights are non-exclusive) in consideration for the payment of technology and royalty fees by Masisa to TTL.

TTL continues to progress a number of other opportunities to ensure that the Tricoya® intellectual property is fully exploited.

Intellectual property

Accsys has continued to file new patent applications in the recent period and now owns eight different Accoya® patent families, with 26 patents granted and 45 further applications, filed in a total of 36 countries world-wide.

In respect of Tricoya®, TTL benefits from five published patent families with a total of 73 published product and process patent applications filed in key territories across the world.

Our principal brands, Accoya®, Accsys, Tricoya® and the Trimarque Device, including Arabic, Chinese and Japanese transliterations, are protected by trademark registration in 56 countries throughout the world with pending applications in a further single country. These registrations and applications cover our corporate identity and the products we sell as well as those to be sold by our licensees and distributors.

Outlook

Accsys continues to make significant progress in the manufacture and sales of Accoya and the resulting improvement in profitability means that I am increasingly confident the group will move into a cash-flow break even position in the foreseeable future.

We continue to transition into a new phase of development of the Company which is focussed on meeting the ever increasing global demand for our products. I believe the improvements we have made with our sales, marketing, process, manufacturing, research and development means we are very well positioned to take advantage of the significant value represented by our intellectual property.

Paul Clegg
Chief Executive
21 November 2014

Statement of comprehensive income

Group revenue increased by 38% to €21.8m for the six months ended 30 September 2013 (2013: €15.8m). Revenue from Accoya® (included within manufacturing revenue) increased by 43% to €19.8m, reflecting growth driven by demand for Accoya. No licence income was recorded in the period (2013: €525,000), reflecting the progress with construction of Solvay's plant in the period which was pending approval by Solvay to progress to the next stage of construction. Further licence income is expected to be recognised in the next period following Solvay's confirmation they are to progress to next stage of the preparation of the Accoya plant in Freiburg. Other revenue, which mainly includes the sale of acetic acid as a by-product from our production process, increased by 43% to €2.0m (2013: €1.4m) as a result of higher production levels.

Gross margin increased from 22% to 23% compared to the same period in the previous year. This was driven by a significant improvement in the gross manufacturing margin which increased from 19% to 23%, but which was offset by the absence of licence income as noted above. This margin is expected to improve further as our production volumes increase and we benefit further from economies of scale and a price increase being implemented in the second half of the financial year.

Other operating costs, before exceptional items, increased from €6.8m to €7.6m. The increase is partly attributable to an increase in sales and marketing costs, which increased by €0.2m, noting that the costs in the previous year were lower due to the timing of certain exhibitions. In addition there was an increase in Administration costs of €0.5m, which included higher professional costs associated with business development activities. Total staff costs included in other operating costs increased by €0.4m predominantly due to inflationary wage increases, the weakening of the Euro and a higher share based payment charge.

Research and development costs reduced marginally from €553,000 to €461,000, as a result of a larger proportion of research and development activities been carried out on behalf of TTL in the period.

Exceptional costs of €3.1m relate to the Diamond Wood arbitration process. The balance includes a provision for €2.4m in respect of Diamond Wood's costs of €2.1m and the awards for damages of €250,000, both of which are payable to Diamond Wood in the period after 30 September 2014. In addition, Accsys incurred a further €0.7m in respect of its own legal costs in the period.

The share of joint venture loss of €0.5m compares to €0.4m loss recorded in the previous financial year. Within this, TTL recorded revenue of €0.2m attributable to the licence agreement with Medite (2013: €0.1m) and €0.2m of income associated with the European Community's Life+ subsidy that the Medite Tricoya project was awarded last year.

Group headcount increased from 102 as at 30 September 2013, to 106 as at 31 March 2014 and 113 as at 30 September 2014, with the increase predominantly due to direct production staff with costs included in cost of sales.

The decrease in the loss before tax before exceptional items by 16% to €3.1m (2013: €3.7m) can largely be attributed to the improvement in revenue and gross margin. After exceptional items, loss before tax increased by 63% to €6.2m.

The tax charge of €0.5m (2013: €0.3m) is based on our expected tax rate for the year in accordance with IAS 34 and is attributable to the profits arising from manufacturing operations, offset by expected research and development tax credits.

Cash flow and financial position

At 30 September 2014, the Group held cash balances of €13.5m, representing a €1.7m reduction compared to 31 March 2014. This reduction is after taking account of short term borrowings of €1.5m, such that the reduction in net cash in the period was €3.2m (2013: €3.5m).

Cash out-flow from operating activities before changes in working capital and excluding exceptional items of €0.8m, was €0.7m, a 60% reduction compared to the same period in the prior year (2013: €1.6m).

In addition, cash out-flows were also attributable to an increase in working capital of €0.5m (2013: cash out-flow due to increase in working capital of €1.0m), investment in our joint venture TTL of €0.9m (2013: €0.4m), purchases of property plant and equipment of €0.5m (2013: €0.4m) and capitalised development costs of €0.1m (2013: €0.3m). These have been offset by a €0.2m receipt of research and development tax credits (2013: €0.3m).

The net cash balance is expected to decrease further in the second half of the year as a result of the payment of awards in respect of the Diamond Wood arbitration and the transfer of €0.9m to TTL relating to the Life+ subsidy following the formal assignment from Accsys to TTL. However the reduction in underlying cash out-flows referred to above reflects the overall improvement in profitability and helps confirm that the Group is expected to become cash-flow break even in the foreseeable future as sales volumes and gross margin continues to improve.

Trade and other receivables increased to €6.4m (2013: €4.3m) as a result of the increased revenue. Inventory increased to €6.5m (2013: €5.4m), with the lower relative increase reflecting a continued focus on managing our inventory levels.

Trade and other payables, which increased to €9.8m (2013: 4.4m) included €1.5m of deferred income in respect of payments received from Solvay, together with €0.9m held in respect of the Life+ subsidy as mentioned above.

Risks and uncertainties

The Group's principal risks and uncertainties are unchanged from those set out in its 2014 Annual Report.

Going concern

These condensed financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved.

As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

The Directors have considered the internally agreed budgets and performance measures and believe that appropriate controls and procedures are in place or will be in place to make sure that these are met. The Directors believe, while some uncertainty inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there are a sufficient number of alternative actions and measures that can be taken in order to achieve the Group's medium and long term objectives. Therefore, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

William Rudge
Finance Director
21 November 2014

Directors responsibility statement

The Directors confirm to the best of their knowledge:

- The condensed financial statements contained in the half year report have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;

- The interim results include a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- The interim Management Report (Narrative) include a fair review of the information required by DTR 4.28R being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

Angus Dodwell
Company Secretary
21 November 2014

Accsys Technologies PLC

Consolidated statement of comprehensive income for the six months ended 30 September 2014

	Note	**Unaudited 6 months ended 30 Sept 2014 €'000 Before exceptional items**	**Unaudited 6 months ended 30 Sept 2014 €'000 Exceptional items (note 4)**	**Unaudited 6 months ended 30 Sept 2014 €'000 Total**	Unaudited 6 months ended 30 Sept 2013 €'000 Before exceptional items	Unaudited 6 months ended 30 Sept 2013 €'000 Exceptional items (note 4)	Unaudited 6 months ended 30 Sept 2013 €'000 Total	Audited Year ended 31 March 2014 €'000 Before exceptional items	Audited Year ended 31 March 2014 €'000 Exceptional items (note 4)	Audited Year ended 31 March 2014 €'000 Total
Accoya® wood revenue		**19,777**	**-**	**19,777**	13,869	-	13,869	29,293	-	29,293
Licence revenue		**-**	**-**	**-**	525	-	525	1,134	-	1,134
Other revenue		**2,009**	**-**	**2,009**	1,375	-	1,375	3,085	-	3,085
Total revenue	2	**21,786**	**-**	**21,786**	15,769	-	15,769	33,512	-	33,512
Total cost of sales		**(16,768)**	**-**	**(16,768)**	(12,300)	-	(12,300)	(25,753)	-	(25,753)
Gross profit		**5,018**	**-**	**5,018**	3,469	-	3,469	7,759	-	7,759
Other operating costs	3	**(7,645)**	**(3,080)**	**(10,725)**	(6,757)	(71)	(6,828)	(14,247)	(726)	(14,973)
Loss from operations		**(2,627)**	**(3,080)**	**(5,707)**	(3,288)	(71)	(3,359)	(6,488)	(726)	(7,214)
Share of joint venture loss	6	**(465)**	**-**	**(465)**	(390)	-	(390)	(905)	-	(905)
Finance income		**57**	**-**	**57**	79	-	79	155	-	155
Finance expense		**(112)**	**-**	**(112)**	(122)	-	(122)	(226)	-	(226)
Loss before taxation		**(3,147)**	**(3,080)**	**(6,227)**	(3,721)	(71)	(3,792)	(7,464)	(726)	(8,190)
Tax charge		**(475)**	**-**	**(475)**	(340)	-	(340)	(699)	-	(699)
Loss for the period		**(3,622)**	**(3,080)**	**(6,702)**	(4,061)	(71)	(4,132)	(8,163)	(726)	(8,889)
Gain/loss arising on translation of foreign operations		**21**	**-**	**21**	(32)	-	(32)	(36)	-	(36)
Total comprehensive loss for the period		**(3,601)**	**(3,080)**	**(6,681)**	(4,093)	(71)	(4,164)	(8,199)	(726)	(8,925)
Basic and diluted loss per ordinary share	5	**€(0.04)**		**€(0.08)**	€(0.05)		€(0.05)	€(0.09)		€(0.10)

The notes set out on pages 15 to 21 form part of these condensed financial statements.

Accsys Technologies PLC

Consolidated statement of financial position at 30 September 2014

	Note	Unaudited 6 months ended 30 Sept 2014 €'000	Unaudited 6 months ended 30 Sept 2013 €'000	Audited Year ended 31 March 2014 €'000
Non-current assets				
Intangible assets		8,284	8,398	8,333
Investment in joint venture	6	710	64	340
Property, plant and equipment	7	20,151	21,696	20,740
Deferred tax		-	422	-
		29,145	30,580	29,413
Current assets				
Inventories		6,545	5,433	6,053
Trade and other receivables		6,370	4,251	4,477
Cash and cash equivalents		13,516	16,937	15,185
Corporation tax		284	384	446
		26,715	27,005	26,161
Current liabilities				
Trade and other payables		(9,822)	(3,444)	(5,557)
Short term borrowings		(1,484)	-	-
Obligation under finance lease		(264)	(264)	(264)
Corporation tax		(548)	-	
		(12,118)	(3,708)	(5,821)
Non-current liabilities				
Obligation under finance lease		(1,843)	(1,905)	(1,871)
		(1,843)	(1,905)	(1,871)
Net current assets		14,597	23,297	20,340
Total net assets		41,899	51,972	47,882
Equity and reserves				
Share capital - Ordinary shares	8	4,436	4,389	4,392
Share premium account		128,677	128,648	128,648
Capital redemption reserve		148	148	148
Warrants reserve		235	235	235
Merger reserve		106,707	106,707	106,707
Retained deficit		(198,309)	(188,133)	(192,223)
Own shares		(38)	(48)	(47)
Foreign currency translation reserve		43	26	22
Total equity		41,899	51,972	47,882

The notes set out on pages 15 to 21 form part of these condensed financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the six months ended 30 September 2014

	Share capital Ordinary €'000	Share premium €'000	Capital redempt-ion reserve €'000	Warrant reserve €'000	Merger reserve €'000	Own Shares €'000	Foreign currency trans-lation reserve €'000	Retained earnings €'000	Total €'000
Balance at 30 Sept 2013 (unaudited)	4,389	128,648	148	235	106,707	(48)	26	(188,133)	51,972
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(4)	(4,757)	(4,761)
Expiry of warrants	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	667	667
Shares issued	3	-	-	-	-	1	-	-	4
Premium on shares issued	-	-	-	-	-	-	-	-	-
Share Warrants issued	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	4,392	128,648	148	235	106,707	(47)	22	(192,223)	47,882
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	21	(6,702)	(6,681)
Expiry of warrants	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	616	616
Shares issued	44	29	-	-	-	9	-	-	82
Premium on shares issued	-	-	-	-	-	-	-	-	-
Share Warrants issued	-	-	-	-	-	-	-	-	-
Balance at 30 Sept 2014 (unaudited)	4,436	128,677	148	235	106,707	(38)	43	(198,309)	41,899

The notes set out on pages 15 to 21 form part of these condensed financial statements.

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5:1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary Shares.

Own shares represents 783,597 €0.05 Ordinary Shares issued to an Employee Benefit Trust ('EBT') at nominal value on 18 August 2014.

In addition, of the 953,133 €0.05 Ordinary Shares which had been issued to the EBT at nominal value on 9 July 2013, 945,133 Ordinary Shares vested on 8 August 2014. Of these beneficiaries elected to sell 361,033 Ordinary shares in the market. As at 30 September 2014, 223,425 Ordinary Shares remained pending sale by the EBT in the market.

On 18 August 2014, a total of 27,819 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

On 12 August 2014, a total of 99,570 of €0.05 Ordinary shares were issued and released to employees together with the 99,570 of €0.05 Ordinary shares issued to trust on 12 August 2013.

Accsys Technologies PLC

Consolidated statement of cash flow for the six months ended 30 September 2014

	Unaudited 6 months 30 Sept 2014 €'000	Unaudited 6 months 30 Sept 2013 €'000	Audited Year End 31 March 2014 €'000
Profit before taxation	(6,227)	(3,792)	(8,190)
Adjustments for:			
Amortisation of intangible assets	177	175	352
Depreciation of property, plant and equipment	1,042	996	2,024
Net gain on disposal of property, plant and equipment	-	-	77
Recognition of reduction of investment in joint venture	530	398	922
Finance expense	55	43	71
Provisions not yet settled	2,360	-	-
Equity-settled share-based payment expenses	616	509	1,177
Cash outflows from operating activities before changes in working capital (See note*)	(1,447)	(1,671)	(3,567)
(Increase)/decrease in trade and other receivables	(2,374)	(567)	(253)
Increase in deferred income	1,508	-	
Increase in inventories	(433)	(572)	(1,194)
Decrease/(increase) in trade and other payables	832	144	1,757
Net cash absorbed by operating activities before tax	(1,914)	(2,666)	(3,257)
Tax received	235	344	344
Net cash absorbed by operating activities	(1,679)	(2,322)	(2,913)
Cash flows from investing activities			
Interest received	57	79	124
Expenditure on capitalised internal development	(128)	(348)	(459)
Purchase of property, plant and equipment	(452)	(420)	(572)
Purchase of intangible assets	-	(23)	(23)
Investments in joint ventures	(900)	(400)	(1,200)
Net cash absorbed by investing activities	(1,423)	(1,112)	(2,130)
Cashflows from financing activities			
Finance expenses	(28)	(19)	(54)
Interest Paid	(123)	(122)	(226)
Proceeds from issue of share capital	83	69	70
Short term borrowings	1,484	-	-
Net cash from financing activities	1,416	(72)	(210)
Net decrease in cash and cash equivalents	(1,686)	(3,506)	(5,253)
Effect of exchange differences on restatement of non Euro functional currency	17	(23)	(29)
Opening cash and cash equivalents	15,185	20,466	20,467
Closing cash and cash equivalents	13,516	16,937	15,185

* Note: Included within cash outflows from operating activities before changes in working capital is €796,000 in respect of Exceptional costs (Six months ended September 2013: €31,000; Year ended 31 March 2014 €498,000.)

The notes set out on pages 15 to 21 form part of these interim financial statements.

1. Accounting policies

Principal activities of the business

The principal activity of the Group is the production and sale of Accoya® solid wood and licensing of technology for the production and sale of Accoya® wood and Tricoya® wood elements via the Company's 100% owned subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V. and Titan Wood Inc (collectively the 'Group') and its joint-venture with INEOS, Tricoya Technologies Limited. Manufactured through the Group's proprietary acetylation processes, these products exhibit superior dimensional stability and durability compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

Basis of accounting

The Group's condensed financial statements in these interim results have been prepared in accordance with International Accounting Standard (IAS) 34 "interim financial reporting" as adopted for use in the European Union. The financial information for the six months ended 30 September 2014 and the six months ended 30 September 2013 is unaudited. The comparative financial information for the full year ended 31 March 2014 does not constitute the group's statutory financial statements for that period although it has been derived from the statutory financial statements for the year then ended. A copy of those statutory financial statements has been delivered to the Registrar of Companies and which were approved by the Board of Directors on the 2 July 2014. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014.

Changes in accounting policies

No new accounting standards, amendments or interpretations have been adopted in the period which have any impact on these condensed financial statements, or are expected to affect the Group's 2015 Annual Report other than as noted below. The accounting policies and methods of computation are consistent with those applied in the 31 March 2014 annual financial statements other than as noted below for exceptional items.

Exceptional items

Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include items relating to the restructuring of a significant part of the Group, impairment losses (or the reversal of previously recorded exceptional impairments), expenditure relating to the integration and implementation of significant acquisitions and other one-off events or transactions. See note 4 for details of exceptional items.

Going concern

These condensed financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved. As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

The Directors have considered the internally agreed budgets and performance measures and believe that appropriate controls and procedures are in place or will be in place to make sure that these are met. The Directors believe, while some uncertainty inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there are a sufficient number of alternative actions and measures that can be taken in order to achieve the Group's medium and long term objectives. Therefore, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

2. Segmental reporting

The Group's business is the development, commercialisation and licensing of proprietary technology for the manufacture of Accoya® wood, Tricoya® wood elements and related acetylation technologies. Segmental reporting is divided between licensing activities, the manufacturing and sale of Accoya® and research and development activities.

Result by Segment:

Licensing

	Unaudited 6 months ended 30 Sept 2014 €'000	Unaudited 6 months ended 30 Sept 2013 €'000	Audited Year ended 31 March 2014 €'000
Revenue	-	525	1,134
Cost of sales	-	-	-
Gross profit/(loss)	-	525	1,134
Other operating costs	(4,248)	(3,270)	(6,954)
Exceptional Items	(3,080)	(71)	(726)
Other operating costs	(7,328)	(3,341)	(7,680)
Loss from operations	(7,328)	(2,816)	(6,546)
Loss from Operations	(7,328)	(2,816)	(6,546)
Depreciation and amortsation	204	207	412
EBITDA	(7,124)	(2,609)	(6,134)

Revenue is attributable to fees received or receivable in relation to the licensing of the Group's technology to third parties.

Other operating costs include all remaining costs unless they are directly attributable to Manufacturing or Research and Development. This includes marketing, business development and the majority of the Group's administration costs including the head office in Windsor as well as the US office. Headcount = 21 (2013: 21)

Manufacturing

	30 Sept 2014 €'000	30 Sept 2013 €'000	31 March 2014 €'000
Revenue	21,786	15,244	32,378
Cost of sales	(16,768)	(12,300)	(25,753)
Gross profit/(loss)	5,018	2,944	6,625
Other operating costs	(2,936)	(2,934)	(6,142)
Profit/(loss) from operations	2,082	10	483
Profit/(loss) from operations	2,082	10	483
Depreciation and amortsation	994	931	1,910
EBITDA	3,076	941	2,393

Revenue includes the sale of Accoya® and other revenue, principally relating to the sale of acetic acid. All costs of sales are allocated against manufacturing activities in Arnhem unless they can be directly attributable to a licensee.

Other operating costs include depreciation of the Arnhem property, plant and equipment together will all other costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration costs. Headcount = 77 (2013: 67)

Research and Development

	30 Sept 2014 €'000	30 Sept 2013 €'000	31 March 2014 €'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit/(loss)	-	-	-
Other operating costs	(461)	(553)	(1,151)
Loss from operations	(461)	(553)	(1,151)
Loss from Operations	(461)	(553)	(1,151)
Depreciation and amortsation	20	33	54
EBITDA	(441)	(520)	(1,097)

Costs are associated with various R&D activities associated with Accoya® products and processes. The costs are reported excluding €128,000 of costs which have been capitalised in accordance with international financial reporting standards. (2013: €348,000).

Headcount = 14 (2013: 13)

Total

	30 Sept 2014 €'000	30 Sept 2013 €'000	31 March 2014 €'000
Revenue	21,786	15,769	33,512
Cost of sales	(16,768)	(12,300)	(25,753)
Gross profit/(loss)	5,018	3,469	7,759
Other operating costs	(7,645)	(6,757)	(14,247)
Exceptional Items	(3,080)	(71)	(726)
Other operating costs	(10,725)	(6,828)	(14,973)
Loss from operations	(5,707)	(3,359)	(7,214)
Share of joint venture loss	(465)	(390)	(905)
Finance income	57	79	155
Finance expense	(112)	(122)	(226)
Loss before taxation	(6,227)	(3,792)	(8,190)
Loss from Operations	(5,707)	(3,359)	(7,214)
Share of joint venture loss	(465)	(390)	(905)
Depreciation and amortsation	1,218	1,171	2,376
EBITDA	(4,954)	(2,578)	(5,743)
EBITDA (before exceptional items)	(1,874)	(2,507)	(5,017)

Assets and liabilities cannot be readily allocated to the three segments and therefore no additional segmental information has been disclosed.

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2014 €'000	Unaudited 6 months ended 30 Sept 2013 €'000	Audited Year ended 31 March 2014 €'000
UK and Ireland	9,021	4,956	11,300
Benelux	4,131	4,425	8,822
Rest of Europe	5,636	3,691	7,501
Americas	1,656	1,547	3,376
Asia-Pacific	1,342	1,150	2,319
Rest of World	-	-	194
	21,786	15,769	33,512

The segmental assets in the current and previous periods were predominantly held in Europe. Additions to property, plant, equipment and intangible assets in the current and previous periods were predominantly incurred in Europe. Sales to UK and Ireland included the sales to Medite.

3. Other operating costs

Other operating costs consist of the operating costs, other than the cost of sales, associated with the operation of the plant in Arnhem and the offices in Dallas and Windsor.

	Unaudited 6 months ended 30 Sept 2014 €'000	Unaudited 6 months ended 30 Sept 2013 €'000	Audited Year ended 31 March 2014 €'000
Sales and marketing	1,575	1,391	2,882
Research and development	461	553	1,151
Depreciation and amortisation	1,218	1,171	2,377
Other operating costs	1,480	1,225	2,243
Administration costs	2,911	2,417	5,594
Exceptional costs	3,080	71	726
	10,725	6,828	14,973

Administrative costs include costs associated with the Human Resources, IT, Finance, Management, General Office, Business Development and Legal departments and include the costs of the Group's head office costs in Windsor and the US office in Dallas.

Exceptional costs relate to the arbitration with Diamond Wood – see note 4.

The Group headcount increased from 102 at 30 September 2013 to 109 at 31 March 2014 and then to 113 at 30 September 2014.

During the period €128,000 of development costs were capitalised and are included within intangible fixed assets (2013: €348,000). The prior year figure includes €169,000 in respect of the Accoya® licence Process Design Package.

4. Exceptional items

On 25 July 2014 Accsys announced that the arbitration tribunal (the "Tribunal") appointed in relation to the dispute between Accsys and Diamond Wood China Limited ("Diamond Wood") had delivered a 'First Partial Final Award' (the "Award").

In response to Diamond Wood's claim against Accsys, namely for damages in excess of €100 million as previously published by Diamond Wood, and for the continuation of the Licence Agreement, the Tribunal ruled that Diamond Wood can only claim for limited damages (if any) up to a maximum of €250,000. However, the Tribunal also ruled that the licence agreement between the two parties is to continue.

On 19 September 2014 Accsys announced that the Tribunal issued a final award in respect of costs relating to the Ruling which are payable to Diamond Wood, being approximately £1.6m.

The Exceptional item includes a provision for €2.4m in respect of the awards for damages and Diamond Wood's costs. In addition, Accsys has incurred a further €0.7m in respect of its own legal costs in the period. This is in addition to €0.7m incurred in previous financial year (€0.1m of which was incurred in the six months ended 30 September 2013) which has also been represented as an exceptional item in the respective periods which have been represented accordingly.

None of the €2.4m had been paid to Diamond Wood by 30 September 2014, however is expected to be in the third quarter of the financial year.

5. Loss per share

Basic and diluted loss per share	Unaudited 6 months ended 30 Sept 2014 Before exceptional items	Unaudited 6 months ended 30 Sept 2014 Total	Unaudited 6 months ended 30 Sept 2013 Before exceptional items	Unaudited 6 months ended 30 Sept 2013 Total	Audited Year ended 31 March 2014 Before exceptional items	Audited Year ended 31 March 2014 Total
Weighted average number of Ordinary shares in issue ('000)	88,145	88,145	87,158	87,158	87,482	87,482
Loss for the period (€'000)	(3,622)	(6,702)	(4,060)	(4,131)	(8,163)	(8,889)
Basic and diluted loss per share	€ (0.04)	€ (0.08)	€ (0.05)	€ (0.05)	€ (0.09)	€ (0.10)

Basic and diluted losses per share are based upon the same figures. There are no dilutive share options as these would increase the loss per share.

The weighted average number of shares in issue has been re-presented for all periods to take account of the 5 to 1 share consolidation which became effective on 12 September 2014 (see note 8).

6. Share of joint venture losses

On 5 October 2012, Accsys entered into a 50:50 joint venture, Tricoya Technologies Limited ('TTL'), with INEOS to exploit Accsys' intellectual property surrounding its proprietary Tricoya® wood elements acetylation technology and processes, which is expected to lead to the accelerated global deployment of Tricoya.

TTL was granted rights to exploit Accsys' Tricoya® technology and also benefits from a licence of any intellectual property held by INEOS that may assist the joint venture in maximising the value of the Tricoya® proposition. Profits generated by TTL are to be shared between Accsys and INEOS in a way that reflects each party's interest. The contribution of Accsys' Tricoya® intellectual property to the Joint Venture will be reflected through a disproportionate future profit share which will create significant value for Accsys.

TTL has been accounted in the Accsys Group accounts using the equity method. The TTL results for the period from 1 April 2014 to 30 September 2014, together with the balance sheet as at 30 September 2014 are set out below:

Income statement for TTL joint venture:

	Unaudited 6 months ended 30 Sept 2014 €'000	**Unaudited 6 months ended 30 Sept 2013 €'000**	**Audited Year ended 31 March 2014 €'000**
Licence revenue	225	100	153
Other income	239	-	-
Total revenue	464	100	153
Costs:			
Staff costs	877	610	1,230
Research & development (excluding staff costs)	249	111	278
Intellectual Property	110	79	133
Sales & marketing	70	80	322
Amortisation	93	-	-
Total operating costs	1,399	880	1,963
Finance income	5	-	-
Joint venture loss	930	780	1,810
Group share of joint venture loss	465	390	905

Tricoya Technologies Limited statement of financial position at 30 September 2014:

	Unaudited 6 months ended 30 Sept 2014 €'000	**Unaudited 6 months ended 30 Sept 2013 €'000**	**Audited Year ended 31 March 2014 €'000**
Non-current assets			
Intangible assets	1,797	415	1,382
Current assets			
Receivables due within one year	245	93	150
Cash and cash equivalents	125	465	499
Total current assets	370	558	649
Current liabilities			
Trade and other payables	(727)	(814)	(1,302)
Net current assets	(357)	(256)	(653)
Net assets	1,440	159	729
50% attributable to Accsys Technologies	720	79	364
Less elimination of mark-up on recharged costs	(10)	(15)	(17)

Intangible assets represents internal development costs capitalised relating to the development of the Tricoya product and production process, including the production of the first process design package which will applied to the licence agreement with Medite.

During the period, TTL has benefited from the Life + Subsidy awarded by the EC. The subsidy, worth up to €2.1m over three years, was originally awarded to Accsys and Medite in 2013 and is intended for the benefit of the first Tricoya plant. €0.9m was received by Accsys in the prior year and will be transferred to TTL and Medite in the second half of the current financial year following the receipt of permission from the EC to formally transfer of the subsidy from Accsys to TTL. Therefore, TTL has recorded €239,000 of revenue in the as a result of having incurred eligible costs in the current and preceding periods.

7. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2013	5,208	27,190	656	33,054
Additions	27	326	61	414
Disposals	-	-	-	-
At 30 September 2013	5,235	27,516	717	33,468
Additions	16	118	24	158
Disposals	-	(116)	-	(116)
Foreign currency translation gain/(loss)	-	-	(9)	(9)
At 31 March 2014	5,251	27,518	732	33,501
Additions	-	434	18	452
Disposals	-	-	-	-
Foreign currency translation gain/(loss)	-	-	9	9
At 30 September 2014	5,251	27,952	759	33,962
Depreciation				
At 31 March 2013	192	10,057	534	10,783
Charge for the period	58	888	43	989
Disposals	-	-	-	-
At 30 September 2013	250	10,945	577	11,772
Charge for the period	57	931	48	1,036
Disposals	-	(40)	-	(40)
Foreign currency translation gain/(loss)	-	-	(7)	(7)
At 31 March 2014	307	11,836	618	12,761
Charge for the period	59	937	46	1,042
Disposals	-	-	-	-
Foreign currency translation gain/(loss)	-	-	8	8
At 30 September 2014	366	12,773	672	13,811
Net book value				
At 31 March 2013	5,016	17,133	122	22,271
At 30 September 2013	4,985	16,571	140	21,696
At 31 March 2014	4,944	15,682	114	20,740
At 30 September 2014	4,885	15,179	87	20,151

8. Share capital

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5:1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary Shares.

Own shares represents 783,597 €0.05 Ordinary Shares issued to an Employee Benefit Trust ('EBT') at nominal value on 18 August 2014.

In addition, of the 953,133 €0.05 Ordinary Shares which had been issued to the EBT at nominal value on 9 July 2013, 945,133 Ordinary Shares vested on 8 August 2014. Of these beneficiaries elected to sell 361,033 Ordinary shares in the market. As at 30 September 2014, 223,425 Ordinary Shares remained pending sale by the EBT in the market.

On 18 August 2014, a total of 27,819 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

On 12 August 2014, a total of 99,570 of €0.05 Ordinary shares were issued and released to employees together with the 99,570 of €0.05 Ordinary shares issued to trust on 12 August 2013.

9. Related party transactions

In the period ended 30 September 2014, there were a number of related party transaction with the Tricoya Technologies Limited joint venture, all of which arose in the normal course of business, totalling €758,000 (2013: €518,000). At the end of the period €425,000 of the total amount was payable from TTL to Accsys group companies (2013: €253,000).

Accsys Technologies PLC

Independent review report to Accsys Technologies PLC

Introduction

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 September 2014, which comprises the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity and the interim statement of cash flow and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the half year ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union, the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
London

21 November 2014

Notes:

a) The maintenance and integrity of the Accsys Technologies PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report since it was initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.