Company	Accsys Technologies PLC	
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20 November 2018

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

Accsys, the chemical technology group, focused on the acetylation of wood, today announces interim results for the consolidated group for the six months ended 30 September 2018.

	6 months ended 30 Sept 2018		**6 months ended 30 Sept 2017**	
	Underlying*	Statutory	Underlying*	Statutory
Total Revenue	€31.6m	€31.6m	€28.3m	€28.3m
Accoya® EBITDA	€2.8m	€2.8m	€1.2m	€0.9m
EBITDA	€(1.4m)	€(1.4m)	€(2.8m)	€(4.9m)
Loss before taxation	€(4.5m)	€(5.4m)	€(5.2m)	€(6.8m)
Period end cash balance		€22.0m		€46.9m
Net Debt		€(34.2m)		€23.1m

*Excludes exceptional costs and other adjustments. See note 4 for details and note 2 for reconciliation of EBITDA and Accoya® EBITDA.

Financial highlights

- Revenue increased by 12% driven by higher volumes, pricing and licence income;
- 8% increase in Accoya® sales volume significantly restricted by continued capacity constraints – third Accoya® reactor now operational;
- Underlying EBITDA progression reflects increase in sales and production volumes together with price increases;
- Net debt of €34.2m at 30 September 2018 (31 March 2018: €3.8m) reflects significant investment in Tricoya® plant construction, completion of third Accoya® reactor and purchase of Arnhem land and buildings; and
- Operating activities generated positive cash-flow during the period.

Operational highlights

- First part of Accoya® plant expansion completed and operational with benefits expected in second half of the year;
- Output increasing over remainder of financial year to a run rate reflecting a 50% increase in production volume;
- All customers remain on allocation with demand continuing to exceed supply;
- Price increase effective from 1 January 2019;
- Construction of the first dedicated Tricoya® wood chip acetylation plant in Hull expected to be completed around mid-2019 calendar year with operations to commence following a subsequent period of commissioning; and

- Ongoing discussions with potential partners concerning new Accoya® and Tricoya® plants in USA and Asia.

Paul Clegg, Chief Executive commented:

"*These results show continued and exciting progress for the Group at a time when we are making significant investments in our future growth. We are seeing increased demand in all regions, driven by the outstanding performance characteristics of our products as well as their sustainability credentials, which are becoming ever more important in a world which is increasing its awareness of the potential benefits of making more sustainable building material choices.*

The market opportunity is substantial and the demand for Accoya® and Tricoya® remains at a level which exceeds our current production rates. As a result, we expect revenue to increase significantly in the second half of the year as we benefit from the new Accoya® reactor in Arnhem which is now operational, with improvement to profitability. We continue to explore opportunities for new manufacturing plants in USA and Asia with partners in those regions."

There will be a presentation relating to these results at 10:00 GMT on 20 November 2018. The presentation will take the form of a web-based conference call, details of which are below:

Webcast link (for audio and visual presentation):
Click on the link below or copy and paste ALL of the following text into your browser:
https://edge.media-server.com/m6/p/u4289rmw

Conference call details (audio only presentation – do not use in conjunction with the webcast link):

Confirmation Code: 4193173
Local - United Kingdom: +44 (0)330 336 9125
National free phone - United Kingdom: 0800 358 6377
Local - Amsterdam, Netherlands: +31 (0)20 721 9251
National free phone - Netherlands: 0800 023 1436

ACCSYS TECHNOLOGIES PLC
("Accsys" of "de Vennootschap")

TUSSENTIJDSE RESULTATEN VOOR DE PERIODE VAN ZES MAANDEN EINDIGEND OP 30 SEPTEMBER 2018

Accsys, de chemische technologie groep, gericht op de acetylering van hout, publiceert vandaag de geconsolideerde tussentijdse resultaten voor de periode van zes maanden eindigend op 30 September 2018.

	Zes maanden eindigend op 30 sept 2018		**Zes maanden eindigend op 30 sept 2017**	
	Onderliggend*	Statuair	Onderliggend*	Statuair
Totale groepsomzet	€31.6m	€31.6m	€28.3m	€28.3m
Accoya® EBITDA	€2.8m	€2.8m	€1.2m	€0.9m
EBITDA	€(1.4m)	€(1.4m)	€(2.8m)	€(4.9m)
Verlies voor belastingen	€(4.5m)	€(5.4m)	€(5.2m)	€(6.8m)
Liquide middelen per einde half jaar		€22.0m		€46.9m
Saldo liquide middelen (netto-schuld) per einde half jaar		€(34.2m)		€23.1m

*Exclusief de uitzonderlijke kosten en overige aanpassingen. Zie noot 4 voor meer informatie en aantekening 2 voor afstemming van EBITDA en Accoya® EBITDA.

Financiële hoogtepunten

- De inkomsten stegen met 12% door hogere volumes, prijsstijgingen en licentie-inkomsten;
- De totale omzet van Accoya® is met 8% gestegen maar de groei werd aanzienlijk beperkt door aanhoudende capaciteitsbeperkingen – de derde Accoya® reactor is inmiddels in gebruik genomen;
- De stijging van de onderliggende EBITDA weerspiegelt de stijging van de verkoop en de productievolumes samen met de prijsverhogingen;
- De nettoschuld van € 34,2 mln op 30 september 2018 (31 maart 2018 € 3,8 mln) weerspiegelt de aanzienlijke investeringen in de bouw van de Tricoya®-fabriek, de voltooiing van de derde Accoya® reactor en aankoop van het terrein en de gebouwen in Arnhem; en
- De operationele activiteiten hebben tijdens deze periode een positieve kasstroom gegenereerd.

Operationele hoogtepunten

- Het eerste deel van de uitbreiding van de Accoya®-fabriek is voltooid en operationeel, de revenuen worden in de tweede helft van het jaar verwacht;
- In het resterende deel van het boekjaar zal deproductie toenemen naar een run-rate die een toename van 50% weerspiegelt;
- Alle klanten blijven op allocate, de vraag naar Accoya® blijft de productie overschrijden;
- Prijsverhoging vanaf 1 januari 2019;
- De bouw van de eerste speciale Tricoya®-geacetyleerde houtsnipperfabriek in Hull wordt naar verwachting afgerond omstreeks medio 2019, productie zal aanvangen na de inbedrijfstelling; en
- Lopende besprekingen met potentiële partners betreffende nieuwe Accoya® en Tricoya® fabrieken in de VS en Azië.

Paul Clegg, CEO licht toe:

"*Deze resultaten geven de voortdurende en spannende vooruitgang weer voor de Groep op een moment waarop we aanzienlijke investeringen doen in onze toekomstige groei. We zien toenemende vraag in alle regio's, gedreven door de uitstekende prestatiekenmerken van onze producten en hun duurzaamheidsreferenties, die steeds belangrijker worden in een wereld die zich meer en meer bewust wordt van de potentiële voordelen van het maken van duurzamere bouwmateriaalkeuzes.*

De marktperspectieven zijn gunstig en de vraag naar Accoya® en Tricoya® blijft op een niveau dat onze huidige productiecapaciteit overschrijdt. Derhalve verwachten we dat de inkomsten aanzienlijk zullen toenemen in de tweede helft van het jaar gezien het feit dat we profiteren van de nieuwe Accoya®-reactor in Arnhem die inmiddels operationeel is, waardoor de winstgevendheid wordt verbeterd. Wij blijven mogelijkheden verkennen voor nieuwe fabrieken in de VS en Azië met partners in die regio's."

Op dinsdag 20 november 2018 vindt om 10.00 uur (GMT) een presentatie plaats van deze resultaten. De presentatie vindt plaats via een online conference call, waarvan de details hieronder staan:

Link naar webcast:
Klik hier of kopieer en plak de volgende tekst VOLLEDIG in uw browser:
http://bit.ly/AXSIntswebcast2018

Informatie over conference call voor deelnemers:
Telefoonnummer deelnemers:
Bevestigingscode: 4193173

Verenigd Koninkrijk	+44 (0)330 336 9125
Nederland	+31 (0)20 721 9251

Deelnemers moeten de bovenstaande code gebruiken bij het inbellen naar de vergadering.

Ends

For further information, please contact:

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Introduction

I am pleased to report continued progress in delivering growth, additional capacity and improved profitability. During the period we have commenced operation of our third Accoya® reactor in Arnhem and as a result Accoya® production will increase substantially in the second half of the year.

We are seeing increased demand in all regions, driven by the outstanding performance characteristics of our products as well as sustainability credentials which are becoming ever more important in a world which is increasing its awareness of the potential benefits of making more sustainable building material choices.

We remain very confident that the market opportunity is substantial and the demand for Accoya® and Tricoya® remains at a level which exceeds our current production rates. As a result we expect revenue to increase significantly in the second half of the year as we benefit from the additional production volumes from Arnhem.

We have continued to make very good progress with the construction of the Tricoya® plant in Hull. Construction is expected to be completed around mid-2019 calendar year with operations to commence following a subsequent period of commissioning.

In September Accsys confirmed our adoption and compliance with the QCA's Corporate Governance Code by publishing a comprehensive statement explaining the Company's full compliance with the Code. We recognise that strong corporate governance is vital as we pursue the Group's ambitious global growth strategy and we are committed to on-going review and development of our governance culture, structures and processes, which will provide us with the necessary platform and safeguards to promote success and deliver value for all our shareholders.

Summary of results

Total revenue for the six months ended 30 September 2018 grew by 12% to €31.6m (2017: €28.3m) driven by an 8% increase in Accoya® sales volumes to 21,379 cubic metres compared to the same period last year. We also benefited from price increases implemented at the start of the 2018 calendar year and received €0.5m of licensing income.

Group underlying EBITDA loss of €1.4m compares to €2.8m loss last year with the improvement due to higher licence income, sales volumes and higher gross margin from Accoya® manufacturing. The gross manufacturing margin increased to 21% from 20% as a result of price increases and without the one-off items reported last year. However, the gross margin continued to be impacted by the proportion of sales used for the production of Tricoya® which increased significantly in the period from 17% to 25% of the total volume sold. This proportion is expected to reduce in the second half of the financial year when we will benefit from both the expected higher overall sales volumes and a further price increase from January 2019.

Net debt increased to €34.2m at 30 September 2018 from €3.8m as at 31 March 2018. The increase in net debt was principally to invest in capacity expansion in Arnhem and Hull and €23m of new loans to fund the acquisition of the Arnhem land and buildings, offset by the reduction in the related finance lease liability. We generated positive cash from operating activities of €0.7m for the six month period compared to €9.6m cash out-flow from operating activities in the same period last year. €5.7m of new equity was issued in the period.

Outlook

We expect Accoya® production and sales volumes to increase significantly over the course of the second half of the year as we continue to ramp up the production from the third reactor. The increased volumes, improved product mix and higher prices are expected to result in further improvements to profitability.

Demand for Tricoya® panels continues to develop but sales will be constrained until the Hull plant commences operation. This will free-up further capacity at Arnhem for higher margin Accoya® sales with the Tricoya® chips manufactured via the dedicated process also expected to generate a higher gross margin.

The combination of the third Accoya® reactor and the Hull plant becoming fully operational will enable total annual manufacturing capacity to reach an equivalent of 100,000 cubic metres, being more than double that at the start of the current financial year.

As our production volumes increase, we will continue to manage demand from our customers carefully and expect all customers to remain on allocation in the immediate future. The strength of demand means that we are considering the addition of the fourth Accoya® reactor in Arnhem and are likely to make a decision to proceed with this investment in the first half of 2019 calendar year.

Progress continues in our discussions with potential partners concerning the construction of new plants in Asia and USA. We have identified locations and potential partners who align with our ambition to grow manufacturing capacity for Accoya® and Tricoya® globally. We will provide further details as these discussions become more advanced.

Overall, we continue to be in a strong position to generate further growth and new opportunities globally in order to meet the substantial market opportunity. In the short term we expect the increased sales will lead to improved profitability and we are targeting to be EBITDA positive in the second half of the financial year.

Patrick Shanley
Chairman
19 November 2018

Introduction

The successful start-up of the third Accoya® reactor in Arnhem at the end of June 2018 was a key milestone in our plan to generate significant new additional manufacturing capability for our products. Since then we have gradually sought to increase production volumes whilst working through post commissioning issues.

I am very pleased to report progress being made in increasing the production volumes from the third reactor and believe that the increased output and resulting sales will improve our profitability as well as enable us to generate further demand for our products globally.

The construction of the Tricoya® plant in Hull and discussions concerning potential new plants in USA and Asia are also very encouraging. Accsys is now focused on the successful execution of these projects and the resulting increase in sales. In addition, we continue to invest in R&D and I believe our platform technology will enable us to take advantage of additional growth opportunities in the future.

Accoya® – Global performance

	Six months ended 30 September 2018	Six months ended 30 September 2017	Year ended 31 March 2018
Accoya® sales volume – cubic metres	21,379	19,826	42,676
Accoya® sales	€28.1m	€26.2m	€56.3m
Licence income	€0.5m	€nil	€nil
Manufacturing margin – %	21%	20%	22%
Underlying EBITDA	€2.8m	€1.2m	€4.6m

Revenue from the sale of Accoya® increased to €28.1m in the first half of the year compared to the previous year. The increase was attributable to an 8% increase in Accoya® volumes sold together with the benefit of a price increase implemented in January 2018. This was offset by an increase in the quantum of Accoya® sold for the production of Tricoya® panels which increased by 63% to 5,438 cubic metres. This represented 25% of total sales volumes compared to 17% in the same period last year. The significant proportion of material sold for Tricoya® partly reflects the availability of material following the start-up of the third Accoya® reactor and I expect this proportion to reduce in the second half of the financial year as we benefit more fully from the third reactor.

Demand has exceeded our production capacity for over a year and I am very grateful for the understanding our customers have shown while we have worked to manage this. We now expect to benefit from additional production volumes and we anticipate to be operating at a run rate close to full capacity by the end of the financial year. As a result we will continue to manage demand with all customers on allocation, in particular as many seek to build up inventories which have been depleted over the last period of time.

We recently announced a price increase for all customers from January 2019. The increase will address some increases in raw material prices, in particular for acetic anhydride, as well as our ambition to improve profitability at a time when we continue to invest in further capacity growth.

The manufacturing gross margin improved to 21% compared to 20% for the same period last year. The increase was driven by the price increase noted above but a proportion was offset by an increase in lower margin sales. 48% of Accoya® sold in the period was to Rhodia Acetow or for Tricoya®, both of which are at discounted prices, compared to 42% in the same period last year. This situation is expected to improve in the second half of the financial year with the increasing demand from all customers and will improve further over time, in particular with the start-up of the plant in Hull. In addition, the previous year included an additional plant shut down which was required as part of the third reactor construction project and which was not required in the current year.

I was pleased to announce in May that we had acquired the majority of the land and buildings associated with our Accoya® plant in Arnhem. We acquired the assets for a total of €23m from Bruil, the property development company which we had previously sold the land to over a number of transactions and subsequently constructed our new offices, laboratory, warehouse and distribution centre. The purchase enabled us to gain full ownership of a key asset and this is expected to provide strategic and financial benefits to the Group over time as we continue to explore ways of further improving our process and the efficiency of the site.

Inventory levels increased in the period to €16.2m (31 March 2018: €13.1m), driven by an increase in raw materials. The increase has resulted from the anticipated increase in production volumes combined with the start-up of the third reactor being slightly later than previously anticipated. Raw material levels are therefore expected to decrease in the second half of the financial year. Levels of finished Accoya® inventory remain low at present however we are working to increase this to more manageable levels over the coming months.

Tricoya®

Construction work at the Hull site has continued to progress well with substantial work having been undertaken in the period following the previous completion of ground works. €18.5m has been invested in the period which has included the construction of key structures and with all remaining key equipment orders having been placed. Many of these items of equipment are now arriving ready for installation in the plant. Construction of the plant is expected to be complete around the middle of 2019 calendar year. This will be followed by a period of commissioning enabling operation of the plant later in the year.

We have continued to recruit new employees who will constitute the operational team going forwards. The 11 employees recruited to date have commenced work developing the operating and maintenance procedures necessary to ensure the plant can be operated safely and efficiently as soon as possible after commissioning is complete. Approximately 30 staff are expected to be recruited in total by the time the plant commences operation next calendar year.

During the period, sales of Tricoya® panels have continued to increase with sales being undertaken by MEDITE, Finsa and Accsys. Finsa has commenced production of Tricoya® panels under its licence agreement signed in March 2018 using lower grade Accoya® supplied by Accsys from Arnhem. This method is consistent with the way MEDITE has operated since 2012, pending the completion of the dedicated chip acetylation plant in Hull. Accsys has also commenced selling limited quantities of Tricoya® panels in other geographies, with the Tricoya® panels purchased from its licensees.

Accsys sold a total of 5,438 cubic meters of Accoya® in the period to be used for the production of Tricoya® panels, a 63% increase compared to the same period last year. Demand for Tricoya® panels continues to be strong, with recognition in the market place of its superior performance and sustainability credentials. However in the immediate future we expect sales growth to be limited by the capacity constraints in Arnhem. Sales are expected to accelerate once the Hull plant is operational next year.

Intellectual property

Accsys has increased its number of patent applications in the recent period to total 288, covering 43 countries. In addition, the number of granted patents has significantly increased to 108, including patents relating to key technologies in various countries throughout the world. By using a combination of patenting and know-how we continue to invest in the generation and protection of core technologies associated with the Arnhem plant expansion and the Tricoya® plant, as well as on complementary technologies for use with Accoya® and Tricoya® wood products.

Our principal trademark portfolio covers our brands Accoya®, Tricoya®, the Trimarque device and Accsys®, protected by registration in 56 countries, with recent trademark activity focused on increasing the strength of those brands.

Accsys continues to maintain an active watch on the commercial and IP activity of third parties to ensure its IP rights are not infringed, and to identify any IP which could potentially hinder our commercial activity.

Outlook

We continue to see demand for Accoya® and Tricoya® exceeding our current production capability. This will be partially alleviated by additional Accoya® from the third reactor as it increases production over the remainder of this financial year, although our current expectation is that the demand will continue to exceed production. We will gain further manufacturing capacity from the start-up of the Hull plant later in 2019 calendar year however I believe it is necessary to plan to ensure additional manufacturing capacity is in place to meet the increasing demand beyond these current projects.

We have continued to progress discussions with potential partners concerning possible plants in USA and Asia for Accoya® and Tricoya®. However, such discussions are complex by their nature and therefore any decision to proceed will take time.

In addition, we also expect to start the initial planning in respect of adding the fourth Accoya® reactor in Arnhem, taking account that much of the chemical infrastructure for this was completed at the same time of the third reactor. We anticipate making a decision to proceed with this in the first half of 2019 calendar year. The combination of the Hull plant being fully operational together with a fourth Accoya® reactor mean sales revenues in excess of €150m per annum are expected to be achievable over time when at full capacity, together with a substantial improvement in profitability.

I remain confident that Accsys is very well placed to take advantage of its unique offering. The combination of high performance products which also provide a credible alternative to less environmentally sustainable construction materials also reinforces the substantial market opportunity.

Paul Clegg
Chief Executive
19 November 2018

Statement of comprehensive income

Group revenue increased by 12% to €31.6m for the six months ended 30 September 2018 (2017: €28.3m). Accoya® segment revenue increased by 10% to €31.1m with revenue from Accoya® wood increasing by 7% to €28.1m largely as a result of higher sales volumes and price increases implemented from January 2018. Included within this is sales for the manufacture of Tricoya®, which increased by 63% to €5.2m (2017: €3.2m).

Tricoya® segment revenue of €0.5m represented sales of Tricoya® panel purchased from our Tricoya® licensees to other geographies in order to develop the global market for Tricoya®.

Licence revenue of €0.5m was attributable to our Accoya® licensee, Rhodia Acetow, reflecting the milestone nature of our contract with them. Other revenue of €2.5m (2017: €2.1m) predominantly relates to the sale of acetic acid and increased compared to prior year given higher production levels and higher acetic acid prices.

Gross margin increased from 20% to 22% compared to the same period in the previous year due to higher licencing income and Accoya® manufacturing gross margin. The Accoya® manufacturing gross margin increased from 20% to 21%. The increase was driven by the price increase noted above however being somewhat offset by an increase in lower margin sales. 48% of Accoya® sold in the period was to Rhodia Acetow or for Tricoya®, both of which are at discounted prices, compared to 42% in the same period last year. This proportion is expected to decrease in the second half of the financial year allowing for greater volumes for sale to other Accoya® customers.

In addition, the previous year included an additional plant shut down which was required as part of the third reactor construction project and which was not required in the current year.

Other operating costs, decreased from €12.0m to €10.1m. This decrease is largely due to exceptional items and other adjustments of €2.1m in the prior period. Excluding exceptional items, underlying* operating costs remained broadly consistent at €10.1m (2017: €9.9m). (*see note 4 for details of exceptional items and other adjustments, and note 2 for reconciliation).

Underlying staff costs increased by €0.7m to €6.6m due to inflationary salary increases and an increase in headcount by 20 compared to prior year. Group average employee headcount increased to 155 in the period to 30 September 2018, from 135 in the period to 30 September 2017, with the increase predominantly attributable to an increase in Arnhem operations staff following the commissioning of the third Accoya® reactor and recruitment of the first phase of Hull Plant staff. Total headcount including direct contractors and the non-executives increased to 192 in September 2018 from 171 at 31 March 2018.

Third party sales and marketing expenditure decreased in the period; however this was offset by an increase in administration costs due to increased headcount and inflationary increases, recruitment fees for new hires, increased property service charges for the new Arnhem office and rent for the Hull offices. Depreciation charges increased in the period compared to prior year following the completion of the third reactor and following the new office and building in Arnhem coming into operation at the end of 2017 calendar year.

Underlying finance expenses increased to €1.4m (2017: €1.0m) due to interest payable on our loan with Rhodia Acetow no longer being capitalised following the completion of the third Accoya® reactor, together with finance charges attributable to the lease arrangements relating to the new building in Arnhem which was occupied in November 2017 and which was subsequently replaced by loans with ABN AMRO and Bruil following the purchase of the land and buildings in the period. A further adjustment has been recorded to reflect a gain of €0.2m (2017: €0.6m) relating to foreign exchange due to holding the BGF and Volantis loan notes in pounds sterling.

An exceptional finance charge has been recognised in respect of the acquisition of the land and buildings in Arnhem from Bruil. The non-cash charge reflects the difference between the assets held under the finance lease and the finance lease liability which was terminated at the point the acquisition was completed. The prior year included €1.6m of exceptional expenses and other adjustments. See note 4.

The decrease in the underlying loss before tax by €0.7m to €4.5m (2018: €5.2m) is largely attributable to an increase in Accoya® gross manufacturing margin to 21% (2017: 20%) including the effect of a price increase implemented on 1 January 2018, and receipt of €0.5m licence income relating to milestone payments from Rhodia Acetow.

The tax credit of €1.0m (2017: tax charge of €0.1m) reflects a prior period adjustment and results from a change to the Group's transfer pricing policy to more accurately reflect the Group's business model.

Cash flow

At 30 September 2018, the Group held cash balances of €22.0m, representing a €17.7m decrease in the 6 months from 31 March 2018. The decrease in cash in the 6 month period is largely attributable to investment in tangible fixed assets of €23.7m (excluding the land and buildings purchase), offset by €5.7m in-flow from the issue of new ordinary shares in Accsys to VP Participaties BV and drawdown of our working capital facility of €0.8m. Loan receipts of €23m from ABN AMRO and Bruil relating to the land and buildings purchase in Arnhem affected both investing and financing activities, with the freehold purchase included within fixed assets, offset by the termination of the associated finance lease. See note 11.

Cash flow from operating activities of €0.7m compared to €9.6m out-flow in the equivalent period in the previous year, reflected reduced operating loss, changes in working capital, tax receipts and a decrease in exceptional items compared to prior year.

Financial position

Plant and machinery additions of €23.2m (2017: €7.4m) in the period largely consisted of the construction of the third Accoya® reactor (€4.9m) and the Tricoya® plant build in Hull (€18.3m). €0.2m of internal development costs were capitalised in respect of Tricoya Technologies Limited (2017: €0.2m).

Net additions of €9.8m were made in the period as a result of the purchase of the land and buildings in Arnhem, representing the purchase price of €23.0m net with €13.2m of assets which had previously been accounted for as a finance lease. This purchase was financed by two new loans, set out below.

Trade and other receivables increased to €9.2m (2017: €9.0m) largely as a result of a €2.0m increase in trade receivables due to increased sales in the period compared to prior year, net with a decrease in prepaid raw wood. VAT receivable increased to €1.3m (2017: €0.6m) due to increased activity relating to equipment orders for the Hull plant.

Inventory levels increased in the period to €16.2m (31 March 2018: €13.1m), driven by an increase in raw materials. The increase has resulted from the anticipated increase in production volumes combined with the start-up of the third reactor being slightly later than previously anticipated. Raw material levels are therefore expected to decrease in the second half of the financial year. Levels of Accoya® inventory remain low and we will be working to increase this to more optimal levels over the coming months as production from the third reactor ramps up.

The increase in trade and other payables to €22.1m (2017: €11.5m) is primarily due to the Hull Plant construction with Tricoya® related balances increasing to €12.9m (2017: €1.4m).

Amounts payable under loan agreements increased to €54.1m (2017: €20.5m). New financing arrangements in respect of the Arnhem property of €23m were undertaken in the period, comprising of a €19m partially amortising five year package from ABN AMRO, and a commercial loan from the seller and former landlord, Bruil of €4m. The loans fully financed the purchase of the land and buildings associated with the Group's Accoya® plant and logistics centre in Arnhem. The financing terms will result in a lower overall income statement charge over the next 20 years and ownership of the land is expected to provide enhanced strategic options, operational security and greater flexibility in respect of the use of the land. The purchase replaced the previously held finance and operating lease which was terminated in the period. The net impact of the above transaction was to increase fixed assets by €9.8m with net debt increasing by €10.9m.

The remainder of the loan balance represents loan agreements entered into in prior periods, with accrued interest to date. This includes the fully drawn down Rhodia Acetow loan facility (€9.5m) utilised for the completion of the Arnhem expansion. €15.0m of the Royal Bank of Scotland loan facility remains available (31 March 2018: €15.0m), with the BGF and Volantis loans being fully drawn down in a prior period.

Risks and uncertainties

The business, financial condition or results of operations of the Group could be adversely affected by any of the risks set out below. The Group's systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them.

The Directors consider that the principal risks to achieving the Group's objectives are those set out below.

(a) Developing market and driving growth

Manufacturing capacity may be limited should sales grow faster than capacity allows. Our ability to manage demand should we operate at or near capacity levels could result in negative market reaction. A delay in expansion of the Tricoya® plant in Hull may result in uncertainty with our customers impacting sales in the shorter term.

The Group expects to sell new or existing products and services into other countries or into new markets. However, there can be no assurance that the Group will successfully execute this strategy for growth. The development of a mass market for a new product or process is affected by many factors, many of which are beyond the control of the Group, including the emergence of newer and more competitive products or processes and the future price of raw materials. If a mass market fails to develop or develops more slowly than anticipated, the Group may fail to achieve sustainable profitability.

We are still uncertain as to the arrangements post Brexit and the implications, if any, for trade into the UK. We have always had the benefit of a frictionless border and would hope the final outcome will allow this to continue. However in the event this does not happen we do not expect any significant impact noting that our UK customers are experienced in importing goods from other countries outside of the EU and any associated volatility in the related logistics.

(b) Developing manufacturing capacity

The Group's current strategy is focused on additional capacity by the construction of new plants, working with other partners where appropriate however developing such new arrangements is not certain and may take time. Further Accoya® process improvements are likely to be more difficult to achieve with no certainty that capacity from existing assets can be increased further. The Tricoya® process is based on our core acetylation knowledge but may present unexpected design issues requiring more complex engineering.

The Group's Intellectual Property ('IP') protection is afforded by a combination of trademarks, patents, confidentiality agreements and the structuring of legal contracts relating to key licensing, engineering and supply arrangements. Unauthorised use of the Group's IP, including by obtaining such IP through cyber-attacks, may adversely impact its ability to exploit the technology and lead to additional expenditure to enforce legal rights. The wide geographical spread of our products increases this risk due to the increasingly varied and complex laws and regulations in which we seek to protect the Group's IP.

The cost and availability of key inputs affects the profitability of manufacturing whilst also impacting the potential profitability of third parties interested in licensing the Group's technology. The price of key inputs and security of supply are managed by the Group, as necessary through the development of long term contractual supply agreements.

(c) Research and technology development

Additional applications and new species development remains uncertain given the inherent nature of R&D. An element of the Group's strategy for growth envisages existing or new products being sold into new markets such that slower development could impact longer term growth.

As our products and IP becomes increasingly valuable, an increased risk of third parties challenging our IP or seeking to copy or use it without authorisation develops.

(d) Organisational development

The Group's success depends on its ability to continue to attract, motivate and retain highly qualified employees. The highly qualified employees required by the Group in various capacities are sometimes in short supply in the labour market.

There are risks associated with operating a chemical plant and accordingly the health and safety of our staff is made a priority. We continuously seek improvements to exceed industry expectations by challenging our methods, improving our reporting and continuing to learn.

(e) Regulatory, legislative and reputational risks

The Group's operations are subject to extensive regulatory requirements, particularly in relation to its manufacturing operations and employment policies. Changes in laws and regulations and their enforcement may adversely impact the Group's operations in terms of costs, changes to business practices and restrictions on activities which could damage the Group's reputation and brand.

(f) Movements in foreign exchange

The Group's functional currency is the Euro. There is the risk that movements in the Euro exchange rate against other currencies may result in significant, unexpected, financial gains and losses.

The Group's risk management strategy is to minimise the financial risk associated with exchange rate movements by using foreign exchange hedging. Where possible, the Group will use natural hedges where assets and liabilities exist in the same currency, otherwise it will use foreign exchange derivatives such as forward contracts to minimise the risk.

The Group aims to minimise foreign exchange risks via hedging arrangements, taking account of the affordability of appropriate foreign exchange derivatives.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are 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 the achievement of certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and eventually, of Tricoya® chips from the new plant in Hull, with the collection of on-going working capital items in line with internally agreed budgets. The Group is also dependent upon certain banking and finance facilities which are in place.

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 that 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
19 November 2018

Directors responsibility statement

The Directors confirm to the best of their knowledge:

- That these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

  an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

- 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
19 November 2018

Accsys Technologies PLC

Consolidated interim statement of comprehensive income for the six months ended 30 September 2018

	Note	Unaudited 6 months ended 30 Sept 2018 €'000 Before exceptional items & other adjustments*	Unaudited 6 months ended 30 Sept 2018 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2018 €'000 Total**	Unaudited 6 months ended 30 Sept 2017 €'000 Before exceptional items & other adjustments*	Unaudited 6 months ended 30 Sept 2017 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2017 €'000 Total**	Audited Year ended 31 March 2018 €'000 Before exceptional items & other adjustments*	Audited Year ended 31 March 2018 €'000 Exceptional items & other adjustments*	**Audited Year ended 31 March 2018 €'000 Total**
Accoya® wood revenue		28,055	-	28,055	26,184	-	26,184	56,331	**-**	**56,331**
Tricoya® panel revenue		470	-	470	-	-	-	-	**-**	**-**
Licence revenue		524	-	524	-	-	-	200	**-**	**200**
Other revenue		2,548	-	2,548	2,122	-	2,122	4,380	**-**	**4,380**
Total revenue	2	31,597	-	**31,597**	28,306	-	**28,306**	60,911	-	**60,911**
Total cost of sales		(24,582)	-	**(24,582)**	(22,667)	-	**(22,667)**	(47,270)	-	**(47,270)**
Gross profit		7,015	-	**7,015**	5,639	-	**5,639**	13,641	-	**13,641**
Other operating costs	3	(10,059)	(22)	**(10,081)**	(9,900)	(2,141)	**(12,041)**	(20,218)	(2,184)	**(22,402)**
Other gains	4	-	-	**-**	-	-	**-**	-	32	**32**
Loss from operations		(3,044)	(22)	**(3,066)**	(4,261)	(2,141)	**(6,402)**	(6,577)	(2,152)	**(8,729)**
Finance income		-	-	**-**	-	-	**-**	-	-	**-**
Finance expense		(1,415)	(894)	**(2,309)**	(981)	564	**(417)**	(2,174)	502	**(1,672)**
Loss before taxation		(4,459)	(916)	**(5,375)**	(5,242)	(1,577)	**(6,819)**	(8,751)	(1,650)	**(10,401)**
Tax credit/(charge)		964	-	**964**	(81)	20	**(61)**	251	-	**251**
Loss for the period		(3,495)	(916)	**(4,411)**	(5,323)	(1,557)	**(6,880)**	(8,500)	(1,650)	**(10,151)**
Gain/(loss) arising on translation of foreign operations		22	-	**22**	(52)	-	**(52)**	(56)	-	**(56)**
Gain/(loss) arising on foreign currency hedging		-	(267)	**(267)**	-	97	**97**	-	202	**202**
Total other comprehensive income		22	(267)	**(245)**	(52)	97	**45**	(56)	202	**146**
Total comprehensive loss for the period		(3,473)	(1,183)	**(4,656)**	(5,375)	(1,460)	**(6,835)**	(8,556)	(1,449)	**(10,004)**
Total comprehensive loss for the year is attributable to:										
Owners of Accsys Technologies PLC		(3,002)	(962)	**(3,964)**	(4,878)	(1,393)	**(6,271)**	(7,592)	(1,449)	**(9,040)**
Non-controlling interests		(471)	(221)	**(692)**	(497)	(67)	**(564)**	(964)	-	**(964)**
Total comprehensive loss for the period		(3,473)	(1,183)	**(4,656)**	(5,375)	(1,460)	**(6,835)**	(8,556)	(1,449)	**(10,004)**
Basic and diluted loss per ordinary share	5	€(0.03)		**€(0.03)**	€(0.04)		**€(0.06)**	€(0.07)		**€(0.08)**

The notes set out on pages 19 to 32 form an integral part of these condensed financial statements.

* See note 4 for details of exceptional items and other adjustments

Accsys Technologies PLC

Consolidated interim statement of financial position at 30 September 2018

	Note	Unaudited 6 months ended 30 Sept 2018 €'000	Unaudited 6 months ended 30 Sept 2017 €'000	Audited Year ended 31 March 2018 €'000
Non-current assets				
Intangible assets	7	10,558	10,762	10,653
Property, plant and equipment	8	93,654	27,953	60,835
		104,212	38,715	71,488
Current assets				
Inventories		16,152	14,699	13,125
Trade and other receivables		9,246	9,019	9,335
Cash and cash equivalents		22,003	46,878	39,699
Corporation tax receivable		1,495	579	1,347
		48,896	71,175	63,505
Current liabilities				
Trade and other payables		(22,082)	(11,450)	(18,012)
Short term borrowings	11	(6,439)	-	(2,062)
Obligation under finance lease		(254)	(443)	(1,323)
Corporation tax payable		(16)	(1,092)	(17)
		(28,791)	(12,985)	(21,414)
Net current assets		20,105	58,190	42,091
Non-current liabilities				
Obligation under finance lease		(1,842)	(2,793)	(12,849)
Other long term borrowing	11	(47,708)	(20,528)	(27,235)
		(49,550)	(23,321)	(40,084)
Total net assets		74,767	73,584	73,495
Equity and reserves				
Share capital	9	5,896	5,568	5,576
Share premium account		145,429	140,028	140,037
Other reserves	10	109,158	110,241	109,425
Accumulated loss		(215,340)	(209,101)	(211,830)
Own shares		(9)	(15)	(15)
Foreign currency translation reserve		11	(7)	(11)
Capital value attributable to owners of Accsys Technologies PLC		45,145	46,714	43,181
Non-controlling interest in subsidiary		29,622	26,870	30,314
Total equity		74,767	73,584	73,495

The notes set out on pages 19 to 32 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of changes in equity for the 6 months ended 30 September 2018

	Share capital Ordinary	Share premium	Other reserves	Own Shares	Foreign currency trans-lation reserve	Accumulated loss	Total equity attributable to equity shareholders of the company	Non-Controlling interests	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 30 Sept 2017 (unaudited)	5,568	140,028	110,241	(15)	(7)	(209,101)	46,714	26,870	73,584
Total comprehensive (expense)/gain for the period	-	-	105	-	(5)	(2,870)	(2,770)	(400)	(3,169)
Share based payments	-	-	-	-	-	140	140	-	140
Shares issued	7	-	-	-	-	-	7	-	7
Share issue costs	-	9	-	-	-	-	9	-	9
Issue of subsidiary shares to non-controlling interests	-	-	(922)	-	-	-	(922)	3,844	2,924
Balance at 31 March 2018	5,576	140,036	109,425	(15)	(11)	(211,830)	43,181	30,314	73,495
Total comprehensive (expense)/gain for the period	-	-	(267)	-	22	(3,719)	(3,964)	(692)	(4,656)
Share based payments	-	-	-	-	-	209	209	-	209
Shares issued	320	-	-	6	-	-	326	-	326
Premium on shares issued	-	5,421	-	-	-	-	5,421	-	5,421
Share issue costs	-	(28)	-	-	-	-	(28)	-	(28)
Balance at 30 Sept 2018 (unaudited)	5,896	145,429	109,158	(9)	11	(215,340)	45,145	29,622	74,767

See note 10 for details concerning other reserves.

Non-controlling interests relates to the investment of various parties into Tricoya® Technologies Limited and Tricoya® Ventures UK Limited (note 6).

The notes set out on pages 19 to 32 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of cash flow for the six months ended 30 September 2018

	Unaudited 6 months 30 Sept 2018	Unaudited 6 months 30 Sept 2017	Audited Year End 31 March 2018
	€'000	€'000	€'000
Loss before taxation before exceptional items and other adjustments	(4,459)	(5,242)	(8,751)
Adjustments for:			
Amortisation of intangible assets	298	289	582
Depreciation of property, plant and equipment	1,342	1,167	2,496
Net Finance expense	1,415	981	2,174
Equity-settled share-based payment expenses	211	159	300
Currency translation (gains)/losses	(54)	180	268
Cash outflows from/(used in) operating activities before changes in working capital and before exceptional items and other adjustments	(1,247)	(2,466)	(2,931)
Exceptional Items in operating activities (see note 4)	-	(1,604)	(1,617)
Cash outflows from operating activities before changes in working capital	(1,247)	(4,070)	(4,548)
Decrease/(Increase) in trade and other receivables	85	(1,392)	215
Increase in deferred income	170	-	-
(Increase) in inventories	(3,014)	(2,904)	(1,331)
Increase /(Decrease) in trade and other payables	3,898	(733)	3,908
Net cash from/(used in) operating activities before tax	(108)	(9,099)	(1,756)
Tax received/(paid)	815	(482)	(2,013)
Net cash from/(used in) operating activities	707	(9,581)	(3,769)
Cash flows from investing activities			
Interest received/(paid)	52	-	45
Disposal of property, plant and equipment	-	-	32
Expenditure on property, plant and equipment	(34,571)	(6,957)	(29,530)
Expenditure on intangible assets	(203)	(212)	(397)
Net cash used in investing activities	(34,722)	(7,169)	(29,850)
Cashflows from financing activities			
Proceeds from loans	23,000	-	7,500
Other finance costs	(98)	(325)	(325)
Proceeds from trade facility draw down	811	-	-
Interest Paid	(715)	(223)	(716)
Repayment of finance lease	(12,174)	(83)	(322)
Proceeds from issue of share capital	5,747	14,063	14,079
Proceeds from issue of subsidiary shares to non-controlling interests	-	11,498	14,420
Share issue costs	(28)	(1,771)	(1,771)
Net cash from financing activities	16,543	23,159	32,865
Net increase/(decrease) in cash and cash equivalents	(17,472)	6,409	(754)
Effect of exchange loss on cash and cash equivalents	(223)	(704)	(721)
Opening cash and cash equivalents	39,698	41,173	41,173
Closing cash and cash equivalents	22,003	46,878	39,698

The notes set out on pages 19 to 32 form an integral part of these interim financial statements.

1. Accounting policies

General Information

The principal activity of the Group is the production and sale of Accoya® solid wood and exploitation 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., Titan Wood Inc. our 75.5% owned subsidiary, Tricoya Technologies Limited (collectively the 'Group'), and 46.7% owned subsidiary, Tricoya Ventures UK 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.

The Company is a public limited company, which is listed on AIM in the United Kingdom and Euronext in the Netherlands, and is domiciled in the United Kingdom. The registered office is Brettenham House, 19 Lancaster Place, London, WC2E 7EN.

The condensed consolidated interim financial statements were approved on 19 November 2018. These condensed consolidated interim financial statements have been reviewed, not audited.

Basis of accounting

The Group's condensed financial statements in these interim results have been prepared in accordance with IFRS issued by the International Accounting Standards Board as endorsed by the European Union, in particular International Accounting Standard (IAS) 34 "interim financial reporting" and the disclosure and transparency rules of the Financial Conduct Authority. The financial information for the six months ended 30 September 2018 and the six months ended 30 September 2017 is unaudited. The comparative financial information for the full year ended 31 March 2018 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 18 June 2018. 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 2018.

The accounting policies adopted are consistent with those of the previous financial year except for taxes on income in the interim periods which are accrued using the effective tax rate that would be applicable to the expected total annual profit or loss. IFRS 9 and hedge accounting policy was adopted in the prior year.

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 2019 Annual Report, with the exception of the below.

IFRS 15: Revenue from Contracts with customers came into effect in January 2018 and whilst the Group's current revenue recognition policies comply with the standard, careful consideration will be undertaken in future in regards to the accounting treatment of recognising licence fees in relation to potential partners building new Accoya® and Tricoya® plants. The accounting policy for the recognition of licence fees is based upon an assessment of the obligations and related work required before the licence is signed and subsequently during the design, construction and commissioning of the licensees' plant, with an appropriate proportion of element of the fee recognised when related performance obligations have been met in accordance with performance milestones as the project progresses. There has been no change to the revenue recognised in the current or prior period as a result of adopting IFRS 15.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are 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 the achievement of certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and eventually, of Tricoya® chips from the new plant in Hull, with the collection of on-going working capital items in line with internally agreed budgets. The Group is also dependent upon certain banking and finance facilities which are in place.

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 that 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 manufacturing of and development, commercialisation and licensing of the associated proprietary technology for the manufacture of Accoya® wood, Tricoya® wood elements and related acetylation technologies. Segmental reporting is divided between corporate activities, activities directly attributable to Accoya®, to Tricoya® or research and development activities.

Accoya®

	Accoya® Segment								
	6 months ending 30 September 2018	6 months ending 30 September 2018	**6 months ending 30 September 2018**	6 months ending 30 September 2017	6 months ending 30 September 2017	**6 months ending 30 September 2017**	12 months ending 31 March 2018	12 months ending 31 March 2018	**12 months ending 31 March 2018**
	Before exceptional items & Other adjustments	Exceptional items & Other Adjustments	**TOTAL**	Before exceptional items & Other adjustments	Exceptional items & Other Adjustments	**TOTAL**	Before exceptional items & Other adjustments	Exceptional items & Other Adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Accoya® wood revenue	28,055	-	**28,055**	26,184	-	**26,184**	56,331	-	**56,331**
Licence revenue	520	-	**520**	-	-	**-**	-	-	**-**
Other revenue	2,538	-	**2,538**	2,122	-	**2,122**	4,380	-	**4,380**
Total Revenue	31,113	-	**31,113**	28,306	-	**28,306**	60,711	-	**60,711**
Cost of sales	(24,194)	-	**(24,194)**	(22,667)	-	**(22,667)**	(47,270)	-	**(47,270)**
Gross profit	6,919	-	**6,919**	5,639	-	**5,639**	13,441	-	**13,441**
Other operating costs	(5,592)	-	**(5,592)**	(5,643)	(348)	**(5,991)**	(11,458)	(348)	**(11,806)**
Other Gain	-	-	**-**	-	-	**-**	-	-	**-**
Profit/(Loss) from operations	1,327	-	**1,327**	(4)	(348)	**(352)**	1,983	(348)	**1,635**
Profit/(Loss) from operations	1,327	-	**1,327**	(4)	(348)	**(352)**	1,983	(348)	**1,635**
Depreciation and amortisation	1,427	-	**1,427**	1,248	-	**1,248**	2,661	-	**2,661**
EBITDA	2,754	-	**2,754**	1,244	(348)	**896**	4,644	(348)	**4,296**

Revenue includes the sale of Accoya®, licence income and other revenue, principally relating to the sale of acetic acid and other licensing related income.

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 with all other costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration, sales and marketing costs.

See note 4 for explanation of Exceptional Items and other adjustments.

Headcount = 117 (2017: 102)

The below table shows details of reconciling items to show both Accoya® EBITDA and Accoya® Manufacturing gross profit, both including and excluding licence and licensing related income, which has been presented given the inclusion of items which can be more variable or one-off.

	6 months ending 30 September 2018	**6 months ending 30 September 2017**	**Year Ended 31 March 2018**
	€'000	**€'000**	**€'000**
Accoya® segmental underlying EBITDA	2,754	1,244	4,641
Accoya® Licence Income	(520)	-	-
Other income, predominantly for marketing services	(83)	(133)	(253)
Accoya® segmental underlying EBITDA (excluding licence income)	2,151	1,111	4,388
Accoya® segmental gross profit	6,919	5,639	13,439
Accoya® Licence Income	(520)	-	-
Other income, predominantly for marketing services	(83)	(133)	(253)
Accoya® Manufacturing gross profit	6,316	5,506	13,186
Gross Accoya® Manufacturing Margin	21%	20%	22%

Tricoya®

	Tricoya® Segment								
	6 months ending 30 September 2018 Before exceptional items & Other adjustments	6 months ending 30 September 2018 Exceptional items & Other Adjustments	**6 months ending 30 September 2018 TOTAL**	6 months ending 30 September 2017 Before exceptional items & Other adjustments	6 months ending 30 September 2017 Exceptional items & Other Adjustments	**6 months ending 30 September 2017 TOTAL**	12 months ending 31 March 2018 Before exceptional items & Other adjustments	12 months ending 31 March 2018 Exceptional items & Other Adjustments	**12 months ending 31 March 2018 TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Tricoya® panel revenue	470	-	**470**	-	-	**-**	-	-	**-**
Licence revenue	4	-	**4**	-	-	**-**	200	-	**200**
Other revenue	10	-	**10**	-	-	**-**	-	-	**-**
Total Revenue	484	-	**484**	-	-	**-**	200	-	**200**
Cost of sales	(388)	-	**(388)**	-	-	**-**	-	-	**-**
Gross profit	96	-	**96**	-	-	**-**	200	-	**200**
Other operating costs	(1,444)	(22)	**(1,466)**	(1,238)	(729)	**(1,967)**	(2,653)	(763)	**(3,416)**
Profit/(Loss) from operations	(1,348)	(22)	**(1,370)**	(1,238)	(729)	**(1,967)**	(2,453)	(763)	**(3,216)**
Profit/(Loss) from operations	(1,348)	(22)	**(1,370)**	(1,238)	(729)	**(1,967)**	(2,453)	(763)	**(3,216)**
Depreciation and amortisation	107	-	**107**	96	-	**96**	197	-	**197**
EBITDA	(1,241)	(22)	**(1,263)**	(1,142)	(729)	**(1,871)**	(2,256)	(763)	**(3,019)**

Revenue and costs are those attributable to the business development of the Tricoya® process and establishment of the Tricoya® Hull Plant. The new Tricoya® panel revenue stream in the period relates to sales of MEDITE produced panels to US and Australian customers in order to seed these new markets, ahead of the new Tricoya® plant coming online.

See note 4 for explanation of Exceptional Items and other adjustments.

Headcount = 10 (2017: 4), noting a substantial proportion of the costs to date have been incurred via recharges from other parts of the Group or have resulted from contractors.

Corporate

	Corporate Segment								
	6 months ending 30 September 2018 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2018 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2018 TOTAL €'000**	6 months ending 30 September 2017 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2017 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2017 TOTAL €'000**	12 months ending 31 March 2018 Before exceptional items & Other adjustments €'000	12 months ending 31 March 2018 Exceptional items & Other Adjustments €'000	**12 months ending 31 March 2018 TOTAL €'000**
Total Revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross profit	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs	(2,453)	-	**(2,453)**	(2,332)	(906)	**(3,238)**	(4,703)	(886)	**(5,589)**
Profit/(Loss) from operations	(2,453)	-	**(2,453)**	(2,332)	(906)	**(3,238)**	(4,703)	(886)	**(5,589)**
Profit/(Loss) from operations	(2,453)	-	**(2,453)**	(2,332)	(906)	**(3,238)**	(4,703)	(886)	**(5,589)**
Depreciation and amortisation	83	-	**83**	85	-	**85**	166	-	**166**
EBITDA	(2,370)	-	**(2,370)**	(2,247)	(906)	**(3,153)**	(4,537)	(886)	**(5,423)**

Corporate costs are those costs not directly attributable to Accoya®, Tricoya® or Research and Development activities. This includes management and the Group's corporate and general administration costs including the head office in London.

See note 4 for explanation of Exceptional Items and other adjustments.

Headcount = 19 (2017: 19)

Research and Development

	6 months ending 30 September 2018 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2018 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2018 TOTAL €'000**	6 months ending 30 September 2017 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2017 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2017 TOTAL €'000**	12 months ending 31 March 2018 Before exceptional items & Other adjustments €'000	12 months ending 31 March 2018 Exceptional items & Other Adjustments €'000	**12 months ending 31 March 2018 TOTAL €'000**
	Research & Development Segment								
Total Revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross profit	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs	(571)	-	**(571)**	(685)	(159)	**(844)**	(1,404)	(155)	**(1,559)**
Profit/(Loss) from operations	(571)	-	**(571)**	(685)	(159)	**(844)**	(1,404)	(155)	**(1,559)**
Profit/(Loss) from operations	(571)	-	**(571)**	(685)	(159)	**(844)**	(1,404)	(155)	**(1,559)**
Depreciation and amortisation	22	-	**22**	27	-	**27**	54	-	**54**
EBITDA	(549)	-	**(549)**	(658)	(159)	**(817)**	(1,350)	(155)	**(1,505)**

Research and Development costs are those associated with the Accoya® and Tricoya® processes. Costs exclude those which have been capitalised in accordance with IFRS. (see note 7).

See note 4 for explanation of Exceptional Items and other adjustments.

Headcount = 9 (2017: 10)

Total

	6 months ending 30 September 2018 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2018 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2018 TOTAL €'000**	6 months ending 30 September 2017 Before exceptional items & Other adjustments €'000	6 months ending 30 September 2017 Exceptional items & Other Adjustments €'000	**6 months ending 30 September 2017 TOTAL €'000**	12 months ending 31 March 2018 Before exceptional items & Other adjustments €'000	12 months ending 31 March 2018 Exceptional items & Other Adjustments €'000	**12 months ending 31 March 2018 TOTAL €'000**
	TOTAL								
Accoya® wood revenue	28,055	-	**28,055**	26,184	-	**26,184**	56,331	-	**56,331**
Tricoya® panel revenue	470	-	**470**	-	-	**-**	-	-	**-**
Licence revenue	524	-	**524**	-	-	**-**	200	-	**200**
Other revenue	2,548	-	**2,548**	2,122	-	**2,122**	4,380	-	**4,380**
Total Revenue	31,597	-	**31,597**	28,306	-	**28,306**	60,911	-	**60,911**
Cost of sales	(24,582)	-	**(24,582)**	(22,667)	-	**(22,667)**	(47,270)	-	**(47,270)**
Gross profit	7,015	-	**7,015**	5,639	-	**5,639**	13,641	-	**13,641**
Other operating costs	(10,059)	(22)	**(10,081)**	(9,900)	(2,141)	**(12,041)**	(20,218)	(2,152)	**(22,370)**
Profit/(Loss) from operations	(3,044)	(22)	**(3,066)**	(4,261)	(2,141)	**(6,402)**	(6,577)	(2,152)	**(8,729)**
Finance income	-	-	**-**	-	-	**-**	-	-	**-**
Finance expense	(1,415)	(894)	**(2,309)**	(981)	564	**(417)**	(2,174)	502	**(1,672)**
Loss before taxation	(4,459)	(916)	**(5,375)**	(5,242)	(1,577)	**(6,819)**	(8,751)	(1,650)	**(10,401)**
Profit/(Loss) from operations	(3,044)	(22)	**(3,066)**	(4,261)	(2,141)	**(6,402)**	(6,577)	(2,152)	**(8,729)**
Depreciation and amortisation	1,640	-	**1,640**	1,455	-	**1,455**	3,078	-	**3,078**
EBITDA	(1,404)	(22)	**(1,426)**	(2,806)	(2,141)	**(4,947)**	(3,499)	(2,152)	**(5,651)**

Adjustments to finance expense relate to the revaluation of the Accsys Technologies loan notes with Business Growth Fund ('BGF') and 1798 Volantis Catalyst Fund II ('Volantis'), which are denominated in pounds sterling. These relate to the pounds sterling held within the Tricoya® segment, of which the corresponding foreign currency translation differences are shown as adjustments to other operating costs.

An exceptional finance charge of €1.1m was recognised in the period ending 30 September 2018 in respect of the acquisition of the land and buildings in Arnhem from Bruil. The non-cash charge reflects the difference between the assets held under the finance lease and the finance lease liability which was terminated at the point the acquisition was completed.

Segmental reporting continued

Assets and liabilities on a segmental basis:

	Accoya® Sept 2018 €'000	Tricoya® Sept 2018 €'000	Corporate Sept 2018 €'000	R&D Sept 2018 €'000	TOTAL Sept 2018 €'000
Non-current assets	60,603	40,108	3,452	49	**104,212**
Current assets	24,643	22,785	(3,831)	5,299	**48,896**
Current liabilities	(16,874)	(15,152)	3,254	(19)	**(28,791)**
Net current assets	7,769	7,633	(577)	5,280	**20,105**
Non-current liabilities	(31,169)	(506)	(17,875)	-	**(49,550)**
Net assets	37,203	47,235	(15,000)	5,329	**74,767**

	Accoya® Sept 2017 €'000	Tricoya® Sept 2017 €'000	Corporate Sept 2017 €'000	R&D Sept 2017 €'000	TOTAL Sept 2017 €'000
Non-current assets	27,330	7,753	3,541	93	**38,715**
Current assets	23,696	43,357	(948)	5,069	**71,175**
Current liabilities	(13,457)	(3,650)	4,175	(53)	**(12,985)**
Net current assets	10,239	39,707	3,227	5,016	**58,191**
Non-current liabilities	(4,760)	(161)	(18,400)	-	**(23,321)**
Net assets	32,808	47,298	(11,632)	5,109	**73,584**

	Accoya® March 2018 €'000	Tricoya® March 2018 €'000	Corporate March 2018 €'000	R&D March 2018 €'000	TOTAL March 2018 €'000
Non-current assets	46,411	21,521	3,485	71	**71,488**
Current assets	25,112	36,095	(2,084)	4,382	**63,505**
Current liabilities	(14,034)	(8,318)	983	(45)	**(21,414)**
Net current assets	11,078	27,777	(1,101)	4,337	**42,091**
Non-current liabilities	(21,974)	(334)	(17,776)	-	**(40,084)**
Net assets	35,515	48,964	(15,392)	4,408	**73,495**

The segmental assets in the current year were predominantly held in the UK and Mainland Europe (Prior Year UK and Europe). Additions to property, plant, equipment and intangible assets in the current year were predominantly incurred in the UK and mainland Europe (Prior Year UK and Europe). There are no significant intersegment revenues.

Segmental reporting continued

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2018 €'000	Unaudited 6 months ended 30 Sept 2017 €'000	Audited Year ended 31 March 2018 €'000
UK and Ireland	13,302	11,387	25,799
Rest of Europe	7,738	7,113	15,273
Benelux	4,371	3,455	5,998
Americas	3,898	3,814	8,153
Asia-Pacific	2,217	2,333	5,252
Rest of World	71	204	436
	31,597	28,306	60,911

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, London and Hull.

	Unaudited 6 months ended 30 Sept 2018 €'000	Unaudited 6 months ended 30 Sept 2017 €'000	Audited Year ended 31 March 2018 €'000
Sales and marketing	1,869	2,083	3,967
Research and development	571	685	1,404
Depreciation and amortisation	1,640	1,455	3,078
Other operating costs	1,305	2,072	4,135
Administration costs	4,674	3,605	7,635
Exceptional Items and other adjustments	22	2,141	2,184
	10,081	12,041	22,402

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

The total cost of €10.1m in the current period includes €1.5m in respect of Tricoya® segment, compared to €2.0m in the previous period.

Group average employee headcount increased to 155 in the period to 30 September 2018, from 135 in the period to 30 September 2017, with the increase predominantly attributable to an increase in Arnhem operations staff following the commissioning of the third Accoya® reactor and recruitment of the first phase of TVUK staff. Total headcount including direct contractors and the non-executives increased to 192 in September 2018 from 171 at 31 March 2018.

During the period €0.2m of costs were capitalised and are included within intangible fixed assets (2017: €0.2m). In addition €0.3m of development costs have been capitalised and are included within tangible fixed assets (2017: €0.3m) in relation to the expansion of the manufacturing facility in Arnhem.

4. Exceptional Items and Other Adjustments

	Unaudited 6 months ended 30 Sept 2018 €'000	Unaudited 6 months ended 30 Sept 2017 €'000	Audited Year ended 31 March 2018 €'000
Termination of finance lease on acquisition of land and buildings - Finance expense	(1,140)	-	-
Bonuses paid relating to year ending 31 March 2017	-	(1,373)	(1,386)
Restructuring costs	-	(231)	(231)
Gain from disposal of assets	-	-	32
Total exceptional items	(1,140)	(1,604)	(1,585)
Foreign exchange differences arising on Tricoya® cash held - Operating costs	(22)	(537)	(567)
Foreign exchange differences arising on Loan Notes - incl. in Finance expense	246	564	502
Foreign exchange differences on Tricoya® cash held - Other comprehensive income	(267)	97	202
Total other adjustments	(43)	124	137
Tax on exceptional items and other adjustments	-	20	-
Total exceptional items and other adjustments	(1,183)	(1,460)	(1,448)

Exceptional Items

An exceptional finance charge of €1.1m has been recognised as an exceptional finance expense in respect of the acquisition of the land and buildings in Arnhem from Bruil. The non-cash charge reflects the difference between the assets held under the finance lease and the finance lease liability which was terminated at the point the acquisition was completed.

In the prior year €1.4m annual bonus paid in July 2017 which was attributable to the year ended 31 March 2017, was recorded in the year ended 31 March 2018 as an exceptional cost with the accrual for the financial year ended 31 March 2018 attributable bonus included in underlying operating costs. The double charge in the prior period resulted from a re-alignment of the timing of recognition of bonuses reflecting the more structured annual bonus scheme in place compared to previous years. In addition the bonus paid in the year ended 31 March 2018 relating to the year ended 31 March 2017 included one-off targets relating to the formation of the Tricoya® consortium.

Other restructuring costs in the year ended 31 March 2017 relate to changes required following the completion of the Tricoya® consortium in March 2017. This is split between all segments, including €54,000 in Accoya®, €67,000 Tricoya®, €18,000 Corporate and €92,000 R&D.

Other Adjustments

Foreign exchange differences in the Tricoya® segment have arisen due to pounds sterling held within the consortium in preparation for the Hull Plant build. The Group has mitigated this currency exchange risk by adopting hedge accounting in respect of the Tricoya® plant construction under IFRS 9, Financial Instruments.

Foreign exchange differences also arise on the pounds sterling denominated loan notes, entered into in the prior period. These exchange rate differences are included as finance expenses.

5. Loss per share

	Unaudited 6 months ended 30 Sept 2018 Before Exceptional Items	**Unaudited 6 months ended 30 Sept 2018 Total**	Unaudited 6 months ended 30 Sept 2017 Before Exceptional Items	**Unaudited 6 months ended 30 Sept 2017 Total**	Audited Year ended 31 March 2018 Before Exceptional Items	**Audited Year ended 31 March 2018 Total**
Weighted average number of Ordinary shares in issue ('000)	114,745	114,745	111,083	111,083	111,250	111,250
Loss for the period (€'000)	(3,024)	(3,719)	(4,827)	(6,316)	(7,536)	(9,186)
Basic and diluted loss per share	€ (0.03)	€ (0.03)	€ (0.04)	€ (0.06)	€ (0.07)	€ (0.08)

Basic and diluted losses per share are based upon the same figures. Share options are considered anti-dilutive as these would decrease the loss per share.

6. Tricoya Technologies Limited

Tricoya Technologies Limited ("TTL") was incorporated in order to develop and exploit the Group's Tricoya® technology for use within the worldwide panel products market, which is estimated to be worth more than €60 billion annually.

On 29 March 2017 the Group announced the entry into and successful completion of its agreements for the financing, construction and operation of the world's first Tricoya® wood elements acetylation plant in Hull with its TTL consortium investors, being BP, MEDITE, BGF and Volantis.

The Hull plant will have an initial production capacity of 30,000 tonnes per annum (sufficient to manufacture 40,000 cubic metres of panels) and scope to expand.

Structurally, Accsys, BP Ventures, MEDITE, BGF and Volantis have invested into TTL in a prior year. TTL has then invested, alongside BP Chemicals and MEDITE, in Tricoya Ventures UK Limited ("TVUK"), a special purpose subsidiary of TTL that will construct, own and operate the Hull Plant.

BP has invested €20.3 million in the Tricoya® Project, including €13.7 million as equity in TVUK by BP Chemicals and €6.6 million as equity in TTL by BP Ventures. All funding was received by 31 March 2018, with €11.3m being received in the year ended 31 March 2018.

MEDITE has invested €11 million in the Tricoya® Project, including €7 million as equity in TTL and €4 million as equity in TVUK. All funding was received by 31 March 2018, with €3.1m being received in the in the year ended 31 March 2018.

The Group is expected to increase its total equity interest in TTL to 75.9% over the next two years as a result of its continued supply of lower priced Accoya® to MEDITE to enable continued market development ahead of the completion of the Hull Plant. During the year ended 31 March 2018 the Group increased its shareholding from 74.6% to 75.1% from the issue of 780,287 shares related to this market seeding activity. A further 629,080 shares were issued in the period ending 30 September 2018, increasing the Group's shareholding to 75.5%.

The Group has consolidated the results of TTL and TVUK as subsidiaries, as it exercises the power to govern the entities in accordance with IFRS 10. The non-controlling interests in both entities have been recognised in these Group financial statements.

The "TTL Group" income statement and balance sheet, consisting of TTL and its subsidiary TVUK, are set out on the following page:

TTL Group income statement:

	Consolidated Unaudited 6 months ended 30 Sept 2018 €'000	Consolidated Unaudited 6 months ended 30 Sept 2017 €'000	Consolidated Audited Year ended 31 March 2018 €'000
Tricoya® panel revenue	470	-	-
Licence revenue	4	-	200
Other income	10	-	-
Total revenue	484	-	200
Cost of Sales Tricoya® panel	(388)	-	-
Gross Margin	96	-	200
Costs:			
Staff costs	(924)	(946)	(1,898)
Research & development (excluding staff costs)	(107)	(103)	(223)
Intellectual Property	(163)	(105)	(381)
Other	(234)	(294)	(376)
Exceptional Items	(288)	(440)	-
Depreciation and Amortisation	(107)	(96)	(197)
EBIT	(1,727)	(1,984)	(2,875)
EBIT attributable to Accsys shareholders	(1,035)	(1,420)	(1,911)

Exceptional items include foreign exchange differences relating to pounds sterling balances held by the Group (see note 4).

TTL Group balance sheet at 30 September 2018:

	Unaudited 6 months ended 30 Sept 2018 €'000	Unaudited 6 months ended 30 Sept 2017 €'000	Audited Year ended 31 March 2018 €'000
Non-current assets			
Intangible assets	3,469	3,334	3,390
Property, Plant and Equipment	36,639	4,418	18,119
	40,108	7,752	21,509
Current assets			
Trade and other receivables	1,819	865	1,340
Cash and cash equivalents	20,967	42,492	34,754
	22,786	43,357	36,094
Current liabilities			
Trade and other payables	(14,590)	(2,817)	(7,997)
Intercompany balance non TTL/TVUK	(562)	(833)	(642)
	(15,152)	(3,650)	(8,639)
Non-current liabilities			
Long term borrowing	(506)	(161)	(322)
	(506)	(161)	(322)
Net current assets	7,634	39,707	27,455
Net assets	47,236	47,298	48,964
Value attributable to Accsys Technologies	17,614	20,428	18,649

7. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2017	5,942	73,292	4,231	83,465
Additions	212	-	-	212
At 30 September 2017	6,154	73,292	4,231	83,677
Additions	184	-	-	184
At 31 March 2018	6,338	73,292	4,231	83,861
Additions	202	-	-	202
At 30 September 2018	6,540	73,292	4,231	84,063
Accumulated amortisation				
At 31 March 2017	1,163	71,463	-	72,626
Amortisation	151	138	-	289
At 30 September 2017	1,314	71,602	-	72,915
Amortisation	157	138	-	295
At 31 March 2018	1,470	71,738	-	73,208
Amortisation	159	138	-	297
At 30 September 2018	1,629	71,876	-	73,505
Net book value				
At 31 March 2017	4,779	1,828	4,231	10,839
At 30 September 2017	4,840	1,691	4,231	10,762
At 31 March 2018	4,867	1,554	4,231	10,653
At 30 September 2018	4,911	1,416	4,231	10,558

8. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2017	1,645	37,756	1,379	40,780
Additions	-	7,360	71	7,431
Foreign currency translation (loss)	-	-	(5)	(5)
At 30 September 2017	1,645	45,116	1,445	48,206
Additions	10,433	23,744	46	34,223
Foreign currency translation (loss)	-	-	(13)	(13)
At 31 March 2018	12,078	68,860	1,476	82,414
Additions	17,979	27,964	1,455	47,398
Termination of finance lease	(12,099)	(4,742)	-	(16,841)
Foreign currency translation gain	-	-	8	8
At 30 September 2018	17,958	92,082	2,939	112,979
Depreciation				
At 31 March 2017	658	17,428	1,013	19,099
Charge for the period	59	1,005	103	1,167
Foreign currency translation (loss)	-	-	(13)	(13)
At 30 September 2017	717	18,433	1,103	20,253
Charge for the period	216	1,019	94	1,329
Disposals	-	3	-	3
Foreign currency translation (loss)	-	-	(5)	(5)
At 31 March 2018	933	19,455	1,191	21,579
Charge for the period	120	1,111	111	1,342
Termination of finance lease	(953)	(2,651)	-	(3,604)
Foreign currency translation gain	-	-	8	8
At 30 September 2018	100	17,915	1,310	19,325
Net book value				
At 31 March 2017	987	20,328	366	21,681
At 30 September 2017	928	26,683	342	27,953
At 31 March 2018	11,145	49,405	285	60,835
At 30 September 2018	17,858	74,167	1,629	93,654

Included within property, plant and equipment are assets with a net book value of €2,097,000 (31 March 2018: €14,172,000) which have been accounted for as a finance lease. During the period the land and buildings in Arnhem which were previously subject to a finance lease were purchased from the landlord resulting in the finance lease being terminated.

Assets associated with the third reactor with a net book value of €24.3m are subject to security agreements associated with the Rhodia Acetow loan facility.

Included within property, plant and equipment are also assets under construction of €37,616,000 which are not being depreciated (2017: €14,649,000).

9. Share capital

In the period ended 30 September 2017:

On 24 April 2017, following the publication of a prospectus for the Firm Placing and Open Offer, the Company issued a total of 20,323,986 Ordinary Shares for €0.69 each to a combination of new and existing shareholders. Proceeds of €14,024,000 were received net of expenses of €1,757,000.

Own shares represents 97,720 Ordinary Shares issued to the EBT at nominal value on 23 June 2017 and 198,154 Ordinary Shares issued to the EBT at nominal value on 27 September 2017.

In addition, of the Ordinary Shares which had been issued to the EBT in the previous year, 679,435 Ordinary Shares vested on 11 July 2017. Of these beneficiaries elected to sell 405,169 Ordinary Shares in the market.

106,189 shares were issued on 27 September 2017 to an employee following the exercise of nil cost options, granted in 2013 under the Company's 2013 Long Term Incentive Plan ('LTIP').

In the period ended 31 March 2018:

143,511 shares were issued on 26 February 2018 to an ex-employee. 118,511 of these shares were issued and allotted following the exercise of nil cost options, granted in 2013 under the Company's 2013 Long Term Incentive Plan ('LTIP'), with the balance of 25,000 Shares issued as part of the individual's severance terms.

In the period ended 30 September 2018:

On 18 July 2018, 6,231,070 ordinary shares were issued to VP Participaties BV, the investment company of the Van Puijenbroek family, at a price of €0.92 per share. Proceeds of €5,704,000 were received net of expenses of €28,000.

Own shares represents 173,915 Ordinary Shares issued to the EBT at nominal value on 29 June 2018.

In addition, of the Ordinary Shares which had been issued to the EBT in the previous year, 295,874 Ordinary Shares vested on 02 August 2018. Of these beneficiaries elected to sell 128,213 Ordinary Shares in the market.

10. Other Reserves

	Capital redemp-tion reserve	Merger reserve	Hedging Effective-ness reserve	Other reserve	Total Other reserves
	€000	€000	€000	€000	€000
Balance at 30 September 2017	148	106,707	201	3,185	110,241
Issue of subsidiary shares to non-controlling interests	-	-	-	(922)	(922)
Issue of subsidiary shares to Group companies	-	-	-	-	-
Other Comprehensive Income	-	-	104	-	104
Balance at 31 March 2018	148	106,707	306	2,264	109,425
Issue of subsidiary shares to non-controlling interests	-	-	-	-	-
Other Comprehensive Income	-	-	(267)	-	(267)
Balance at 30 September 2018	148	106,707	39	2,264	109,158

The closing balance of the capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares in a previous period.

The merger reserve arose prior to transition to IFRS when merger accounting was adopted.

The hedging effectiveness reserve reflects the total accounted for under IFRS 9 in relation to the Tricoya® segment (note 1).

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests (note 12).

11. Commitments under loan agreements

	Unaudited 6 months ended 30 Sept 2018	Unaudited 6 months ended 30 Sept 2017	Audited Year ended 31 March 2018
Amounts payable under loan agreements:			
Within one year	6,439	-	2,062
In the second to fifth years inclusive	38,565	14,594	18,097
In greater than five years	9,143	5,934	9,138
	54,147	20,528	29,297

The change in total borrowings in the period of €24.9m consisted of an increase of a €23.0m relating to new loans to fund the purchase of land and buildings in Arnhem (noting this was partially offset by a reduction in finance leases), €1.1m of accrued finance charges, and €0.8m drawdown of our working capital facility, offset by €0.2m foreign exchange gain arising on the Loan Notes.

Loan Notes:

On 29 March 2017 the Group issued £16.25 million (€18.38 million) of unsecured fixed rate loan notes, due 2021. £10.48 million of Loan Notes in principal were issued to Business Growth Fund ('BGF'), with £5.77 million in principal issued to Volantis. The BGF loan notes are subject to a 7% fixed interest rate for the duration of their term and the Volantis loan notes are subject to a 7% fixed interest rate until 31 December 2018, with the interest rate fixed at 9% thereafter. Interest is rolled up until 31 December 2018 on both loans, with further roll up of interest on the Volantis loan until six-monthly redemption payments of both loans commence on 31 December 2021 and end on 30 June 2023.

BGF is an investment company that provides long-term equity funding to growing UK companies to enable them to execute their strategic plans. Volantis is a global asset management firm specialising in alternative investment strategies and is owned by Lombard Odier.

Rhodia Acetow Facility

On 29 December 2016 the Group drew down €2 million of its €9.5 million term loan facility with Rhodia Acetow GmBH. The Group has since drawn down €5.5m on 3 November 2017 and €2 million on 29 March 2018. The facility is to be used to design, procure and build an extension to the capacity of the Arnhem Plant, with a new reactor for the manufacture of Accoya® at a design capacity of approximately 20,000m^3. This facility secured against the third reactor of the Arnhem chemical plant and associated assets and is subject to interest at 7.5% per annum. At 30 September 2018, the Group had €10.2m (31 March 2018: €9.9m) borrowed under this facility. Interest is rolled up until quarterly repayment of the loan commences on 29 December 2018.

Tricoya® facility:

On 29 March 2017 the Company's subsidiary (Tricoya Ventures UK Limited) entered into a six-year €17.2 million (€15 million net) finance facility agreement with the Royal Bank of Scotland Plc in respect of the construction and operation of the Hull Plant. The facility is secured by fixed and floating charges over all assets of Tricoya Ventures UK Limited. At 30 September 2018 the Group had €0.5m (31 March 2018: €0.3m) borrowed under the facility. The majority of the facility will be drawn down as required, once the funds provided by shareholders have been fully utilised. Facility repayments will commence 12 months after practical completion of the Hull Plant. Interest will accrue at Euribor plus a margin, with the margin ranging from 325 to 475 basis points.

Facilities relating to purchase of Arnhem land and buildings

On 1 August 2018 the Group entered into a package of facilities to fully finance the purchase of the land and buildings in Arnhem. The partially amortising package of loans includes the following:

- €14m loan with ABN Amro Bank. The loan is partially repayable over a five year term with a final payment of €9.25m. Interest is fixed at 3% and the loan is secured on the land and buildings.
- €5m lease loan with ABN Asset Based Finance is repayable over a five year term with an implied interest rate of approximately 3%. The loan is secured on the first two Accoya reactors.
- €4m loan with Bruil, the seller and previous landlord. The balance is repayable from July 2021 to July 2023 with interest fixed at 5%. The loan is unsecured.

Trade receivable and inventory facilities:

Working capital facility
In May 2018 the Group amended its working capital facility with ABN Commercial Finance, initially agreed in 2011. The facility is now a €6.0m credit facility secured upon the receivables and inventory of the Accoya® manufacturing business committed for a period of 5 years.

Bank guarantee facility
In August 2016 the Group amended its credit facility agreement with ABN AMRO Bank N.V., which had been initially agreed in 2013. The facility is contingent liability facility enabling the Group to issue bank guarantees in order to support the working capital and other operational commitments of the Group with a limit of €1.5m.

Both facilities are subject to interest at 2% above the ABN AMRO base rate of 3.4% as at 31 March 2018 (2017: 3.5%). At 30 September 2018 the Group had €0.8m (31 March 2018: €nil) borrowed under both of the facilities.

Reconciliation to net (debt)/cash:

	Unaudited 6 months ended 30 Sept 2018	**Unaudited 6 months ended 30 Sept 2017**	**Audited Year ended 31 March 2018**
Cash and cash equivalents	22,003	46,878	39,699
Less:			
Amounts payable under loan agreements	(54,147)	(20,528)	(29,297)
Amounts payable under finance leases	(2,096)	(3,236)	(14,172)
Net (debt)/cash	(34,240)	23,113	(3,771)

12. Transactions with non-controlling interests

In the period ended 31 March 2018:

On 5 September 2017, TTL issued 284,716 shares to Titan Wood Limited. On 9 February 2018, TTL issued 495,571 shares to Titan Wood Limited. As a result the non-controlling interests shareholdings were amended to:

BP Ventures (8.8%), MEDITE (11.9%), BGF, (2.7%), Volantis (1.5%)

On 20 September 2017, Tricoya Ventures UK Limited ('TVUK') issued Ordinary shares to non-controlling interests for consideration of €11.50 million. In addition on the 6 October 2017, TVUK issued Ordinary shares to non-controlling interests for consideration of €2.92m. As a result the non-controlling interests shareholdings remain unchanged at:

BP Chemicals (30%), MEDITE (8.2%)

The total carrying amount of the non-controlling interests in TTL and TVUK at 31 March 2018 was €30.31m (2017: €12.62m).

There was no activity in the period ended 30 September 2018.

Transactions with non-controlling interests	**Unaudited 6 months ended 30 Sept 2018 €'000**	**Unaudited 6 months ended 30 Sept 2017 €'000**	**Audited Year ended 31 March 2018 €'000**
Opening balance	2,840	7,077	7,077
Carrying amount of non-controlling interests issued	-	(14,814)	(18,658)
Consideration paid by non-controlling interests	-	11,498	14,420
Share issue costs relating to non-controlling interests	-	-	1
Excess of consideration paid recognised in Group's equity	2,840	3,761	2,840

Report on the consolidated interim financial statements

Our conclusion

We have reviewed Accsys Technologies PLC's consolidated interim financial statements (the "interim financial statements") in the interim results of Accsys Technologies PLC for the 6 month period ended 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 30 September 2018;
- the consolidated interim statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the AIM 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.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

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, 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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

19 November 2018

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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 statements since they were 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.