

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document, which has been approved by the FSA in accordance with section 85 of FSMA, comprises: (a) a prospectus, prepared in accordance with the Prospectus Rules made under section 73A of FSMA; (b) an admission document prepared in accordance with the AIM Rules for Companies; and (c) notice of a General Meeting. A copy of this document has been filed with the FSA in accordance with paragraph 3.2.1 of the Prospectus Rules. The Company has also requested that the FSA certify to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) that this document is a prospectus drawn up in accordance with the Prospectus Rules. This document has been made available to the public in accordance with paragraph 3.2.1 of the Prospectus Rules and Rule 27 of the AIM Rules for Companies and Article 5:21 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. Matrix Corporate Capital LLP is acting as nominated adviser to the Company in connection with the Firm Placing and Placing and Open Offer.

You should read the whole of this document and the documents incorporated herein by reference. In particular, your attention is drawn to the risk factors set out in Part II (“Risk Factors”) of this document, which you should read in full.

ACCSYS
TECHNOLOGIES

ACCSYS TECHNOLOGIES PLC

(Incorporated and registered in England and Wales with registered no. 5534340)

**Firm Placing of 99,698,736 New Ordinary Shares at €0.15 per share and
Placing and Open Offer of 100,301,264 New Ordinary Shares at €0.15 per share
and Notice of General Meeting**

 **Numis**
Securities

Underwriter and Joint Broker

Numis Securities Limited

 **MATRIX**

**Financial Adviser, Nominated Adviser and
Joint Broker**

Matrix Corporate Capital LLP

The Existing Ordinary Shares are traded on Euronext Amsterdam and on AIM. Application has been made for the New Ordinary Shares to be admitted to listing and trading on Euronext Amsterdam and to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM at 8:00 a.m. and on Euronext Amsterdam at 9:00 a.m. (Central European Time) on 22 February 2011. No application is currently intended to be made for the New Ordinary Shares to be admitted to trading or traded on any other exchange.

Subject to the restrictions set out below, if you sell or have sold or otherwise transferred all of your Ordinary Shares in certificated form before 8:00 a.m. on 4 February 2011 being the date upon which the Ordinary Shares were marked “ex” the entitlement to the Open Offer by Euronext Amsterdam and AIM (the “**Ex-Entitlements Date**”), please send this document together with the Form of Proxy and any Application Form, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the Restricted Jurisdictions and the United States. If you sell or have sold or otherwise transferred all or some of your Ordinary Shares held in

uncertificated form before the Ex-Entitlements Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares held in certificated form before the Ex-Entitlements Date, you should refer to the instruction regarding split applications in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document and in the Application Form.

ABN AMRO Bank N.V. is acting as the Euronext listing and Dutch Subscription Agent to the Company in connection with the Firm Placing and Placing and Open Offer and is not advising any person or treating any person as its customer or client in relation to the Firm Placing and Placing and Open Offer and will not be responsible to any such person for providing the protections afforded to its customers or clients or for providing advice in connection with the Firm Placing and Placing and Open Offer. No representation or warranty, express or implied, is made by ABN AMRO Bank N.V. as to any of the contents of this document and ABN AMRO Bank N.V. does not accept any responsibility for the contents of this document.

Matrix Corporate Capital LLP, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser and Joint Broker to the Company in connection with the Firm Placing and Placing and Open Offer and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Firm Placing and Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Firm Placing and Placing and Open Offer or any other matters addressed in this document. Its responsibilities as the Company’s nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his or her decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Matrix Corporate Capital LLP as to any of the contents of this document.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as Underwriter and Joint Broker to the Company in connection with the Firm Placing and Placing and Open Offer and is not advising any person or treating any person as its customer or client in relation to the Firm Placing and Placing and Open Offer and will not be responsible to any such person for providing the protections afforded to its customers or clients or for providing advice in connection with the Firm Placing and Placing and Open Offer. No representation or warranty, express or implied, is made by Numis Securities Limited as to any of the contents of this document and Numis Securities Limited does not accept any responsibility for the contents of this document.

The distribution of this document and/or any Application Form and/or the transfer of the New Ordinary Shares in or into jurisdictions other than the United Kingdom and the Netherlands may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, neither this document nor any Application Form should be distributed, forwarded to, or transmitted in or into any Restricted Jurisdiction or the United States. In particular, the New Ordinary Shares referred to in this document have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States or under the securities laws of any Restricted Jurisdiction and may not be offered or sold in the United States or any Restricted Jurisdiction absent registration or an exemption from registration. The New Ordinary Shares and the Application Forms have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Firm Placing and Placing and Open Offer or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful and is a criminal offence in the United States. Overseas Shareholders are referred to Part XI (“Overseas Shareholders”) of this document for further information.

Certain information in relation to the Company is incorporated by reference into this document. Capitalised terms used herein have the meanings ascribed to them in the section entitled ‘Definitions’ beginning on page 118 of this document. Certain abbreviated and technical terms that are commonly used in the wood industry and which appear in this document are defined in the section entitled ‘Glossary of Technical Terms’ beginning on page 123 of this document. Unless the context otherwise requires, all references in this document to “we”, “us”, “our” and similar terms refer to the Company or the Group, as the context requires.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

The contents of the Company's website do not form part of this document. This document will be published in the English language only.

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PART I

SUMMARY INFORMATION

The following information should be read as an introduction to this document. Any decision to invest in the New Ordinary Shares should be based on consideration of this document as a whole by the investor including the information incorporated by reference.

Where a claim relating to the information contained in this document is brought before a court, the plaintiff might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary (including any translation of this summary), but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

Overview

Accsys's primary focus is on the production, sale and licensing of Accoya[®] wood through the Group's proprietary acetylation process. Accoya[®] exhibits superior or equal dimensional stability and durability compared with other natural and treated timber. Demand for Accoya[®] has been well established, with sales rising sharply and appetite from licensees growing. The Group has also developed proprietary acetylation technology to modify wood chip to enable future production of a range of panel products. This new modified wood chip product was launched in early 2009 under the brand name of Tricoya[®].

The Group's operations comprise three principal business units: (i) sale and production of Accoya[®] from the production facility located in Arnhem, the Netherlands, being the world's first commercial plant for the production of Accoya[®]; (ii) technology development focused on a programme of continuous improvements to the process engineering and operating protocols for the acetylation of wood, as well as the development of technology for the acetylation of wood chip; and (iii) the global licensing of technology for the production of Accoya[®].

Group strategy

The Group's focus is on maximising the global use of Accoya[®] as a modified wood offering durability, stability and reliability equal to or exceeding that of hardwoods.

The Group's preference is to follow an asset-light model through the large-scale licensing of its proprietary acetylation technology. To date, two licensees have been secured: Diamond Wood China Limited and Al Rajhi W.L.L. have been granted exclusive rights to manufacture and sell Accoya[®] in various Asian Territories and Japan (in respect of Diamond Wood) and the member states of the GCC (in respect of Al Rajhi). Accsys intends to make strenuous efforts to protect its intellectual property and has obtained various acetylation patent protections in many major markets, with many further applications pending, including those relating to its current acetylation processes and products.

However, the timing of income generated from both existing and new licensees remains uncertain and demand for Accoya[®] continues to rise. Accordingly, the Board's strategy is to continue to pursue licensing opportunities but also to focus on increasing the Company's own Accoya[®] sale and production capability in order to realise the potential benefits resulting from the expected increase in the demand for Accoya[®]. Therefore, the Company is planning to expand the capacity of its Arnhem plant by some 50%, for which it requires approximately €15 million. The Group also requires approximately €2 million to fund its short-term working capital requirements, comprising payments for future wood supplies and payments to trade creditors, and approximately €11 million to meet on-going operating costs, which include research and development, sales and marketing and administrative expenses.

The Group is actively developing demand for Accoya[®] by working with selected distribution partners to generate interest in the use of Accoya[®] for end-use applications requiring appearance grade wood where the properties of durability, stability and reliability confer the highest value and, in addition, focusing its efforts on the larger national markets.

A key component of the Group's strategy is the extension of its leading position in the acetylation of solid wood into the application of its proprietary technology to wood chip based panel products. In collaboration with Medite, a subsidiary of the Irish state-owned Coillte Group, development work and testing of panel products made using the Group's proprietary acetylation technology is well underway. Through Medite, a major producer of MDF and the Group's panel product development

partner of choice, a route to market for the next generation of panel products incorporating Tricoya[®] has been identified.

The Company's competitive strengths

Only company with a working, economically viable, method of acetylation

Although the process of acetylation of wood has been known for many decades, in the Directors' opinion, no other company in the world apart from Accsys has developed a working, economically viable, method of producing acetylated wood on an industrial scale.

Commercial production plant

The Group has designed and developed the world's first commercial plant for the production of Accoya[®]. The plant provides technical validation of the processes and technology required to produce Accoya[®] on a commercial basis, providing a platform from which to launch the Group's licensing activities.

Product with favourable advantages and a lack of negative effects

The Directors believe that the principal advantages of Accoya[®] that have been identified by end-users are the combination of its superior durability, its dimensional stability, its coatings adhesion, its gluability, its thermal resistivity, its hardness, its UV-stability, and – perhaps most importantly – its consistency and reliability. These improvements are not at the expense of other properties of the wood as the acetylation treatment has no negative impact on the strength properties, the appearance or on the toxicity of the material. In addition, there is an abundant availability of the raw material for acetylation, with Accoya[®] being produced from wood grown in sustainable plantation forests.

Market

Accoya[®] is expected to capture market share in those applications which require rot, insect and water resistance, i.e. primarily outdoor products. The Group is focused on the higher-value end of these applications, where the dual qualities of durability and dimensional stability offered by Accoya[®] are highly valued. Key market segments include windows, doors, exterior plywood, veneers, recreational products (e.g. play-frames, decking and garden furniture) and cladding (known in the US as "siding"). Global demand for windows and doors alone was estimated in 2008 to be worth \$136 billion and in the same year, a 4.3 billion m² demand existed for siding and cladding globally (Source: *The Freedonia Group 2009, World Windows and Doors to 2013 and World Siding (Cladding) to 2013*). The Directors expect that over a five to ten-year period a global licensing volume for Accoya[®] and Tricoya[®] wood in the region of 5 million m³ (1.16% of total sawn wood production in 2007) is potentially achievable.

Potential applications

Major potential applications and product enhancements presently being researched or planned for future research by Accsys include the use of acetylated chips in the production of MDF or other engineered wood chip panels, improved fire-retardancy products, scented or coloured woods and composites (combining wood with plastics). Volume and margin potential for such products are unclear at present, but the Directors believe it could equal or even exceed that of solid wood applications.

Summary of financial information on the Accsys Group

The financial information set out below has been extracted from the Group's audited statutory accounts for the three years ended 31 March 2010 and the Group's unaudited interim financial statements for the six months ended 30 September 2010 and 30 September 2009. The audited financial information set out below in respect of the three years ended 31 March 2010 is the financial information, prepared in accordance with IFRS, as set out in the Group's audited statutory statements for the respective years. The financial information set out below does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act. Further details relating to the Consolidated Income Statements (including breakdown of revenue) are set out on page 57.

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000	Six months ended 30 September 2009 Unaudited €'000	Six months ended 30 September 2010 Unaudited €'000
Consolidated Income Statements					
Revenue	27,328	31,191	16,723	9,330	7,204
Cost of sales	(11,761)	(20,209)	(14,572)	(7,292)	(7,377)
Other operating costs	(11,450)	(18,292)	(18,634)	(9,834)	(7,438)
Impairment of licensee receivable	—	—	(25,458)	—	—
Impairment of equity investment	—	—	(10,000)	—	—
Other income	—	8,290	—	—	—
Profit/(loss) from operations	4,117	980	(51,941)	(7,796)	(7,611)

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000	Six months ended 30 September 2010 Unaudited €'000
Consolidated balance sheets				
Non-current intangible assets	8,116	7,852	7,588	7,456
Non-current tangible assets	27,169	28,013	26,972	26,680
Available for sale investments	6,000	6,000	—	—
Non-current trade receivables	—	6,400	—	—
Cash and cash equivalents	46,239	17,503	18,258	6,640
Other current assets	10,032	47,073	12,532	16,535
Deferred tax	—	2,630	2,644	2,366
<i>Less: trade and other payables</i>	(10,095)	(23,132)	(6,437)	(5,887)
Equity attributable to equity holders of the parent	87,461	92,339	61,557	53,790

Emphasis of Matter – Going Concern statements

The Company's auditors included an Emphasis of Matter – Going Concern statement in their auditors' report on the financial year ended 31 March 2009 and in their independent review report on the six months ended 30 September 2009 and in their independent review report on the six months ended 30 September 2010. In their report relating to the six months ended 30 September 2010, without qualifying their conclusion, the auditors drew attention to the disclosures made in the financial statements relating to the fact that the Group is dependent on the raising of new funds in a timely manner in order to expand the operating plant in Arnhem and continue as a going concern and that there is a material uncertainty over whether these funds will be raised.

As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million. Approximately €2 million of the net proceeds of the Firm Placing and Open Offer will be used to meet the short-term working capital requirements, comprising payments for future wood supplies and payments to trade creditors. In addition, approximately €11 million will be required for the Group's on-going operating costs which include research and development, sales and marketing and administrative expenses and approximately €15 million to meet the costs of construction relating to the expansion of the Arnhem plant.

For the purposes of the Prospectus Rules, the Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the loan facility agreement

with Zica S.A., the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months following the date of this document.

The New Ordinary Shares will represent approximately 49.9% of the enlarged issued share capital of the Company.

As a result of the issue of the New Ordinary Shares the Company's net assets will be increased by approximately €28 million. The issue of the New Ordinary Shares will have no effect on the Company's earnings, save for interest earned on the net proceeds of the Firm Placing and Placing and Open Offer.

Important Notice

The Open Offer is not a rights issue and any Open Offer Shares not applied for by Qualifying Shareholders under their Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be placed under the Placing and the net proceeds will be retained for the benefit of the Company.

Risk factors

Shareholders and prospective investors should consider carefully the following significant risks, which are not the only risks facing the Group:

- the Group may be affected by general market and economic conditions;
- the Group may not be able to win or maintain market share;
- the Group may not be able to expand into new markets;
- the Group may not be able to maintain or enhance its competitive advantage or keep pace with technological change;
- the Group is exposed to the risk of changes in tax laws, or the interpretation thereof, and government legislation or policy;
- the Company's auditors included an Emphasis of Matter – Going Concern statement in their report on the financial year ended 31 March 2009 and in their report on the six months ended 30 September 2009 and in their report on the six months ended 30 September 2010;
- the Group is exposed to credit risk associated with its existing licensees and future licensees;
- the Group is sensitive to general economic conditions;
- the Group's success depends significantly on its ability to achieve market acceptance of and to commercialise further its wood acetylation technology and acetylated wood products;
- the Group faces competitive pressures;
- the Group's inability to protect adequately its proprietary technology and brand name could have a material adverse effect on its business;
- the Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future;
- the Group's technological advantages may be outweighed by additional costs;
- the Group is exposed to environmental risks;
- the Group may not be able to take advantage of government permits or any applications for government permits may be denied;
- the Group is exposed to health and safety risks;
- the Group is exposed to risks relating to the adequacy of its insurance;
- the Group is exposed to risks relating to fluctuations in currency exchange rates;
- the loss of key personnel could harm the business of the Group;
- the Group is exposed to risks relating to potential tax liabilities;
- the Group could be adversely affected by increasing raw material costs;
- the Company's ability to pay dividends is not certain;
- the Group may fail to secure or maintain acceptable levels of profitability in its operations;
- the Group is exposed to potential product liability claims;

- the market value of the Ordinary Shares may fluctuate and may not reflect the underlying value or prospects of the Group;
- investors may experience immediate and substantial dilution by future share issues;
- shareholders may be exposed to exchange rate risks;
- future sales, or the possibility of future sales, of a substantial number of Ordinary Shares by Shareholders may lead to a decline of the price of the Ordinary Shares;
- the share price of the Ordinary Shares is subject to volatility and investors may be unable to sell Ordinary Shares at or above the price they pay for them;
- a limited number of Shareholders could significantly influence matters requiring shareholder approval;
- if securities or industry analysts do not publish research or reports about the Group's business or if they downgrade their recommendations regarding the Ordinary Shares, the Company's share price and trading volume could decline;
- the AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List;
- the listing and admission to trading of the New Ordinary Shares on Euronext Amsterdam or AIM may not occur when expected; and
- Shareholders may experience dilution in their ownership of Accsys.

PART II

RISK FACTORS

You should carefully consider the risks and uncertainties described below, in addition to the other information in this document. The risks and uncertainties described below represent all of those known to the Directors as at the date of this document which the Directors consider to be material. However, these risks and uncertainties are not the only ones facing the Group; additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, could also impair the business of the Group. If any or a combination of these risks actually occurs, the business, financial condition and operating results of the Group could be adversely affected. In such case, the market price of the Ordinary Shares could decline and you may lose all or part of your investment.

No statement contained in the risks and uncertainties described below should be taken as qualifying the statements as to the sufficiency of working capital set out in paragraph 12 of Part XII (“Additional Information”) of this document.

1. Industry specific risks

The Group may be affected by general market and economic conditions

General market conditions may affect the value of the Company’s share price regardless of operating performance. The Group could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks, political unrest and/or government legislation or policy, announcements of technological innovations or new products and services by the Group’s competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable with the Company and news reports relating to trends in the Group’s markets. Market perception of companies operating in the Group’s industry may change, which could impact on the value of the Company’s share price and on the ability of the Group to raise future funds. Furthermore, general economic conditions may affect exchange rates, interest rates and inflation rates, and movements in such rates may have an impact on the Company’s cost of raising and maintaining debt financing should it seek to do so in the future.

The Group may not be able to win or maintain market share

There are no assurances that the Group’s competitors will not improve or that the Group will win any market share from its competitors. For instance, the Group may face significant competition from organisations which have greater capital resources than the Group and/or which have a product offering competitive to that of the Group. Some of the markets into which the Group is entering may be conservative and adopt new products more slowly than anticipated. There is no assurance that the Group will be able to compete successfully in the market places in which it seeks to operate.

The Group may not be able to maintain or enhance its competitive advantage or keep pace with technological change or the Group’s competitors may be able to respond more quickly to new or emerging technologies and changes in client requirements. Failure of the Group’s products and services to maintain or enhance their competitive advantage and existing and/or increased competition could adversely affect the Group’s business results from operations and its financial condition.

The presence of these competitive pressures could force the Group to reduce the price of its products, which could adversely affect its business, financial condition and operating results.

The Group may not be able to expand into new markets

An element of the Group’s strategy for growth envisages the Group selling new or existing products and services into other territories or countries or into new markets. However, there can be no assurance that the Group will successfully execute this strategy for growth or that such products or services will achieve commercial success. The development of a mass market for a new product or process is affected by many factors, most of which are beyond the control of the Group, including the emergence of newer and more competitive products or processes, the future price of raw materials, the tax regime on the materials and chemicals required to produce such products and develop such processes, the costs of the products or processes developed by third parties, regulatory requirements (including future regulatory changes) and the propensity of end-users to try new products or processes. If a mass market for any product or process fails to develop or develops more slowly than anticipated, the Group may fail to achieve profitability with respect to the technology

associated with such product or process and suffer a material adverse effect on future revenue and profitability. In addition, the Group may not continue to develop such technology if market conditions do not support the continuation of the product or process.

The Group may not be able to maintain or enhance its competitive advantage or keep pace with technological change

If the Group's products and services do not sustain or enhance their competitive advantage, its business, results from operations and financial condition will be adversely affected. The Group will need to continue to improve its products and to develop and market new products that keep pace with technological developments. Should the Group not be able to maintain or enhance the competitive value of its products or develop and introduce new products successfully or if new products fail to generate sufficient revenues to offset research and development costs, the Group's business, financial condition and operating results could be adversely affected. The Company cannot guarantee that the Group will successfully develop these types of products.

The Group is exposed to the risk of changes in tax laws, or the interpretation thereof

Any change in the Group's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post-tax returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The Group is exposed to the risk of changes in government legislation or policy

The Group's products and services are subject to industry driven standards and governmental regulation. Changes to such standards and regulation in the future could give rise to increased costs being incurred by the Group associated with required remedial measures or production stoppage, any of which could have a material adverse effect on the business and financial performance of the Group.

New legislation or regulations, or a more stringent interpretation of existing laws and regulations, may also require the Group's potential customers, partners or suppliers to change operations significantly or incur increased costs, which could have a material adverse effect on the financial results of the Group.

2. Accsys Group specific risks

The Company's auditors included an Emphasis of Matter – Going Concern statement in their auditors' report on the financial year ended 31 March 2009 and in their independent review report on the six month report ended 30 September 2009 and in their independent review report on the six month report ended 30 September 2010

The Emphasis of Matter – Going Concern statement in the Company's auditors' report for the six months ended 30 September 2010 noted that:

“Without qualifying our conclusion, we draw your attention to the disclosures made in note 1 to the interim results concerning the Group's ability to continue as a going concern. The Group is dependent on the raising of new funds in a timely manner in order to expand the operating plant in Arnhem and continue as a going concern. While the Directors are confident that the required funds will be raised, there is a material uncertainty over whether these funds will be raised. This, along with the matters disclosed in note 1 to the condensed financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The condensed financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.”

As explained in section 3 of Part V (“Chairman's Letter”) of this document, the Company intends to use the net proceeds of the Firm Placing and Placing and Open Offer to meet the short-term working capital requirements and on-going operating costs of the Group and to meet the costs of construction relating to the expansion of the Arnhem plant.

The Group is exposed to credit risk associated with its licensees

The Group's two existing licensees, Diamond Wood and Al Rajhi, may default on their licence fee and royalty payment obligations in favour of the Group. If Diamond Wood and Al Rajhi fail to achieve sufficient project funding for them to continue as viable licensees, or they go out of business

or restructure, or otherwise default on their obligations in favour of the Group, the Group could suffer losses because such parties may not pay their licence and royalty fees payable.

Diamond Wood and Al Rajhi are currently the Group's only licensees. The revenue of the Company which may be derived from such licensees falls into two broad categories – the first being revenue from licensing the Group's proprietary technology and know-how in order for such licensees to establish facilities to manufacture Accoya[®] and the second being royalty payments made by licensees based on the quantity of product sold once manufacturing has commenced.

To date, the revenue derived from both Diamond Wood and Al Rajhi relates to the first category outlined above. Neither Diamond Wood nor Al Rajhi has yet commenced manufacturing.

As further described in Part IX (“Operating and Financial Review”), there has been a delay in Diamond Wood securing the necessary funding to build the first phase of its manufacturing plant due to the world financial crisis and economic recession. As a result, the Company agreed an amended licence agreement with Diamond Wood in June 2010. Under Diamond Wood's revised business plan of early 2010, the capacity of the plant to be built is significantly smaller than previously expected. As a result, in the year ended March 2010, the Company recorded a provision of €25.5 million relating to net receivables (consisting of trade receivables, accrued income, prepayments and deferred income) relating to Diamond Wood which may no longer be recoverable.

At 30 September 2010, the Group had net trade receivables and accrued income balances of €933,451 (in respect of receivables for Accoya[®] sales) due from Diamond Wood. Whilst further technology licence fees are due to be paid under the licence agreements, royalty payments are dependent upon the licensees commencing manufacturing and, once manufacturing has commenced, the amount of product actually sold.

If the Group's existing licensees fail to achieve sufficient project funding for them to be viable licensees, or they go out of business or restructure, or otherwise default on their obligations in favour of the Group, the Group would not benefit from future revenue attributable to licence technology fees or royalty payments payable under the contracts. In addition, the Group holds some previously incurred costs associated with the Al Rajhi licence agreement within prepayments. Accordingly, the Group may record losses in relation to such costs in the event that Al Rajhi fails to become a viable licensee or otherwise defaults on its obligations to the Company.

The Company also holds 21,666,734 ordinary shares of €0.01 each in the capital of Diamond Wood. Given that construction of the Diamond Wood plant was dependent on Diamond Wood securing the necessary financing, a provision for the impairment of the entire balance of the equity investment of €10 million was recorded in the financial statements of the Company for the year ended 31 March 2010. On 18 October 2010, Diamond Wood announced the signing of an agreement with an Asian investor group in connection with the funding of the plant. In the event Diamond Wood completes the fundraising, the balance may be revalued. However, there can be no assurance that the balance will be revalued or, if it is, that it will be revalued to the full amount which was paid by the Company for the investment.

At 30 September 2010, the Group valued the equity investment in Diamond Wood at €nil. Further impairments are possible only if the equity investment is revalued upwards in the future.

The Group expects to license its proprietary technology to future licensees. The Group expects that, over the longer term, a significant portion of the Group's future accounts receivable will be attributable to future licensees. Future licensing capability and revenues could be at risk if such parties fail.

If future licensees fail to achieve sufficient project funding for them to be viable licensees, or they go out of business or restructure, or otherwise default on their obligations in favour of the Group, the Group could suffer losses because such parties may not pay their licence and royalty fees.

The loss of any future licensing revenues could have a material adverse effect on the Group's business, financial condition and results from operations.

The Group is sensitive to general economic conditions

Economic conditions significantly influence the demand for wood. Therefore, any deterioration or merely a long-term persistence of a difficult economic environment could negatively affect the demand for, and price of, the Group's products. Fluctuations in both prices and demand for the Group's products could have an impact on the Group's ability to operate profitably. In addition, an economic

downturn or decrease in the demand for wood could impact on the timing of the Group's expansion of the Arnhem plant.

The Group's success depends significantly on its ability to achieve market acceptance of and to further commercialise its wood acetylation technology and acetylated wood products and, if the Group is unable to achieve market acceptance of or to commercialise further its technology and products, it will be unable to build a sustainable or profitable business

The future development and success of the Group's business depends in large part on its ability to achieve market acceptance of and to commercialise the Group's wood acetylation technology and acetylated wood produced on the basis of this technology. Currently, the Group has only one production facility located in Arnhem, the Netherlands, which is the world's first commercial plant for the production of Accoya[®] wood. This production facility was constructed in 2006 and the first batch of acetylated wood, branded Accoya[®], was produced in March 2007. While significant advances have been made, with Accoya[®] sales revenue in the financial year ended 31 March 2010 (€9,136,000) significantly increasing from the previous year (€6,890,000), increased volumes need to be sold to demonstrate market acceptance. If the Group's acetylation technology and acetylated wood does not achieve market acceptance, or if the speed of further developing and time-to-market of this technology and products compares unfavourably to directly competing technologies or products, the Group's business, results from operations or financial condition would be materially affected.

The Group faces competitive pressures

The Group's product, Accoya[®], has material performance attributes which enable it to be considered as an alternative building material in major end-product applications. Materials specifiers will evaluate their choice of materials based upon a number of factors, including strength, durability, availability, machineability, aesthetics, environmental impact and price. Competing materials include durable hardwood, PVC (vinyl), softwoods, engineered woods, wood plastic composites, concrete and aluminium. Improvements to the properties of these competing materials may be developed which increase the competitive pressure faced by Accoya[®]. New materials with enhanced properties may also be developed. Competitors may be able to respond more quickly to new or changing technologies and client demands and/or to devote greater resources to the development, promotion and sales of their products and services than the Group. The Group's current and potential competitors may develop and introduce new competing products and services that could be priced lower, provide superior performance or achieve greater market acceptance than the Group's products and services. The Group's current and potential competitors may establish financial and strategic relationships among themselves or with existing or potential clients or other third parties to increase the ability of their products to address client needs. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share, which, in turn, may adversely affect demand for Accoya[®] and Tricoya[®] and the ability of the Group to licence its technology.

The Group's inability to protect adequately its proprietary technology and brand name could have a material adverse effect on its business

The Group relies substantially on proprietary technology, information, trade secrets, know-how, laboratory research data and field research data to conduct its business, and to attract and retain customers and licensees. The success of the Group's business depends on its ability to protect its know-how and its intellectual property portfolio, and maintain and obtain patents without infringing the proprietary rights of others. If the Group does not effectively protect its know-how and intellectual property, its business and operating results could be harmed materially.

To date, the Group holds granted patent protection relating to its acetylation technology in many major markets, including the United Kingdom, with many other patent applications pending, including relating to its current acetylation processes and products. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents. Furthermore, patents may only be granted for certain claims, thereby limiting the scope of protection. Patent applications are only made public after a certain number of months or years. As a result thereof, the Group's patent applications run the risk of not being new due to prior applications of competitors that have not yet become public. This can result in the refusal of an application. The existing patents that have been granted and patents that may be granted in the future arising out of current and future applications may be challenged, circumvented, invalidated or unenforceable. Competitors may develop similar technology or design around patents issued to the Group or its

other intellectual property rights. The Group's competitors would then be able to manufacture and sell products which compete directly with the Group's products. In that case, the Group's revenues and operating results would decline. Therefore, there is no guarantee that the scope of any patent protection will exclude competitors or provide advantages to the Group, that in the future any patent granted in favour of the Group will be held valid on being challenged, or that third parties will not in the future claim rights in, or ownership of, the patents and other proprietary rights from time to time held by the Group. Furthermore, there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group's products or design around any pending patent applications or patents (if any) subsequently granted to the Group. Other persons may hold or receive patents that contain claims having a similar scope.

The Group uses the brand names Accoya[®] and Tricoya[®] for its products worldwide. The Group has registered both Accoya[®] and Tricoya[®] as trademarks in numerous jurisdictions, but further applications for trademark registration may be refused or challenged in jurisdictions where a similar trademark for wood products has been registered prior to filing of the Group's application. Furthermore, the existing trademarks may be infringed or otherwise come under attack from third parties. An inability to use its brand names or continual infringement may adversely affect the Group's business in the relevant jurisdiction.

The Group also seeks to protect its technology and processes in part by confidentiality agreements with prospects, customers, licensees and employees and by limiting (broad) access to the Group's proprietary technologies and processes to its licensees. However, confidentiality agreements might be breached by licensees, former and current employees or others and, in that event, the Group might not have adequate remedies for the breach. In addition, the key employees' employment contracts contain robust restrictive covenants and confidentiality provisions. However, a judge is permitted to mitigate the restrictive covenants agreed under employment contracts. Furthermore, the Group's trade secrets might otherwise become known or be independently discovered by competitors. Unauthorised disclosure of the Group's trade secrets could enable competitors to use some of their proprietary technologies. This could harm the Group's competitive position and could cause its revenues and operating results to decline.

A substantial cost may be incurred if the Group is required to defend its intellectual property rights. In addition, a third party could also claim that the Group's technology infringes its proprietary rights. These claims, even if without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group. A third party asserting infringement claims against the Group and its customers could require the Group to cease the infringing activity and/or require the Group to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly to the Group. In addition, the Group may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims will not have a material adverse effect on the Group's business, financial condition or results.

The commercial success of the Group may also depend in part on non-infringement by the Group of intellectual property owned by third parties. If this is the case, the Group may have to obtain appropriate intellectual property licences or cease or alter certain activities or processes or develop or obtain alternative products or challenge the validity of such intellectual property in the courts.

The Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future

The Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future for its critical business processes. Business continuity plans are intended to ensure that business-critical processes are protected from disruption and will continue even after a disastrous event (such as a major fire or weather, political, war or labour event). Without these plans, or if these plans prove to be inadequate, there is no guarantee that the Company or any of its operating subsidiaries would be able to compete effectively or even to continue in business after a disastrous event or major disruption to one or more of its operating subsidiaries. The Group's business is currently operated out of one plant, which is crucial for the production of Accoya[®]. Therefore, in case of a calamity, all of the Group's operations are at risk. Accordingly, if critical business processes fail or are materially disrupted as a result of a disastrous event or otherwise and cannot recover quickly, this could have a material adverse effect on the Group's business, financial condition and results from operations.

The Group's technological advantages may be outweighed by additional costs

The Group's technologies are highly innovative and at different stages of development, from concept to commercial plant. In each case there is a risk that the targeted achievement of performance at full operational size will involve additional cost and/or time requirements than have been budgeted, with consequent effects upon the funds required or will result in higher unit production costs than projected, therefore reducing profitability.

Timber is an organic material. Each different wood species requires its own acetylation recipe. For each specific dimension, a detailed recipe must be developed and tested for production conditions. The Group will not release Accoya[®] that does not meet its stringent quality controls. If species testing takes longer than expected, or if the Group does not meet its own quality controls in a timely manner or at all, the Group's competitive advantage, its business, results from operations and financial condition will be adversely affected.

The Group is exposed to environmental risks

The environmental risks of the Group's processes are related to proper process and product containment and the inherent risks of operating these types of processing facilities. The Directors have taken, and will endeavour to take, appropriate measures to strive to ensure that the Group's facilities are and will endeavour to be constructed and operated in compliance with applicable environmental laws and regulations, but changes to such laws and regulations may increase the costs of operation of the Group's plant.

The Group may not be able to take advantage of government permits or any applications for governmental permits may be denied

Future permit requirements must continue to be satisfied and there is no guarantee that this will always be possible and any application for governmental permits may be denied which could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is exposed to health and safety risks

The Group's business exposes it to health and safety risks, particularly in relation to its employees. The Group cannot guarantee that the measures taken to ensure employee health and safety and to ensure compliance with the relevant regulations will be sufficient in the future, or that the Group will not be required to incur significant health and safety-related expenses in the future, as a result of either existing or future laws and regulations. Any such expenses could have an adverse effect on the Group's business, financial condition and results from operations.

The Group is exposed to risks relating to the adequacy of its insurance

Although the Group has insured major risks, the Company can give no assurance that the Group's present insurance coverage is sufficient to meet any claims to which it may be subject, that it will in the future be able to obtain or maintain insurance on acceptable terms or at appropriate levels or that any insurance maintained will provide adequate protection against potential liabilities. In addition, defending the Group against such claims may strain management resources, affect the Group's reputation and require the Group to expend significant sums on legal costs.

The Group is exposed to risks relating to fluctuations in currency exchange rates

The Group's financial statements are expressed in Euro and are therefore subject to movements in currency exchange rates on the translation of financial information of businesses whose operational currencies are other than the Group's reporting currency. Some of the Company's subsidiaries may incur costs in currencies other than those in which revenues are earned. The relative movements between the exchange rates in the currencies in which costs are incurred and the currencies in which revenues are earned can affect the profits of those subsidiaries. Fluctuations in the exchange rates between the Euro and other currencies could therefore affect the Group's reported results from year to year. This could have a material adverse effect on the Group's business, financial condition and results from operations.

The Group relies significantly on the skills and experience of its senior management and other key personnel and the loss of these individuals could harm its business

The Group's future success depends on the ability of its senior management and key sales and technical personnel to operate effectively, both individually and as a group. If the Group were to lose

the services of any of these key employees, it may encounter difficulties in finding a suitable replacement for that person.

The retention of the services of these people cannot be guaranteed. In order to develop, support and maintain its business, the Group must recruit suitably qualified people.

The Group's future success depends also on the ability to attract, train, retain and motivate highly skilled technical, sales and support staff. Competition for personnel with appropriate qualifications is intense and may become even more so in the future. The Company cannot be sure that the Group will be able to attract and secure sufficient numbers of personnel in the future.

The Group is exposed to risks relating to potential tax liabilities

The Group is subject to income taxes in the United Kingdom, the Netherlands and the United States of America. Significant judgement is required in determining the Group's provision for income taxes. In the ordinary course of business, there are many transactions, including inter-company transactions, where the ultimate tax determination is uncertain. Additionally, the Group's calculation of income taxes is based in part on the Company's interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Company believes its tax estimates are reasonable, there is no assurance that the final determination of the Group's income tax liability will not be materially different from what is reflected in the Group's income tax provisions and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the effective tax rate should change as a result of changes in tax laws, or if the Group were to change the locations in which it operates, there could be a material effect on the Group's income tax provision and results.

The Group could be adversely affected by increasing raw material costs

The Group procures raw materials, principally timber and acetyls, from a significant number of sources worldwide. These raw materials are not rare or unique to the Group's industry. Wood costs and costs of commodities, such as acetyls and energy, show volatility. The Group's gross margins could be affected if these types of costs remain high or escalate further. In the longer run, the Group may not be successful in passing along a portion of the higher raw materials costs to the Group's customers because of competitive pressures.

The Group's ability to pay a dividend is not certain

Future dividends to Shareholders will be at the discretion of the Board after taking into account various factors including the Group's business prospects, cash requirements, level of distributable reserves, financial performances, new product development and plans for international expansion.

The Group may fail to secure or maintain acceptable levels of profitability in its operations

The Group has invested significantly in the development and modification of its acetylation reactor technology and products over the years. In the years ended 31 March 2008 and 31 March 2009, the Group had modest net profits after tax of €4,081,000 and €5,429,000, respectively however; in the year ended 31 March 2010, the Group recorded a net loss after tax of €15,796,00 (with an additional net loss after tax of €36,320,000 relating to Diamond Wood write-offs and restructuring charges). The Group's operations are subject to a number of risks, including general economic conditions and fiscal regimes in each country in which it operates and compliance with a variety of foreign laws and regulations. Furthermore, the success of the Group's operations depends, *inter alia*, on the Group's ability to commercialise its acetylation reactor technology. The Company cannot guarantee that it will be able to achieve this, that its operations will become profitable or that it will be able to manage the Group's operations effectively. Any failure to secure or maintain acceptable levels of profitability in the Group's operations could have a material adverse effect on the Group's business, financial condition and results from operations.

The Group is exposed to potential product liability claims

There can be no assurance that long-term unforeseen technical problems will not be encountered with the Group's wood acetylation technology and acetylated wood produced on the basis of that technology. Any such problems may give rise to future legal claims against the Group for product liability.

3. Risk factors relating to the Firm Placing and Placing and Open Offer and the Ordinary Shares

The market value of Ordinary Shares may fluctuate and may not reflect the underlying value or prospects of the Group

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. The market value of Ordinary Shares can fluctuate and may not always reflect the underlying value or prospects of the Group. A number of factors outside of the control of Accsys may materially adversely affect its performance and the price of the Ordinary Shares including, *inter alia*, the operations and share price performance of other companies in the industries and markets in which Accsys operates; speculation about Accsys' business in the press, media or investment community; changes to Accsys' sales or profit expectations or the publication of research reports by analysts and general market conditions.

Investors may experience immediate and substantial dilution by future share issues

Save for the issue of the New Ordinary Shares and the exercise of options or warrants under the Share Option Scheme referred to in this document, the Directors have no current plans for an offering of Ordinary Shares. However, it is possible that the Directors may decide to offer additional shares in the future. Any additional offering could have a material adverse effect on the market price of the Ordinary Shares.

Shareholders may be exposed to exchange rate risks

The Ordinary Shares are denominated in Euro. An investment in Ordinary Shares by an investor whose principal currency is not Euro exposes the investor to foreign currency exchange risk. Any depreciation of Euro in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms, and any appreciation of Euro will increase the value in foreign currency.

Future sales, or the possibility of future sales, of a substantial number of Ordinary Shares by Shareholders may lead to a decline of the price of the Ordinary Shares

Future sales of Ordinary Shares by Shareholders could cause a decline in the market price of the Ordinary Shares. The Company cannot predict whether substantial numbers of Ordinary Shares will be sold in the open market. A sale of a substantial number of Ordinary Shares, or the perception that such sales could occur, could materially and adversely affect the market price of the Ordinary Shares and could also impede the ability for the Company to raise capital through the issue of equity securities.

The volume of trading in the Ordinary Shares has historically been low. The share price of the Ordinary Shares is subject to volatility and investors may be unable to sell Ordinary Shares at or above the price they pay for them

The Ordinary Shares are traded on Euronext Amsterdam and on AIM. There is no guarantee that there will be sufficient liquidity in the Ordinary Shares to sell or buy any number of Ordinary Shares at a certain price level. The Company cannot predict the extent to which an active market for the Ordinary Shares will develop or be sustained, or how the development of such a market might affect the market price for the Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment. The market price of the Ordinary Shares could fluctuate substantially due to a number of factors, including, but not limited to:

- disruption or termination of the Group's relationships with key suppliers, customers or licensees;
- fluctuations in the Group's semi-annual or annual operating results;
- changes in the composition of the management;
- fluctuations in currency exchange rates;
- changes in the financial performance, conditions or market valuation of the Group's suppliers, customers or licensees;
- the issue of additional shares by the Company or a significant increase in the Group's debt obligations;
- publication of research reports about the Group or the Group's industry by securities or industry analysts;

- failure to meet or exceed securities analysts' expectations relating to the Group's financial results;
- speculation in the press or investment community generally;
- general economic conditions, particularly as they impact consumer spending patterns; and
- war, acts of terrorism and other man-made or natural disasters.

Past trends have indicated that where a company experiences a period of volatility in the market price of its shares, or where investors incur a loss on the value of their investment in a company's shares, such a company may be vulnerable to litigation activity by Shareholders endeavouring to recoup their losses. If instituted against Accsys or one of its subsidiaries, such litigation activity could result in substantial costs and a diversion of the Group's management's attention and resources.

A limited number of Shareholders may collectively own a substantial percentage of the Ordinary Shares after the Firm Placing and Placing and Open Offer, and could significantly influence matters requiring Shareholder approval

Certain institutional Shareholders (see also Part XII ("Additional Information")) of this document currently hold, and may continue to hold after the Firm Placing and Placing and Open Offer, and other investors may acquire pursuant to the Firm Placing and Placing and Open Offer, a significant proportion of the Ordinary Shares. These Shareholders may, if they act together, exercise significant influence over all corporate matters requiring Shareholder approval after Firm Placing and Placing and Open Offer, including the election of Directors and the determination of significant corporate actions. These Shareholders may vote their Ordinary Shares in a way with which investors do not agree and this concentration of ownership could adversely affect the trading volume and market price of the Ordinary Shares or delay or prevent a change of control that could be otherwise beneficial to the Shareholders.

If securities or industry analysts do not publish research or reports about the Group's business or if they downgrade their recommendations regarding the Ordinary Shares, the Company's share price and trading volume could decline

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If one or more of the analysts who covers the Company or the Group's industry downgrades the Ordinary Shares in their report, the market price of the Ordinary Shares would probably decline. If one or more of these analysts were to stop covering the Company or fail to publish reports regularly on the Company, the Company could lose visibility in the financial markets. This could cause a decline in the market price of the Ordinary Shares or trading volume.

The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. A prospective investor should be aware of the risks of investing in an AIM listed company and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The listing and admission to trading of the New Ordinary Shares on Euronext Amsterdam or AIM may not occur when expected

Until the New Ordinary Shares are admitted to listing and trading on Euronext Amsterdam and AIM, they will not be fungible with existing Ordinary Shares currently traded on such exchanges. There is no assurance that Admission will take place when anticipated. See "Expected Timetable of Principal Events" for further information on the expected dates of these events.

Shareholders may experience dilution in their ownership of Accsys

Following the issue of the New Ordinary Shares to be allotted pursuant to the Firm Placing and Placing and Open Offer, Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will suffer a dilution of up to 24.9% to their interests in the Company because of the Firm Placing.

Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a more substantial dilution of approximately 49.9% to their interests in the Company because of the Firm Placing and Open Offer. Those Shareholders in the United States and subject to certain exceptions, the Restricted Jurisdictions, will in any event not be able to participate in the Open Offer.

FORWARD-LOOKING STATEMENTS

This document and the information incorporated by reference into this document include certain “forward-looking statements” with respect to the business, strategy and plans of the Company and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Company’s or the Directors’ and/or management’s beliefs and expectations are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. Investors are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, those discussed in Part II (“Risk Factors”) and Part VII (“Information on the Accsys Group”). Neither Accsys nor any member of the Accsys Group undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Dutch Financial Supervision Act (*wet op het financieel toezicht*), the Prospectus Rules, the Disclosure and Transparency Rules and other applicable regulations.

PART III

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND FIRM PLACING AND PLACING AND OPEN OFFER STATISTICS

Each of the times and dates in the table below is indicative only and may be subject to change. The times and dates set out in the expected timetable of principal events below and mentioned throughout this document may be adjusted by the Company in which event details of the new times and dates will be notified to Euronext Amsterdam and the London Stock Exchange and, where appropriate, Qualifying Shareholders. References to times in this document are to London time unless otherwise stated. If you have any queries on the procedure for acceptances and payment, you should contact the Shareholder Helpline on +44 (0)1372 467308, between 9:00 a.m. and 5:00 p.m. Monday to Friday (excluding bank holidays). Calls to the Shareholder Helpline cost approximately 8 pence per minute (including VAT). Other providers' costs may vary and international call charges will apply if you are calling from outside the United Kingdom.

Record Time for entitlement under the Open Offer	5:00 p.m. on 3 February 2011
Existing Ordinary Shares marked "ex" by Euronext Amsterdam and AIM	8:00 a.m. on 4 February 2011
Announcement of the Firm Placing and Placing and Open Offer	4 February 2011
Publication of this document and despatch of Application Forms to Qualifying Non-CREST Shareholders	4 February 2011
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST and Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements credited to appropriate stock accounts with Admitted Institutions for Qualifying Euroclear Shareholders	7 February 2011
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4:30 p.m. on 14 February 2011
Latest time for depositing Open Offer Entitlements into CREST	3:00 p.m. on 15 February 2011
Latest date and time for splitting Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3:00 p.m. on 15 February 2011
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 16 February 2011
Latest time and date for payment in full by applying Qualifying Euroclear Shareholders via their Admitted Institutions	3:00 p.m. on 16 February 2011
Latest time for receipt of Forms of Proxy and receipt of electronic proxy appointments by registered Shareholders for the General Meeting	11:00 a.m. on 17 February 2011
Latest time for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11:00 a.m. on 18 February 2011
General Meeting	11:00 a.m. on 21 February 2011
Announcement of the result of the Firm Placing and Placing and Open Offer	21 February 2011
Date of Admission and dealings in New Ordinary Shares commences on AIM	8:00 a.m. on 22 February 2011
Commencement of dealings in New Ordinary Shares on Euronext Amsterdam	9:00 a.m. (Central European Time) on 22 February 2011
New Ordinary Shares credited to CREST stock accounts (Qualifying CREST Shareholders only) and to Euroclear accounts of Admitted Institutions	by no later than 9:00 a.m. (Central European Time) on 22 February 2011
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by no later than 25 February 2011

FIRM PLACING AND PLACING AND OPEN OFFER STATISTICS

Offer Price	€0.15 per New Ordinary Share
Basis of Open Offer	1 New Ordinary Share for every 2 Ordinary Shares
Number of existing Ordinary Shares ¹	200,602,528
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	99,698,736
Number of Open Offer Shares to be issued pursuant to the Placing and Open Offer	100,301,264
Estimated gross proceeds of the Firm Placing and Placing and Open Offer ²	€30 million
Estimated proceeds receivable by the Company from the Firm Placing and Placing and Open Offer, after deduction of expenses ^{2, 3}	€28 million
Firm Placing Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Placing and Open Offer ^{2, 3}	24.9%
Open Offer Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Placing and Open Offer	25.0%
Number of Ordinary Shares in issue immediately following the Firm Placing and Placing and Open Offer ²	400,602,528 million

Notes:

1. In issue as at 2 February 2011, being the latest practicable date prior to publication of this document.
2. Unless otherwise stated, for the purposes of the table above and this document, the number of New Ordinary Shares to be issued under the Firm Placing and Placing and Open Offer is stated on the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under any Share Option Scheme between the date of this document and the Record Time and that there are no fractional entitlements and excludes the 2,500,000 Ordinary Shares to be issued to the Executive Directors and Senior Managers at the date of Admission (see Part XII 8(h) of this document for more detail). In addition, unless otherwise stated, the gross and net proceeds of the Firm Placing and Placing and Open Offer have been calculated on the basis that 200,000,000 New Ordinary Shares are issued under the Firm Placing and Placing and Open Offer.
3. Expenses are expected to be approximately €2.0 million (inclusive of VAT).

PART IV
DIRECTORS, SECRETARY AND ADVISERS

Directors	Gordon Campbell (<i>Non-executive Chairman</i>) Paul Clegg (<i>Chief Executive Officer</i>) Hans Pauli (<i>Chief Financial Officer</i>) Patrick Shanley (<i>Non-executive Director</i>) Lord Charles Russell Sanderson of Bowden Kt.D.L. (<i>Non-executive Director</i>)
Registered office	Kensington Centre 66 Hammersmith Road London W14 8UD United Kingdom
Company Secretary	Angus Dodwell
Financial Adviser, Nominated Adviser and Joint Broker	Matrix Corporate Capital LLP One Vine Street London W1J 0AH United Kingdom
Underwriter and Joint Broker	Numis Securities Limited The London Stock Exchange 10 Paternoster Square London EC4M 7LT United Kingdom
Euronext listing agent & Dutch Subscription Agent	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
UK legal advisers to the Company	Slaughter and May One Bunhill Row London EC1Y 8YY United Kingdom
UK legal advisers to the Underwriter and Joint Brokers	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF United Kingdom
Dutch legal advisers to the Company	Houthoff Buruma N.V. Coöperatief U.A. Gustav Mahlerplein 50 1082 MA Amsterdam The Netherlands
Auditors and reporting accountant	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

Principal bankers

Barclays Bank PLC
180 Oxford Street
London W1D 1EA
United Kingdom

Deutsche Bank Nederland N.V.
Gele Rijdersplein 15
6811 AN ARNHEM
The Netherlands

Registrars and receiving agent

SLC Registrars
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD
United Kingdom

PART V

CHAIRMAN'S LETTER

Accsys Technologies PLC
Registered Office:
Kensington Centre
66 Hammersmith Road
London
W14 8UD
Registered No. 5534340
4 February 2011

Dear Shareholder

The Firm Placing and Placing and Open Offer

1. Introduction

As we announced on 4 February 2011, the Board is proposing that Accsys raises €28 million (net of expenses) by way of the Firm Placing and Placing and Open Offer.

Under the Firm Placing and Placing and Open Offer, the Board is proposing to issue 99,698,736 New Ordinary Shares through the Firm Placing and 100,301,264 New Ordinary Shares through the Placing and Open Offer at €0.15 per New Ordinary Share. The Firm Placing and Placing and Open Offer is fully underwritten by Numis Securities Limited.

Further details of the Firm Placing and Placing and Open Offer can be found in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document. In addition, Part VI of this document contains some questions and answers about the Firm Placing and Placing and Open Offer.

2. Background to, and reasons for, the Firm Placing and Placing and Open Offer

The Board believes that Accsys' long-term profitability will be determined by its ability to license the Group's technology. However, the timing of income generated from both existing and new licensees remains uncertain whilst demand for Accoya[®] continues to rise. Accordingly, the Board's strategy is to continue to pursue licensing opportunities but also to focus on increasing the Company's own Accoya[®] sale and production capability in order to realise the potential benefits resulting from the expected increase in the demand for Accoya[®]. Therefore, the Company is planning to expand its Arnhem plant and the Group requires further capital to fund this expansion.

The Group also requires further capital to fund its short-term working capital requirements and on-going operating costs. As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million.

The Directors expect that the demand for Accoya[®] will increase over the next few years at a rate which means that the existing Arnhem plant will be near its capacity in two years' time. This is based on recent discussions the Company has had with potential new customers and distributors who have expressed interest in placing orders at significantly larger volumes than in the past, together with an expected increase in sales volumes from existing customers and distributors. This is consistent with recent Accoya[®] sales volumes, which increased by 93% in the six months to 30 September 2010 compared with the same period the previous year.

To meet the expected increase in demand for Accoya[®], the Board proposes to increase capacity at the Company's plant at Arnhem by some 50%. As this additional capacity is utilised, it is expected that the Group will move to a position of sustained profitability without any contribution from licence income being required.

The Company seeks to ensure that its strategy regarding its own production and sale of Accoya[®] is co-ordinated and aligned with its strategy of licensing the Group's proprietary acetylation technology and works with, and will continue to work with, its current and future licensees in order to achieve this objective.

In addition to the Firm Placing and Placing and Open Offer, the Company is actively pursuing a number of other commercial arrangements with a view to strengthening the Company's cash flow position over the longer term.

3. Use of proceeds

The net proceeds of the Firm Placing and Placing and Open Offer will be used to meet the short-term working capital requirements and on-going operating costs of the Group and to meet the costs of construction relating to the expansion of the Arnhem plant.

The Group's short-term working capital requirements, comprising payments for future wood supplies and payments to trade creditors, amount to approximately €2 million. The Group's on-going operating costs over the next twelve months amount to approximately €11 million. The on-going operating costs include research and development of approximately €1 million (including new products and applications and new technology applicable to other wood species), sales and marketing costs of approximately €3 million, administrative expenses of approximately €5 million and other operating costs of approximately €2 million, all of which are considered important to the operation of the Arnhem plant, to increasing sales volumes and to securing the right business development opportunities to generate profits in the longer term.

The balance of the proceeds of €15 million will be used to meet the costs of construction relating to the expansion of the Arnhem plant.

The planned expansion of the Arnhem plant involves the addition of a third reactor which, together with on-going process improvements, is expected to increase effective production capacity to approximately 52,500m³ of Accoya[®] per annum (with a theoretical capacity of 60,000m³). The capital expenditure associated with this expansion, which includes new storage facilities and the optimisation of wood handling capabilities, is expected to be approximately €15 million. This includes approximately €3 million for new storage facilities and improvements to wood handling facilities and approximately €12 million for the third reactor. The expanded plant is likely to be fully operational approximately 18 months after commencing detailed planning.

In summary, therefore, the net proceeds of €28 million will be used as follows:

Cost Type	€ million
Short term working capital requirements	2
Ongoing operating costs	
Research & development	1
Sales & marketing	3
Administrative expenses	5
Other operating costs	2
Expansion of the Arnhem plant	
New storage facilities & improvements to wood handling facilities	3
Third reactor	12
	28

4. Importance of Vote

As at 30 September 2010, the Group held cash balances of €6.6 million. As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million and over the short to medium term the Board expects that the Group will continue to experience net cash outflows.

Given this, the Group is actively pursuing a number of cash management strategies in order to improve its short-term working capital position.

If the Firm Placing and Placing and Open Offer does not proceed and the Group continues to experience net cash outflows, it would need to obtain appropriate alternative financing within a short timescale in order to safeguard the Group's ability to continue as a going concern. Given the timescales involved, it is not certain that the Group would be able to obtain any such alternative financing on commercially acceptable terms, or at all. Consequently, if the Firm Placing and Open Offer does not proceed and the Group is unable to obtain alternative financing, there would be a material uncertainty as to the Group's ability to continue as a going concern.

Accordingly, the Directors believe that the Firm Placing and Placing and Open Offer is in the best interests of Shareholders as a whole. In order for the Firm Placing and Placing and Open Offer to

proceed, the Resolutions to be proposed at the General Meeting must be passed. The Directors therefore believe that it is very important that Shareholders vote in favour of the Resolutions at the General Meeting.

5. Principal terms and conditions of the Firm Placing and Placing and Open Offer

The Company proposes to raise approximately €30 million (before expenses) in aggregate by way of the Firm Placing and Placing and Open Offer.

The Shareholder approvals necessary for the Firm Placing and Placing and Open Offer will be sought at the General Meeting to be held at 11:00 a.m. on 21 February 2011, the full details of which are set out in the Notice of General Meeting at the end of this document. The General Meeting may be called on less than 21 days notice pursuant to the authority granted by Shareholders at the last Annual General Meeting. The Directors believe that, in order to facilitate the implementation of the Firm Placing and Placing and Open Offer, the flexibility afforded by shorter notice would be to the advantage of Shareholders as a whole. The Firm Placing and Placing and Open Offer are both conditional upon the passing of the Resolutions at the General Meeting; Admission becoming effective by no later than 9:00 a.m. (Central European Time) on 22 February 2011 (or such later time and/or date as the Company and the Underwriter may determine) and the Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

The Firm Placees have conditionally agreed to subscribe for 99,698,736 New Ordinary Shares at the Offer Price of €0.15 per Ordinary Share (representing gross proceeds of approximately €15 million). Certain of the Directors and Senior Managers have agreed to subscribe for 990,229 of the Firm Placing Shares at the Offer Price pursuant to the Firm Placing. The Firm Placing Shares are not subject to clawback and are not part of the Placing and Open Offer.

The Joint Brokers, as agents of the Company, have also entered into arrangements in connection with the conditional Placing of the Open Offer Shares at the Offer Price, subject to clawback in respect of valid applications by Qualifying Shareholders under the Open Offer.

The Directors propose to offer Open Offer Shares by way of the Open Offer to all Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders) on the following basis:

1 Open Offer Share at €0.15 each for every 2 Existing Ordinary Shares

held and registered in that Shareholder's name as at the Record Time, and so in proportion to any other number of Ordinary Shares that each Qualifying Shareholder then holds and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form.

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. Qualifying Shareholders may apply for Excess Open Offer Shares up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name at the Record Time. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlement and will be aggregated and made available under the Excess Application Facility. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and fractions of Excess Open Offer Shares will be rounded down to the nearest whole number. Any fractional Excess Open Offer Shares will be aggregated and sold for the benefit of the Company.

The Offer Price of €0.15 per New Ordinary Share represents a discount of 58.9% to the Closing Price of €0.365 on 3 February 2011 (being the latest practicable date prior to the date of this document).

Open Offer Entitlements set out in an Application Form may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result or a renunciation of those

rights or otherwise). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST and an Application Form used instead.

The New Ordinary Shares, when issued and fully paid will rank *pari passu* with the existing Ordinary Shares including the right to receive dividends or distributions made, paid or declared after the date of this document. Application has been made for the New Ordinary Shares to be admitted to listing and trading on Euronext Amsterdam and to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on Euronext Amsterdam and on AIM at 9:00 a.m. (Central European Time) on 22 February 2011.

Details of the further terms and conditions of the Firm Placing and Placing and Open Offer, including the procedure for acceptance and payment and the procedure in respect of entitlements not taken up, are set out in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document and, where relevant, will also be set out in the Application Form.

Application for Admission

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST (in respect of Qualifying CREST Shareholders) and Euroclear Nederland (in respect of Qualifying Euroclear Shareholders). It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be credited to stock accounts of Qualifying CREST Shareholders and to the stock accounts of Admitted Institutions (with respect to Qualifying Euroclear Shareholders) on 7 February 2011. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK’s Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility, failing which they will be issued to Conditional Placees or, failing which, to the Underwriter subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of the Company.

6. Overseas Shareholders

Qualifying Shareholders who have registered addresses outside of the United Kingdom or the Netherlands or who are citizens of or residents of countries other than the United Kingdom or the Netherlands, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or, when issued, an Application Form to such persons, should read Part XI (“Overseas Shareholders”) of this document.

In particular, Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consent, or need to observe any other formalities, to enable them to take up their entitlements under the Open Offer.

7. Taxation

The taxation consequences for Qualifying Shareholders of the Firm Placing and Placing and Open Offer will depend upon the jurisdiction in which the relevant Qualifying Shareholder is resident for tax purposes.

Certain information about UK and Dutch taxation is set out in paragraph 16 of Part XII (“Additional Information”) of this document. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom or the Netherlands, you should consult your own independent tax adviser without delay.

8. Action to be taken

In respect of the General Meeting

You will find enclosed with this document a Form of Proxy. Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it, along with any power of attorney or other authority under which it is signed, to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, using the accompanying pre-paid envelope (for use in the UK only), or by sending a completed, signed and dated scanned version of the proxy form by email to accsysproxy@davidvenus.com as soon as possible and, in any event, so as to be received by no later than 11:00 a.m. on 17 February 2011. **The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so. Unless the Resolutions are passed, neither the Firm Placing nor the Placing and Open Offer will proceed.**

In respect of the Open Offer

Qualifying Non-CREST Shareholders (other than a Qualifying Non-CREST Shareholder who is a Restricted Shareholder) will receive an Application Form with this document giving details of their Open Offer Entitlements and Excess Open Offer Entitlements and containing instructions on how to take up their entitlements under the Open Offer. If a Qualifying Non-CREST Shareholder wishes to apply for Open Offer Shares and Excess Open Offer Shares under the Open Offer (whether in respect of all or part of their Open Offer Entitlement and Excess Open Offer Entitlement), they should complete the Application Form in accordance with the procedure for application set out in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) and on the Application Form itself. Completed Application Forms should be returned together with a cheque or banker’s draft in Euro or sterling made payable to SLC Registrars re Accsys Technologies and crossed “A/C payee only”, for the full amount payable on acceptance, by post or by hand (during normal business hours only) to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, United Kingdom, so it is received by no later than 11:00 a.m. on 18 February 2011.

If you are a Qualifying CREST Shareholder, you will not be sent an Application Form. It is expected that SLC Registrars will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than such Qualifying CREST Shareholders who are Restricted Shareholders) with such Shareholders Open Offer Entitlements and Excess Open Offer Entitlements on 7 February 2011. CREST members who wish to apply to acquire some or all of their pro-rata entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions to take up the entitlements to Open Offer Shares and Excess Open Offer Shares of CREST sponsored members. The latest time for settlement of the relevant CREST instruction is 11:00 a.m. on 18 February 2011.

If you are a Qualifying Euroclear Shareholder, no Application Form will be sent to you and you will receive a credit to your appropriate securities account with your Admitted Institution in respect of the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements. You should refer to the procedure for application set out in paragraph 6 of Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document. The relevant application and payment in full in Euro for Open Offer Shares must have been received by the Dutch Subscription Agent by no later than 3:00 p.m. (CET) on 16 February 2011. Your Admitted Institution may set an earlier deadline for application in order to permit it to communicate your application to the Dutch Subscription Agent in a timely manner.

If you have sold or do sell or have otherwise transferred or do transfer all of your existing Ordinary Shares before the Ex-Entitlements Date, which is 4 February 2011, please forward this document and any Application Form, if and when received, to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was/is effected for onward transmission to the purchaser or transferee. The Application Form, when issued, should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to any of the Restricted Jurisdictions or the United States. If you have sold or do sell or have otherwise transferred only part of your holding of existing Ordinary Shares (other than ex-entitlements) held in certificated form, please contact immediately the stockbroker, bank or other agent through whom the transfer was/is effected and refer to the instructions regarding split applications set out in the Application Form.

If you have sold or do sell or have otherwise transferred or do transfer all or some of your existing Ordinary Shares held in uncertificated form before the Ex-Entitlements Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee.

If you sell or otherwise transfer all or some of your existing Ordinary Shares after the Ex-Entitlements Date, then they will be sold without the entitlement to participate in the Open Offer, that is, the Open Offer Entitlement will not transfer with the Ordinary Shares sold or transferred. Accordingly, you will continue to be entitled to take up your Open Offer Entitlements in accordance with the procedure set out in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”).

The latest time for acceptance under the Open Offer is expected to be 11:00 a.m. on 18 February 2011. The procedure for acceptance and payment is set out in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document. Further details also appear in the Application Form that will be sent to all Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who are Restricted Shareholders).

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised pursuant to the FSMA if you are resident in the UK or, if not, from another appropriate authorised independent financial adviser.

9. Directors’ intentions

The Directors beneficially own, in aggregate, 142,205 Ordinary Shares representing approximately 0.07% of the issued Ordinary Share capital of the Company as at 2 February 2011 (the latest practicable date prior to publication of this document). Certain of the Directors have agreed to subscribe for an aggregate of 683,563 of the Firm Placing Shares pursuant to the Firm Placing and in addition each of the Directors so entitled will be taking up his entitlement in full to subscribe for Open Offer Shares under the Open Offer. Your attention is drawn to the information contained in Part XII (“Additional Information”) of this document.

10. Directors’ recommendation

The Directors consider the Firm Placing and Placing and Open Offer and the Resolutions to be in the best interests of Shareholders taken as a whole.

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be put to the General Meeting, as they intend to do, or procure, in respect of their own beneficial holdings, amounting to approximately 142,205 Ordinary Shares, representing approximately 0.07% of the Existing Ordinary Shares as at 2 February 2011 (being the last practicable date prior to the publication of this document).

Yours faithfully,

Gordon Campbell
Chairman

PART VI

SOME QUESTIONS AND ANSWERS ABOUT THE FIRM PLACING AND PLACING AND OPEN OFFER

The questions and answers set out in this Part VI are intended to be generic guidance only and, as such, you should also read Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document for full details of what action you should take. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA. The attention of Overseas Shareholders is drawn to Part XI (“Overseas Shareholders”) of this document.

This Part VI deals with general questions relating to the Firm Placing and Placing and Open Offer, as well as more specific questions about the Firm Placing and Placing and Open Offer relating to Ordinary Shares held by persons resident in the UK who hold their Ordinary Shares in certificated form only. If you hold your Ordinary Shares in uncertificated form (that is, through CREST) your attention is drawn to paragraph 5 of Part X of this document (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) which contains full details of what action you should take. If you are a CREST sponsored member, you should consult your CREST sponsor. If you hold your Ordinary Shares through Euroclear Nederland, your attention is drawn to paragraph 6 of Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document which contains full details of what action you should take.

If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please call the Shareholder Helpline (see page 20 of this document for details).

1. What is a firm placing? Am I eligible to participate in the Firm Placing?

A firm placing is where specific investors agree to subscribe for firm placing shares. A firm placing provides a company with an opportunity to introduce new shareholders onto its shareholder register. The Company proposes to issue the Firm Placing Shares at a price of €0.15 per Firm Placing Share. This is the same price as the Open Offer Shares. The Firm Placing Shares do not form part of the Open Offer and are not subject to clawback. Unless you are a Firm Placee, you will not participate in the Firm Placing.

2. What is a placing and open offer?

A placing and open offer is a way for companies to raise money. They usually do this by giving their existing Shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (the open offer) and providing for new investors to subscribe for any shares not bought by the Company’s existing Shareholders (the placing). The fixed price is normally at a discount to the closing mid-market price of the existing ordinary shares prior to the announcement of the open offer.

3. What is the Company’s Open Offer?

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 100,301,264 Open Offer Shares at a price of €0.15 per Open Offer Share. If you hold Ordinary Shares at the Record Time or have a *bona fide* market claim, and are not, subject to certain limited exceptions, a Shareholder located in the United States or any other Restricted Jurisdiction, as set out in Part XI (“Overseas Shareholders”) of this document, you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share at €0.15 per Open Offer Share for every 2 Ordinary Shares held by Qualifying Shareholders at the Record Time. If your entitlement to Open Offer Shares is not a whole number, your fractional entitlement will be disregarded in calculating your entitlement to Open Offer Shares. Fractional entitlements will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing mid-market share price on the last dealing day before the details of the Firm Placing and Placing and Open Offer were announced on 4 February 2011. The Offer Price of €0.15 per Open Offer Share represents a 58.9% discount to the Closing Price of €0.365 on 3 February 2011 (being the last practicable date prior to the date of this document).

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares through the Excess Application Facility, up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name at the Record Time.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and fractions of Excess Open Offer Shares will be rounded down to the nearest whole number. Any fractional Excess Open Offer Shares will be aggregated and sold for the benefit of the Company. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK's Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility, failing which they will be issued to Conditional Places or, failing which, to the Underwriter subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of the Company.

4. When will the Placing and Open Offer take place?

The Placing and Open Offer is subject to Admission becoming effective by not later than 9:00 a.m. (Central European Time) on 22 February 2011 (or such later time and date as the Company may determine).

5. What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Ordinary Shares in certificated form. It sets out your entitlement to subscribe for the Open Offer Shares and contains a form for you to complete if you want to participate.

6. What if I have not received an Application Form?

If you have not received an Application Form and you do not hold your Ordinary Shares in CREST or through Euroclear Nederland, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including:

- (A) Qualifying CREST Shareholders and Qualifying Euroclear Shareholders; and
- (B) Qualifying Non-CREST Shareholders who bought Ordinary Shares before 8:00 a.m. on 4 February 2011 but were not registered as the holders of those Ordinary Shares at the close of business on 3 February 2011 (see question 7 below).

7. If I buy Ordinary Shares before 8:00 a.m. on 4 February 2011 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?

If you buy Ordinary Shares before 8:00 a.m. on 4 February 2011 (the Ex-Entitlements Date) but you are not registered as the holder of those Ordinary Shares at 5.00 p.m. on 3 February 2011 (the Record Time) you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the Open

Offer Shares in respect of any Ordinary Shares acquired on or after 8:00 a.m. on 4 February 2011 (the Ex-Entitlements Date).

8. I hold my Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) of this document. Persons who hold Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Ordinary Shares of the number of Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

9. I hold my Existing Ordinary Shares in uncertificated form in Euroclear Nederland. What do I need to do in relation to the Open Offer?

Qualifying Euroclear Shareholders should be informed by the Admitted Institution through which they hold their Euroclear Shares of the number of Open Offer Shares for which they are entitled to apply under the Open Offer. Qualifying Euroclear Shareholders should contact their Admitted Institution if they have received no information in relation to their Euroclear Open Offer Entitlements. If a Qualifying Euroclear Shareholder wishes to apply for Open Offer Shares under the Open Offer, it must instruct its Admitted Institution with respect to application and payment (in Euro) in accordance with the procedures of that Admitted Institution, which will be responsible for instructing the Dutch Subscription Agent accordingly.

10. I hold my Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain limited exceptions, are not a holder with a registered address in a Restricted Jurisdiction, nor are you located in the United States, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Ordinary Shares before 8:00 a.m. on 4 February 2011 (the Ex-Entitlements Date).

11. I hold my Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Ordinary Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in the United States or any other Restricted Jurisdiction, you will be sent an Application Form that shows:

- In Box 1, how many Ordinary Shares you held at the Record Time;
- In Box 2, how many Open Offer Shares are comprised in your Open Offer Entitlement;
- In Box 3, how much you need to pay in Euro and sterling if you want to take up your right to subscribe for all your Open Offer Entitlement; and
- In Box 4, how many Excess Open Offer Shares you can apply for under the Excess Application Facility.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker’s draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post to the SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9 AD so as to be received by 11:00 a.m. on 18 February 2011 or returned by hand (during normal office hours only) so as to be received by SLC by no later than 11:00 a.m. on 18 February 2011, after which time Application Forms will not be valid.

12. I hold my Existing Ordinary Shares in certificated form and am eligible to receive a Non-CREST Application Form. What are my choices in relation to the Open Offer?

(a) If you do not want to take up your Open Offer Entitlement

If you do not want to take up your Open Offer Entitlement you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form

subscribing for the Open Offer Shares to which you are entitled by 11:00 a.m. on 18 February 2011, we have made arrangements under which we have agreed to issue the Open Offer Shares to the Conditional Placees subject to the Excess Application Facility. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or completing and returning the Form of Proxy enclosed with this document.

If you do not take up your Open Offer Entitlement then following the issue of the New Ordinary Shares pursuant to the Placing and Open Offer, your interest in the Company will be diluted by approximately 49.9%.

(b) If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in Box A of your Application Form; for example, if you have an Open Offer Entitlement for 50 New Shares but you only want to apply for 25 New Ordinary Shares, then you should write '25' in Box A. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, '25') by €0.15 (being 15 cents) giving you an amount of €3.75, in this example (being €3.75 rounded down to the nearest cent). You should write this total sum in Box B, rounding down to the nearest whole Euro cent and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Non-CREST Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post or by hand (during normal office hours only), to SLC Registrars (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11:00 a.m. on 18 February 2011, after which time Application Forms will not be valid.

All payments may be in sterling or Euro and made by cheque or banker's draft made payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted. Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct SLC Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 25 February 2011.

(c) If you want to take up all of your Open Offer Entitlement

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box B of your Application Form), payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only", in the accompanying pre-paid envelope by post or by hand to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, United Kingdom so as to be received by SLC Registrars by no later than 11:00 a.m. on 18 February 2011, after which time Application Forms will not be valid. If you post your Application Form, it is recommended that you allow sufficient time for delivery.

13. I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to answers (a), (b) and (c) of question 12 for further information.

14. Will I be taxed if I take up my entitlements?

If you are resident in the United Kingdom for tax purposes, you will not have to pay UK tax when you take up your right to receive New Ordinary Shares, although the Firm Placing and Placing and Open Offer will affect the amount of UK tax you may pay when you sell your Ordinary Shares.

Further information for Qualifying Shareholders in the United Kingdom or the Netherlands for tax purposes is contained in paragraph 16 of Part XII ("Additional Information") of this document. **Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any jurisdiction other than the United Kingdom or the Netherlands should consult their professional advisers immediately.**

15. What should I do if I live outside the United Kingdom?

Your ability to apply to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any other Restricted Jurisdiction are, subject to certain limited exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in Part XI ("Overseas Shareholders") of this document.

16. Further assistance

If you have any other questions, please telephone the Shareholder Helpline +441372 467308. This helpline is available between the hours of 9:00 a.m. and 5:00 p.m. Monday to Friday. Calls from within the UK are charged at 8 pence per minute from a BT landline. Other providers' costs may vary and international call charges will apply if you are calling from outside the United Kingdom. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Firm Placing and Placing and Open Offer or to provide financial advice. Shareholder Helpline staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

Your attention is drawn to the further terms and conditions in Part X ("Terms and Conditions of the Firm Placing and Placing and Open Offer") of this document and (in the case of Qualifying Non-CREST Shareholders) in the Application Form.

PART VII

INFORMATION ON THE ACCSYS GROUP

1. Introduction

Accsys's primary focus is on the production, sale and licensing of Accoya[®] wood, manufactured through the Group's proprietary acetylation process, which exhibits equal or superior dimensional stability and durability compared with other natural and treated timber. Demand for Accoya[®] has been well established with sales rising sharply and appetite from licensees growing. The Group has also developed technology to modify wood chip to enable future production of a range of panel products, which the Directors believe will enable such materials to become suitable for external applications for the first time.

Business structure

The Group's operations comprise three principal business units: (i) the sale and production of Accoya[®] from the production facility located in Arnhem; (ii) technology development; and (iii) technology licensing.

(a) *The Accoya[®] production facility*

Located in Arnhem, the Netherlands, this is the world's first commercial plant for the production of Accoya[®] wood. The Group designed and developed the facility drawing upon extensive experience it gained from operating a pilot plant over a period of several years. The plant provides technical validation of the processes and technology required to produce Accoya[®] on a commercial basis, providing a platform from which to launch the Group's licensing activities. Physical construction of the plant commenced in April 2006, the first batch of Accoya[®] was produced in March 2007 and today the plant has a theoretical maximum annual commercial production capacity of 40,000m³ of Accoya[®].

Accoya[®] produced in Arnhem is now being sold across Europe, North America, Chile, Australia, New Zealand and Asia in an effort to establish the Accoya[®] brand in the global market and build demand for Accoya[®]. The Directors believe that such a strategy will stimulate demand for further licence deals across the globe.

(b) *Technology development*

Technology development is focused on a programme of continuous improvements to the process engineering and operating protocols for the acetylation of wood and, in conjunction with Medite, the development of technology for the acetylation of wood chip. The technology development resource is also being geared up to support licensing initiatives from early stage site-specific advice, through input to basic engineering, assistance with commissioning and an intention to provide on-going technical advice and information exchange once licensees commence production.

Operating protocols for each wood dimension and moisture content have been refined, and significant investigation and testing has been carried out to develop the Group's proprietary technology to enable acetylation of different wood species on a commercial basis. This investigation and testing continues, but the results to date are positive.

(c) *Technology licensing*

Licensing activity has developed into a global effort with interest being expressed by potential licensees for solid wood and chip products across the world. To date, licence agreements have been entered into with two licensees, Diamond Wood and Al Rajhi, granting exclusive rights to manufacture and sell Accoya[®] in various Asian Territories and Japan (in respect of Diamond Wood) and the member states of the GCC (in respect of Al Rajhi). Under these agreements and to date, licence fee payments total €27.3 million, with potential annual royalty payments of up to €7.05 million in respect of the first phases of construction.

Subject to continued successful testing of acetylated wood chip in panel products, the Group expects Medite to be its first panel products licensee for the UK and the Republic of Ireland. Testing is well advanced and to date results are positive.

The licensing arrangements cover:

- licence and royalty arrangements;

- use and marketing of the Accoya[®] or Tricoya[®] (as the case may be) brand; and
- basic site-specific engineering.

The revenue of the Company which may be derived from such licensees falls into two broad categories – the first being revenue from licensing the Group’s proprietary technology and know-how in order for such licensees to establish a facility to manufacture Accoya[®] and the second being royalty payments made by licensees based on the quantity of product sold once manufacturing has commenced.

To date, the revenue derived from both Diamond Wood and Al Rajhi relates to the first category outlined above. Neither Diamond Wood nor Al Rajhi have yet commenced manufacturing.

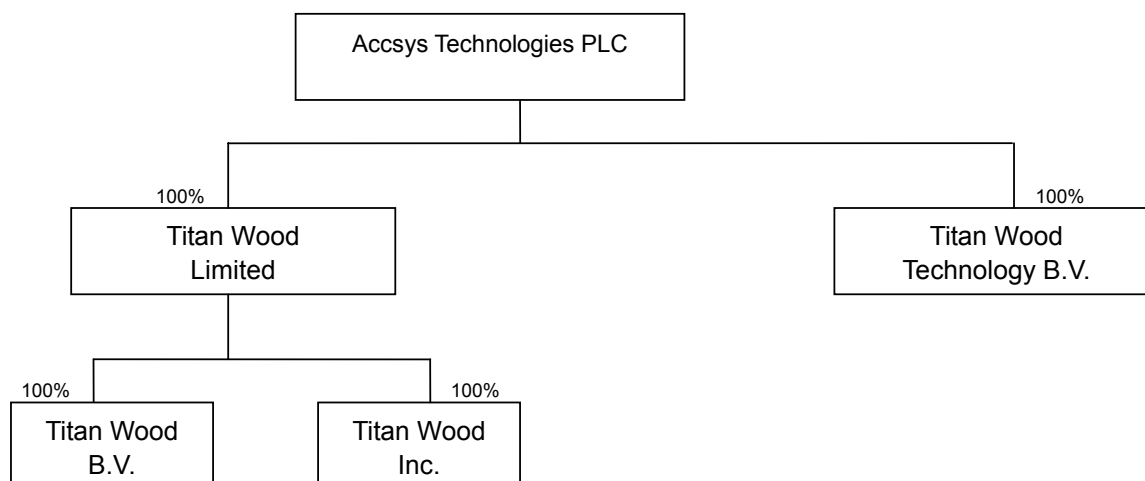
As discussed in Part IX (“Operating and Financial Review”), in the year ended March 2010 the Company recorded a provision of €25.5 million relating to net receivables relating to Diamond Wood. In addition, while further technology licence fees are due to be paid under the licence agreements, royalty payments are dependent upon the licensees commencing manufacturing and, once manufacturing has commenced, the amount of product actually sold. Accordingly, the timing of income generated from existing and new licensees remains uncertain. As a result, an expansion of the Company’s Arnhem plant is being planned as further described in Part V (“Chairman’s Letter”) and paragraph 2 below.

Group structure

The Accsys Group comprises Accsys Technologies PLC and its four wholly-owned subsidiaries:

- Titan Wood Limited (“**Titan**”) – focused on the licensing of wood acetylation technology and the development of the Accoya[®] and Tricoya[®] brands;
- Titan Wood B.V. (“**TWBV**”) – focused on the production of Accoya[®] to develop end-product applications of Accoya[®] in major markets and to supply the early product needs of potential licensees;
- Titan Wood Technology B.V. (“**TWTBV**”) – focused on the development of acetylation technologies and the provision of technical assistance to licensees; and
- Titan Wood Inc. (“**TWInc**”) – focused on the sale and marketing of Accoya[®] across the United States and Canada.

The Company was incorporated on 11 August 2005 for the purpose of, among other things, acquiring the group of companies of which the trading subsidiaries Titan, TWBV, TWTBV and TWInc formed part. The Group’s current structure is illustrated in the diagram below:



2. Group strategy

The Group’s focus is on maximising the global use of Accoya[®] as a modified wood offering durability, stability and reliability equal to or exceeding that of hardwoods.

The Group’s preference is to follow an asset-light model through the development of large-scale licensing of the technology to manufacture Accoya[®] across the globe. In its licensing model, Accsys

charges licensees certain upfront technology licensing fees based on annual production capacity and royalty fees based on the amount of Accoya[®] produced. In all instances, the Group has made, and intends to continue to make, strenuous efforts to protect its intellectual property.

The Group is actively developing demand for Accoya[®] by working with selected distribution partners to generate interest in the use of Accoya[®] for end-use applications requiring appearance grade wood where the properties of durability, stability and reliability confer the highest value. As end-use demand expands, it will reinforce the Group's ability to licence the Accoya[®] technology by delivering substantial demand ahead of future licence agreements being entered into.

The Group's licensing proposals incorporate a payment profile reflecting the stages of the negotiation, construction and commissioning that will be undertaken in bringing a licensee production facility into operation. The Group has established a model whereby it contracts with licensees on a basis that provides for payment of: (i) a technology fee for the intellectual property licensed; and (ii) royalties on volumes of Accoya[®] produced by the licensee.

The Board believes that the long-term profitability of Accsys will be determined by its ability to license the Group's technology. However, the timing of income generated from both existing and new licensees remains uncertain and demand for Accoya[®] continues to rise. Accordingly, the Board's strategy is to continue to pursue licensing opportunities but also to focus on increasing the Company's own Accoya[®] sales and production capability in order to realise the potential benefits resulting from the expected increase in the demand for Accoya[®].

Accordingly, the Board proposes to increase capacity at the Company's plant at Arnhem by some 50%. As this additional capacity is utilised, it is expected that the Group will move to a position of sustained profitability without any contribution from licence income being required.

The Company seeks to ensure that its strategy regarding its own production and sale of Accoya[®] is co-ordinated and aligned with its strategy of licensing the Group's proprietary acetylation technology and works with, and will continue to work with, its current and future licensees in order to achieve this objective.

Attention has been paid to the development of a distinctive brand identity, the name Accoya[®] and the green trimark logo supported by a range of tags denoting product attributes. The Group has developed and maintains the 'www.accoya.com' website as an informative "shop window" to provide a consistent global presentation of Accoya[®]. As product availability grows, the Group will consider consumer activity to stimulate end-user awareness, which is expected to contribute to demand growth as individuals seek to benefit from the enhanced performance offered by Accoya[®] and are swayed by its environmental advantages.

A key component of the Group's strategy is the extension of its leading position in the modification of solid wood through the application of its proprietary technology to wood chip based panel products. Such engineered wood panel products, including MDF, OSB and particle (also known as "chip") boards, cannot presently be used in any applications where they are exposed to long-term weathering because the absorption of water leads to rapid structural deterioration. Deterioration is initially caused by the swelling forces of water in wood, which cause the glue bonds to fracture, and, over time, mould and insect attack. Development and testing work is advancing with Medite – a subsidiary of the Irish state-owned Coillte Group, a major producer of MDF and the Group's panel product development partner of choice. Under the terms of a joint development agreement between Titan and Medite, Medite has agreed to work with Titan to assess the commercial viability of such new generation panel products. The joint development agreement provides that once testing is complete and approved by Medite, Medite will invest in the world's first commercial plant for the production of panel products using the Group's proprietary technology under licence. This is expected to happen in 2011.

3. The Accsys Group

(a) *History and background*

The Group has been working on acetylation chemistry since 1999. Titan was formed in April 2003 to pursue the acetylation of wood following more than a year of market and technical due diligence. In June 2003, Titan acquired a large-scale pilot production plant and all associated intellectual property rights for the production of acetylated wood. The assets had been developed by Acetyleer Kennis B.V., a Dutch company with shareholders drawn primarily from

the Dutch woodworking industry and timber traders. The assets acquired included not only the physical production plant but also extensive laboratory and field research on acetylation dating back to 1992.

Most fast growing, temperate climate wood species have very limited natural durability when exposed to high levels of moisture. The preservation of wood aims to enhance the properties of such species so that they may be used in applications which are otherwise only suitable for durable (typically hardwood) species, or artificial, non-sustainable alternatives, such as plastics and composite materials. The Directors believe that durable hardwoods will become increasingly scarce.

Historically, the main approach to wood preservation has been to thwart the natural decaying process by creating toxic environments. These manipulations began in the 1830s by the preservation of crossties with creosote. The main chemicals used for preservation are highly toxic, with serious disposal and health implications due to their copper, arsenic and chromium content. Research has shown that 742 million cubic feet of wood was chemically treated in the US alone in 2008, with \$450 million having been spent on chemical products for the treatment of wood in the US alone in that same year (Source: The Freedonia Group Inc. “*Wood Protection Coatings & Preservatives to 2013*”, Report Number 2509, July 2009). A method of transforming wood on an industrial scale so that it offers the performance and durability of the hardwoods, without creating a toxic product, has long been a key objective for the wood industry.

Acetylation significantly reduces the ability of wood to absorb moisture, which creates an environment that is inhospitable but not toxic. Wood-eating insects and microbes lack the ability to digest acetylated wood, which eliminates it as continuous food source. The hydrophobic nature of acetylated wood imparts a dimensional stability (i.e. much less swelling and shrinkage) that is significantly better than the unacetylated parent wood. Acetylation transforms low durability woods into a new kind of high durability, dimensionally stable wood.

Although the process of acetylation of wood has been known for many decades, as far as the Directors’ are aware, no other company in the world apart from Accsys has developed a working, economically viable, method of producing acetylated wood on an industrial scale. The modified wood created by the process of acetylation has been branded Accoya[®] by the Group. The Group owns the proprietary and intellectual property rights for the production of Accoya[®].

Accoya[®] offers properties that are very similar to high grades of tropical hardwoods, such as mahogany or teak. These properties are desirable for construction or aesthetic use. Major applications of acetylated wood include decking, cladding, window frames, doors, veneers (the outer wood skin used in many wood applications), bridges and fresh or salt water use (such as canal linings).

Accoya[®] offers three significant improvements compared with either untreated or treated wood: class leading durability, dimensional stability and reliability. These attributes are equal to or even superior to many hardwoods.

Acetylation greatly improves the durability, UV-resistance and dimensional stability of wood, and is particularly suited to permeable wood species, which are typically fast-growing and generally the cheapest types of woods available.

Perhaps most importantly, acetylation does not damage the wood nor, unlike other wood treatments, dramatically increase its weight or raise its toxicity. A summary of the main effects of acetylation is provided below:

(b) *Accoya[®] production and performance attributes*

(i) *Durability*

Perhaps the most important desirable attribute for any material is its resistance to decay. A summary technical measure is durability class, with 5 being the lowest and 1 the highest (best) durability. In producing Accoya[®], durability is increased to Class 1, which provides resistance to virtually all rot, water and insect degradation. Accoya[®] is more durable than teak wood or meranti, both considered to be highly durable woods.

(ii) *Dimensional stability*

Dimensional stability is improved considerably by acetylation, with swelling and shrinkage reduced by 80% compared with untreated wood. Overall, dimensional stability affects coatings adhesion and mechanical properties (swelling causes paint to break and doors and windows to jam in their frames). The volumetric dimensional stability of Accoya[®] is nearly three times better than teak and four times better than dark red meranti – both considered to be stable woods.

(iii) *Consistency and reliability*

Accoya[®] is typically made from fast-growing, farmed wood, such as pine, but can also be made out of a wide-ranging species of hardwoods. Softwoods such as radiata pine are abundantly available (measured in tens of millions of cubic metres annual harvest availability). Reliability of supply is increasingly a challenge for importers of tropical hardwoods. One of the significant advantages of Accoya[®] is that its quality can be readily measured.

(iv) *Coatings adhesion*

Coatings adhesion of Accoya[®] in long-term trials is significantly better than untreated wood. After nine and a half years of outdoor exposure, untreated wood samples showed substantial cracking and flaking, and, in one case, complete erosion of the coating. In contrast, Accoya[®] samples showed no meaningful deterioration of coatings. This is expected to have a significant impact on the competitive potential of Accoya[®] as in many countries wood has been replaced by other alternatives, such as PVC or vinyl, in part because of the maintenance issues associated with wood. Over the period from 1994 to 2005, the United Kingdom private residential housing market saw the share of wooden windows decline from 85% to 12% while the share of PVC rose from 9% to 82% – a significant change in share for each material (Source: “*Inspiration & Aspiration – a look at private sector development*” – *British Woodworking Foundation (2007)*). The Directors believe that Accoya[®] has the potential to reverse this trend.

(v) *Gluability*

Accoya[®] has been proven to have excellent gluability properties. Under testing required for the Sneek Bridges programme for the Province of Friesland in the Netherlands (conforming to European Committee testing standards EN 386 and BRL 1701), the ability to glue Accoya[®] was tested with wood glues provided by Dynea and Purbond and demonstrated suitable outcomes in delamination testing, such that Accoya[®] has been deemed suitable for the construction of two heavy road bridges having large dimension laminated beams.

(vi) *Thermal resistivity*

The thermal resistance of a wood species is affected greatly by the wood’s density and moisture content. The equilibrium moisture content of Accoya[®] is significantly reduced. This results in far better thermal resistance (lower heat conductivity) compared to “durable” tropical hardwood species. Official testing of Accoya[®] wood according to EN standard 12667 gives a thermal conductivity of $\lambda = 0.13$ W/mK whereas typical tropical hardwood species have a value of 0.18 W/mK for a near 40% difference. Thermal performance versus non-durable softwoods that are clad or treated with toxins is also improved. Without compromising performance in respect of durability (resistance against fungi), Accoya[®] is therefore a good choice for improvement of thermal isolation over “durable” tropical hardwood species.

(vii) *Ultraviolet stability*

UV-stability of unfinished Accoya[®] has been independently investigated and although the wood is still susceptible to UV-breakdown, the process actually lightens the wood, rather than the usual dark (brownish) discoloration.

(viii) *Hardness*

Accoya[®] is made from underlying wood species that are generally fast-growing, such as pine, and typically have moderate levels of natural hardness. The process of manufacturing Accoya[®] improves the hardness of such soft species, without significant loss of strength. Testing has shown hardness improvements in the radial, tangential and end-grain orientation of the wood of 47%, 52% and 81% respectively, placing Accoya[®] made from pine in the same hardness range as dark red meranti and teak (flat surface) and much better than that of Scots pine, Oregon pine and Western Red Cedar which are commonly used in the wood industry.

These improvements are not at the expense of other properties of the wood as the acetylation treatment has no negative impact on the strength, the appearance, or the toxicity of the material.

The Directors believe that the combination of the favourable attributes of Accoya[®] and the lack of negative effects make acetylation appealing to potential consumers. Many, if not all, other wood modifications and treatments significantly reduce the wood's strengths, harm its appearance or have harmful environmental impacts (see further under the heading '(i) Competition' in this section 3 below). This is not true for acetylation.

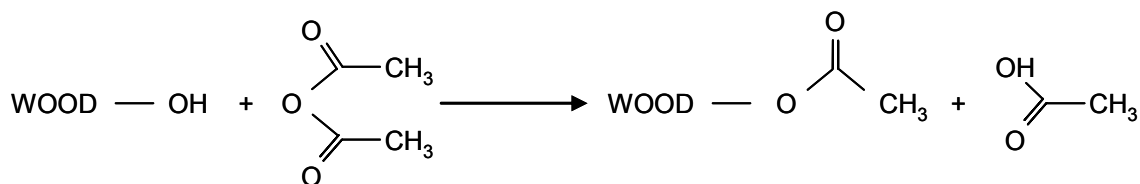
Acetylation alters the actual chemical structure, rather than the simple 'chemical content', of the wood. By contrast, to achieve similar benefits to those offered by acetylation, many other treatments merely insert chemicals (such as oils, ammonia or metal compounds) into the cell walls of the wood, with the chemicals held in place by a typically weak chemical bond.

Unlike preservative treatments, acetylation does not introduce chemicals that are not already present in naturally occurring wood. Acetylation involves the attachment of 'acetyl' molecules to the naturally occurring free hydroxyls within the wood. Acetyl molecules comprise simply carbon, hydrogen and oxygen. Most wood already contains approximately 2 to 5% acetyl before acetylation (source: Timber: Structure Properties, Conversion and Use by H.E. Desch, J.M. Dinwoodie). By increasing already present, natural chemicals, acetylation enables the use of softwoods in a range of applications for which they are not normally considered suitable.

(c) ***The basic chemistry and process steps***

During the reaction of the wood with acetic anhydride, hydroxyl groups of the cell wall polymers are converted into acetyl groups. Wood already contains minor amounts of acetyl groups. During the reaction, acetic acid is formed as a by-product that can be converted into acetic anhydride again.

Like untreated timber, the modified wood consists only of carbon, hydrogen and oxygen and it contains no toxic elements. The disposal of Accoya[®] therefore presents no problems additional to the disposal of normal wood.



To achieve this reaction the following steps are required:

- (1) **Acetic anhydride** is reacted with **wood** at high pressure.
- (2) This produces **acetylated wood**. The by-products are un-reacted acetic anhydride mixed with **acetic acid** formed from the reaction.
- (3) The acetylated wood is treated to remove any internal residual acetic acid or anhydride, and then dried.
- (4) Acetic anhydride and acetic acid remaining after the reaction are recycled.
- (5) Surplus acetic acid is converted into acetic anhydride by heating it to a very high temperature and removing unwanted water, which is cleaned and sent for waste treatment. This completes a reaction loop.

(d) ***Product uses***

Since the 1930s, the worldwide wood industry has expended considerable efforts into researching wood acetylation owing to its superior performance and development potential. Actual usage indicates that acetylated wood is suitable for a wide range of joinery products. Moreover, Accoya[®] is preferable to existing alternatives, including higher-cost hardwoods, laminated softwoods and artificial alternatives, due to the combination of favourable attributes and the lack of negative effects described above.

The Directors believe that the principal advantages of Accoya[®] that have been identified by end-users are the combination of its superior durability, its dimensional stability, and – perhaps most importantly – its consistency and reliability. In addition, there is an abundant availability of the raw material for acetylation, with Accoya[®] being produced from wood grown in sustainable, plantation forests. The Directors believe that this is in sharp contrast with many tropical timbers which have large fluctuations in availability and price.

(e) *Intellectual property and know-how*

The Group relies substantially on proprietary technology, information, trade secrets, know-how, laboratory research data and field research data to conduct its business, and to attract and retain customers and licensees. The success of the Group's business depends on its ability to protect its intellectual property portfolio, including its patents granted and other proprietary technology, know-how and trade secrets, and obtain further patents without infringing the proprietary rights of others. The Group's intellectual property rights relate to a process for the reaction of wood with acetic anhydride.

The Group incorporates more than 15 years of development work in acetylation technology.

Accoya[®] and Tricoya[®] have been registered as global international trade marks, registered in the European Union and have been granted trade mark status in many major markets, with many other applications for other territories and states pending.

(f) *Arnhem production facility*

The Group started work on the design of its wood modification plant during the summer of 2005, with basic engineering, incorporating learning from its pilot reactor system, being completed by the end of that year. Following a decision to acquire a freehold site adjacent to its existing operations in Arnhem, site access was achieved in April 2006. Construction and initial commissioning tests allowed the first batch of Accoya[®] to be produced in March 2007.

As planned, the Group then spent considerable time optimising operating protocols, defining detailed recipes for each dimension of radiata pine (the Group's preferred timber), refining pre-production drying and post-production conditioning, and optimising utilisation of acetyls and utilities. The Company engaged in an extensive testing programme to optimise logistics, wood handling and the modification process in order to achieve a robust and economically viable process for the volume production of Accoya[®]. This testing process has now been successfully concluded and the Arnhem plant is now theoretically capable of commercially producing 40,000m³ of Accoya[®] per annum, validating the use of the Group's proprietary technology.

The Board is planning to expand the Arnhem plant, with the intention of increasing production capacity by some 50% in order to meet the expected demand for Accoya[®]. The planned expansion of the Arnhem plant involves the addition of a third reactor which, together with on-going process improvements, is expected to increase effective production capacity to approximately 52,500m³ of Accoya[®] per annum (with a theoretical capacity of 60,000m³). The capital expenditure associated with this expansion, which includes new storage facilities and the optimisation of wood handling capabilities, is expected to be approximately €15 million. This includes approximately €3 million for new storage facilities and improvements to wood handling facilities and approximately €12 million for the third reactor. The expanded plant is likely to be fully operational approximately 18 months after commencing detailed planning.

(g) *Sales and marketing strategy*

The Group's primary objective is to maximise its returns through a combination of direct sales and the international licensing of its technology. The Directors expect licensing revenues to consist of certain upfront technology licensing fees based on annual production capacity and a royalty fee based on the amount of Accoya[®] or Tricoya[®] produced.

The Group's production facility has a vital role to perform in realising this by:

- (i) providing physical demonstration of the technology and production processes;
- (ii) seeding demand for the use of Accoya[®], particularly for key end-product applications (e.g. external doors, windows, decking and cladding) in large national markets;
- (iii) providing samples of Accoya[®] and Tricoya[®] to potential licensees for testing and development of local and export market end-product applications; and

- (iv) providing suitable quantities of Accoya[®] to allow for direct sales and stimulate licensees' distribution pipelines ahead of their own production facilities coming online.

The Group's plant is providing material to support market penetration by companies focusing on key product groups in major markets and to licensees seeking initial seed volumes in order to develop their markets.

The Group has granted Diamond Wood exclusive distribution rights, covering 13 Asian states affording Diamond Wood the opportunity to seed the Asian market in advance of its own production commencing.

In addition, distribution, supply or agency agreements have also been entered into with a total of 24 separate parties to date, allowing Accoya[®] to penetrate the markets of the United States, Canada, India, New Zealand, the United Kingdom, the Republic of Ireland, Germany, Poland, Norway, Denmark, Italy, Switzerland, Greece, Chile, Australia, Belgium and Luxembourg. Further, Accoya[®] is being sold into France and the Netherlands where the Group is currently engaged in discussions for further distribution arrangements.

(h) **Markets**

Market size

Approximately 3.6 billion m³ of round wood was harvested in 2007, of which 1.9 billion m³ was consumed as fuel and 1.7 billion m³ classified as industrial round wood (Source: *Forest Product Statistics 2003-2007, UNECE Trade and Timber Division*). Approximately 431 million m³ of sawn wood was manufactured in 2007 (Source: *Forest Product Statistics 2003-2007, UNECE Trade and Timber Division*). Using a conversion factor 0.6 m³ of sawn wood per m³ of round wood, some 0.718 billion m³ of industrial round wood was used for sawn wood. The remaining 1 billion m³ of industrial round wood is consumed in 220 million m³ of panel products, such as OSB and MDF, and engineered wood products with the balance going into pulp and paper.

Of the 651 million m³ of panel products and sawn wood, Accoya[®] is expected to capture market share in those applications which require rot, insect and water resistance, i.e. primarily outdoor products. The Group is focused on the higher-value end of these applications, where the dual qualities of durability and dimensional stability offered by Accoya[®] are most highly valued. Key market segments include windows, doors, exterior plywood, veneers, recreational products (e.g. play-frames, decking and garden furniture) and cladding (known in the US as "siding"). Global demand for windows and doors alone was estimated in 2008 to be worth \$136 billion and in the same year, a 4.3 billion m² demand existed for siding and cladding globally (Source: *The Freedonia Group 2009, World Windows and Doors to 2013 and World Siding (Cladding) to 2013*).

The wide diversity of end-applications combined with the geographically fragmented nature of the wood products industry means that there is no single readily available source of statistical information covering all of the market segments in which Accoya[®] has value. Data presented in this document is based upon information gathered by the Group's sales and marketing team through primary market contacts and published literature research, combined with various commissioned work.

Global demand for Accoya[®] is growing. The product has been widely tested in Europe and North America by scientific experts, manufacturers and end-users, and confirmed as an extremely desirable new product in the wood and timber industry. The total market volume in the principal applications in which the Group's product is expected to compete successfully in Europe and North America is estimated to be equivalent to more than 40 million m³ per year. Since almost 90% of the world's population lives outside these regions, the Directors believe that total global applications for which Accoya[®] is suited can reasonably be expected to be more than treble this amount.

The Directors expect that over a five to ten-year period a global licensing volume for Accoya[®] and Tricoya[®] wood in the region of 5 million m³ (1.16% of total sawn wood production in 2007) is potentially achievable. Actual licence volumes will be a function of market acceptance and cost competitiveness, and would be affected by the launch of rival technologies.

To set this in context, wood-plastic composites – which are perceived as generally inferior to natural wood in all aspects except in durability – grew in five years from virtually zero sales to more 1.5 million m³ of wood equivalent (Source: *Global Information, Inc.*).

Analysis of revenue by geographical area

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000	Six months ended 30 September 2010 €'000
Asia	23,118	24,476	9,143	1,221
Europe	4,210	6,624	6,804	5,224
North America	—	91	776	759
Total revenue	27,328	31,191	16,723	7,204

Further details relating to the Consolidated Income Statements (including a breakdown of revenue) are set out at page 57.

(i) Competition

In addition to the well-known chemical impregnations which rely on toxicity to improve durability, there are other preservation techniques that are either in relative commercial infancy or in various stages of pilot-scaled work. These can be divided into the categories of heat treatment and chemical modification of components within the wood. None of these treatments are comparable to acetylation, as they do not bring the combination of durability, dimensional stability or colour stability that acetylation offers. They include:

Thermal modification

Thermal modification uses high temperatures to alter the chemical structure of the wood, breaking down long molecular chains in a way that is similar to charring or coking for coal. The modification mechanism directly damages the structural properties (i.e. elasticity, rupture) of the wood, since it reduces strength through molecular shortening. Because of the reduced strength of the boards and the restrictions in the production process, the application possibilities are limited. Independent research (Source: *Holz-Zentralblatt* 20 September 2005) has shown that the durability of two types of thermally modified wood averaged Class 4 – only “slightly durable”. Thermally modified wood is therefore not suitable for applications requiring durability; it is also generally unsuitable for any applications involving meaningful physical stresses due to its reduced strength.

Furfurylation

Furfurylation is a process where furfuryl alcohol is pressure-driven into the cell walls of the wood and heated to 100°C to achieve polymerisation. Acetylation delivers Class 1 durability properties at 17-20% weight gain. To achieve the same properties with furfurylation, the weight gain must exceed 50%. After modification by furfurylation the wood colour is much darker than the original wood. Depending on the WPG-increase the colour of furfurylated wood turns darker.

Other modifications

There are a wide variety of other modifications and impregnations (including oil, wax and silica based impregnations and various combinations of approaches seeking to introduce different attributes). The Group is not aware of any that offer the combination of performance attributes of Accoya[®], particularly the combination of exceptionally positive improvements to durability, dimensional stability, coatings adhesion, gluability, thermal resistivity, UV-stability and hardness, without the negative effects associated with other treatments (excessive hardness, coatings adhesion problems, strength loss or undesirable weight gains). It is possible that other modification techniques will find market acceptance in due course. In the opinion of the Directors, any such acceptance is likely to benefit Accoya[®], as it would validate the acceptance of wood modification in general.

Plastics

Plastic materials are used in the window and door industry as alternatives for timber. These alternatives entered the market long ago and have established significant market share. In the future, modified wood is expected to capture some of this market because of its greater thermal efficiency, carbon sink benefits, sustainability and the absence of toxins (such as lead, cadmium and chlorine) that are found in PVC.

Composite materials

During the past few years, there has been considerable investigation into composite materials as alternatives for solid wood. Many different mixtures have been developed. These products approach mainly the cladding and decking market.

Chemically impregnated wood

During the past few years, the use of chemicals for the preservation of wood has been restricted. For example, in the US the use of CCA is now largely forbidden for residential applications. The use of CCA is becoming more restricted elsewhere, with regulations also introduced, for example, in Europe and Australia.

At the same time, the wood industry is developing new alternatives to CCA. These chemical preservations do not improve dimensional stability and UV-resistance, generally limiting their usage to lower value applications. There will continue to be a place for such materials, largely due to their low costs of production. Since, however, these treatments rely on toxicity to provide the preservative effect, it is expected that increasingly legislation will continue to erode the share of markets occupied by such basic chemical treatments.

4. Summary of financial information on the Accsys Group

The Group adopted IFRS as endorsed by the European Union for the first time when it prepared its statutory accounts for the year ended 31 March 2008. The financial information set out below has been extracted from the Group's audited statutory accounts for the three years ended 31 March 2010 and the Group's unaudited interim financial statements for the six months ended 30 September 2009 and 30 September 2010, which are incorporated by reference into this document as explained in Part XIII ("Documentation Incorporated by Reference") of this document. The financial information set out below does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act.

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000	Six months ended 30 September 2009 Unaudited €'000	Six months ended 30 September 2010 Unaudited €'000
Consolidated income statements					
Revenue	27,328	31,191	16,723	9,330	7,204
Cost of sales	(11,761)	(20,209)	(14,572)	(7,292)	(7,377)
Other operating costs	(11,450)	(18,292)	(18,634)	(9,834)	(7,438)
Impairment of licensee receivable	—	—	(25,458)	—	—
Impairment of equity investment	—	—	(10,000)	—	—
Other income	—	8,290	—	—	—
Profit/(loss) from operations	4,117	980	(51,941)	(7,796)	(7,611)

Further details relating to the Consolidated Income Statements (including a breakdown of revenue) are set out at page 57.

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000	Six months ended 30 September 2010 Unaudited €'000
Consolidated balance sheets				
Non-current intangible assets	8,116	7,852	7,588	7,456
Non-current tangible assets	27,169	28,013	26,972	26,680
Available for sale investments	6,000	6,000	—	—
Non-current trade receivables	—	6,400	—	—
Cash and cash equivalents	46,239	17,503	18,258	6,640
Other current assets	10,032	47,073	12,532	16,535
Deferred tax	—	2,630	2,644	2,366
Less: trade and other payables	(10,095)	(23,132)	(6,437)	(5,887)
Equity attributable to equity holders of the parent	87,461	92,339	61,557	53,790

Emphasis of Matter – Going Concern statements

The Company's auditors included an Emphasis of Matter – Going Concern statement in their auditors' report on the financial year ended 31 March 2009 and their independent review report on the six months ended 30 September 2009 and their independent review report on the six months ended 30 September 2010. The statement contained in such report for the six months ended 30 September 2010 noted that:

“Without qualifying our conclusion, we draw your attention to the disclosures made in note 1 to the interim results concerning the Group's ability to continue as a going concern. The Group is dependent on the raising of new funds in order to fund working capital, in a timely manner in order to continue as a going concern. While the Directors are confident that the required funds will be raised, there are no binding agreements in place, therefore there is a material uncertainty over whether these funds will be raised. This, along with the matters disclosed in note 1 to the condensed financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The condensed financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.”

As explained in section 3 of Part V (“Chairman's Letter”) of this document, the Company intends to use the net proceeds of the Firm Placing and Placing and Open Offer to meet the short-term working capital requirements and on-going operating costs of the Group and to meet the costs of construction relating to the expansion of the Arnhem plant.

For the purposes of the Prospectus Rules, the Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the loan facility agreement with Zica S.A., the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.

For the purposes of the AIM Rules for Companies, in the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the loan facility agreement with Zica S.A., the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

5. Current Trading and Prospects

Since 30 September 2010, Accsys has continued to see increasing demand for Accoya[®] while building on the process improvements achieved over the course of the previous year.

Excluding the sale of Accoya[®] to Diamond Wood, total Accoya[®] revenues increased by 67% from €1.4 million to €2.4 million in the quarter from 30 September to 31 December 2010 compared with the same quarter of the previous year. Total revenue for the three months to 31 December 2010 was €2.5 million, a decrease of 39% from €4.1 million in the same quarter of the previous year. The equivalent quarter in the previous year included licence income of €1.3 million and sales of Accoya[®] to Diamond Wood of €1.1 million, which were not repeated in the current year. Diamond Wood has

postponed existing orders for Accoya[®] until later in 2011 when it expects to have completed its fundraising which it had previously announced, on 18 October 2010, would be complete by the end of 2010.

The Company continues to be pleased by the increasing demand for Accoya[®] across the globe which has also been reflected by the signing of three new distribution agreements, including the first in each of Chile, Australia, Belgium and Luxembourg making a total of 24 distribution, supply or agency agreements.

Further progress has also been made in the period with our Tricoya[®] joint development partner, Medite Europe Limited. We are confident that the joint development work will result in a decision to move forward with Tricoya[®].

Accsys has continued to seek further improvements and efficiencies in the production process, which enabled the Company to build up inventory levels ahead of a planned plant maintenance closure in October 2010. Subsequent to this, and in light of the delayed orders described above, production levels have recently been reduced and inventory levels are being unwound, which is expected to continue in the final quarter of the 2010/2011 financial year.

Other operating costs have continued to reduce following the restructuring exercise carried out over the previous year. At 31 December 2010, the Group's total headcount (including contractors) was 105, a 8% reduction from 30 September 2010 and a 29% reduction from the peak of 147 in March 2009. This, together with other savings and improvements, resulted in a reduction in operating costs in the quarter by 13% compared with last year.

Cash balances decreased from €6.6 million at 30 September 2010 to €2.2 million as at 31 December 2010. As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million.

The Company is pleased by the significant progress which has been made in furthering the Group's long-term target of licensing the Group's technology. An option agreement has been signed with a major multinational corporation for a licence to build an Accoya[®] production plant in Europe together with the rights to sell Accoya[®] in a number of European countries. The option allows for both parties to negotiate exclusively a full licence agreement.

6. Dividend policy

A maiden dividend of €1,553,000 was paid in 2009 relating to the final dividend proposed in 2008. This amounted to €0.01 per Ordinary Share at the date the dividend was paid. The Company's general dividend policy is to pay dividends at levels consistent with factors such as future earnings, financial condition, capital adequacy and liquidity. The Company does not expect to pay a dividend in respect of the current financial year.

7. Capitalisation and indebtedness

The following tables show the capitalisation of the Group as at 30 September 2010 and the indebtedness and cash of the Group as at 31 December 2010. There have been no material changes to the capitalisation figures since 30 September 2010. The figures for capitalisation have been extracted without material adjustment from the Group's unaudited consolidated interim results for the six months ended 30 September 2010. The indebtedness and cash figures have been extracted from the underlying accounting records of the Group as at 31 December 2010. The figures exclude balances between entities that comprise the Group. The financial information set out in the following tables does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act.

	€'000
Total current debt	
– Guaranteed	—
– Secured	—
– Unguaranteed / unsecured	—
	<hr/>
Total non-current debt (excluding current portion of long-term debt)	—
– Guaranteed	—
– Secured	—
– Unguaranteed / unsecured	—
	<hr/>
Total gross indebtedness	<hr/>
Shareholders' equity (excluding retained earnings):	
Share capital	2,006
Share premium account	98,748
Other reserves	106,937
	<hr/>
Total equity attributable to equity holders of the parent	207,691
	<hr/>
Total equity attributable to equity holders of the parent and gross indebtedness	207,691
	<hr/> <hr/>

Capitalisation excludes retained earnings and foreign currency translation reserve

Net financial indebtedness as at 31 December 2010

Cash	2,174
Cash equivalent	—
Trading securities	—
Liquidity	2,174
	<hr/>
Current financial receivable	—
	<hr/>
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	—
Current financial debt	—
Net current liquidity	2,174
	<hr/>
Non-current bank loans	—
Bonds issued	—
Other non-current loans	—
Non-current financial indebtedness	—
	<hr/>
Net cash	2,174
	<hr/> <hr/>

8. Existing AIM and Euronext quotations

In October 2005, the Company's Ordinary Shares were listed on AIM and in September 2007, the Company's Ordinary Shares were listed on Euronext Amsterdam. The Ordinary Shares, quoted in Euro, are completely fungible between AIM and Euronext.

Application has been made for the New Ordinary Shares to be admitted to listing and trading on Euronext Amsterdam and to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on Euronext Amsterdam and on AIM at 9:00 a.m. (Central European Time) on 22 February 2011. No application is currently intended to be made for the New Ordinary Shares to be admitted to trading or traded on any other exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in an AIM listed company and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM listed company is required by the AIM Rules for Companies to have a nominated adviser. The Company's nominated adviser is Matrix. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List.

9. Directors, advisers, consultants and senior managers

Accsys has been able to draw upon an experienced team of engineering professionals with backgrounds in process, chemical, mechanical, textile engineering, micro-fibre technology, wood science and cellulose chemistry. Members of this team have successfully obtained patents or been named as the inventor in relation to chemical manufacturing processes, wood and chip technology, and new products made from cellulosic materials.

In addition to technological expertise, Accsys's management team have experience ranging from very large multi-nationals to entrepreneurial start-ups. Experience includes managing fast-growing businesses as well as the construction, engineering and commissioning of new plants, operational plant management, raw materials procurement and product marketing.

Directors

Gordon Arden Campbell – (aged 63) is Non-executive Chairman.

Gordon is currently Chairman of Jupiter Second Split Trust plc and was previously Chairman of Babcock International PLC, British Nuclear Fuels plc and Chief Executive of Courtaulds plc. He was also a Vice-President of the Royal Academy of Engineering, a member of the Presidents Council of the CBI and has held a number of other Non-executive Directorships. Gordon was appointed Chairman of the Company in September 2010 following the resignation of Willy Paterson-Brown. Prior to being appointed Chairman, Gordon had been a Non-executive Director of the Company since 2005.

Paul Hugh Anthony Clegg – (aged 50) is Chief Executive Officer.

Paul, born May 1960, assumed the role of Chief Executive Officer on 1 August 2009. Paul had been a Non-executive Director of the Company since April 2009 and had been working with the Group as part of the Chairman's Office since mid-2008. Prior to this, he was Chief Executive Officer of Cowen International, after its sale by Société Générale in 2006. From 2000 to 2006, he ran SG Cowen International, part of the Société Générale Group. Paul started in investment banking in 1981 at The First Boston Corporation. Since then he has held senior positions at various investment banks including James Capel and Schroders. During this period he has gathered broad experience covering all aspects of investment banking with strong experience in growth companies.

Johannes (Hans) Catharina Hermanus Leonardus Pauli – (aged 50) is Chief Financial Officer and Chief Operating Officer.

Hans, born March 1960, was appointed Chief Financial Officer and Chief Operating Officer on 1 April 2010. Hans has a wealth of financial, investment, distribution and licensing experience, obtained in both public and private companies in a raft of sectors including biotech and banking. Hans was formerly Chief Financial Officer for OctoPlus N.V., a biotech company based in the Netherlands and listed on Euronext Amsterdam. Hans splits his time between the Company's head office in London and the Company's production and development plant in Arnhem, the Netherlands, affording the Company a Board level presence in both geographies.

Patrick Shanley – (aged 56) is a Non-executive Director.

Patrick, born April 1954, has extensive board room experience in the chemicals sector, having previously been Chief Financial Officer of Courtaulds plc and Acordis B.V. and Chief Executive Officer of Corsadi B.V. Patrick is currently Chairman of Corsadii B.V. and Cordenka Investments B.V., being the two remaining Acordis operating entities controlled by CVC Capital Partners. Patrick began his career working for British Coal where he qualified as a Chartered Management Accountant. He has a strong operational, restructuring, merger and acquisition background within a manufacturing environment.

Lord Charles Russell Sanderson of Bowden Kb.D.L. – (aged 77) is a Non-executive Director.

Russell Sanderson retired as Chairman of Clydesdale Bank PLC in June 2004, having served as its Chairman for six years and as a board member for 12 years. He was also a former member of the boards of Yorkshire Bank PLC and National Australia Bank (Europe). He served for 10 years as Chairman of Scottish Mortgage Investment Trust and was a member of the boards of Morrison Construction (1995-2000), United Auctions and Shires Investment Trust. Lord Sanderson served as Minister of State at the Scottish Office from 1987 to 1990 and as Chairman of The Scottish Conservative Party from 1990 to 1993. Lord Sanderson started his business career in the Wool Industry and was a Director of both Johnston of Elgin and Illingworth Morris PLC. He is currently Chairman of The Hawick Cashmere Co. Lord Sanderson has received Honorary Degrees from both the University of Glasgow and Edinburgh Napier University.

Advisers and consultants

Expert advisers support the Group's businesses. Each individual adviser brings relevant industry and commercial experience and contributes to developing and implementing the Group companies' business strategies. These advisers are drawn from industry, finance and advisory groups, and include:

- Ben Painter, a chemist, with extensive experience of developing and commercialising technologies;
- Professor Roger Rowell, a chemist with extensive knowledge and research experience in the field of acetylation; and
- Kurt Binder, a business development consultant to the wood and plastics industry.

Accsys Group companies also retain appropriate consultants and advisers to assist in the evaluation development and implementation of its projects and technology. These include research institutes, marketing and engineering professionals and specialists in raw materials procurement.

Senior Management

Edward Pratt – (aged 46) Head of Business Development.

Edward joined the Accsys Technologies group in 2000, becoming Chief Executive Officer in 2002 and leading the establishment of Titan Wood in 2003. In this role he oversaw the initial development of the Accsys organisation and the realisation of the Accoya[®] technology and its commercialisation. Edward has worked with timber suppliers and major wood processors around the globe, including purchasing timber supplies from Latin America, securing long-term strategic supply relationships and launching Accsys' global licensing programme. Edward stepped down from his role as Chief Executive Officer in 2007 to undergo back surgery and now leads the Group's business development team, focusing on strategic partnerships and international technology licensing. Edward previously spent nearly 14 years as a corporate financier with an affiliate of JP Morgan and brings investment evaluation, acquisition, financing and strategy development expertise to the Company.

Harold (Hal) Stebbins III – (aged 52) Sales and Relationship Management.

Hal is responsible for sales and relationship management worldwide. His career has focused on leading new technology introductions primarily in the natural resources industries. He has led international teams responsible for product development, sales, partner management, marketing and technical support. This includes 15 years at IBM that culminated as Director, Industry Solutions for process industries worldwide. His early career experience includes work at the United States Forest Service. He holds a BBA in International Marketing and graduated *summa cum laude* with an MBA in International Management from the University of New Mexico. He joined the Group in October 2007.

Michiel Maes – (aged 50) Global Projects and Business Development (Panel Products).

Michel is responsible for global projects and the development related to the Group's composite panel business. Based on his long-standing international marketing, sales and business development experience with high performance building products, Michiel joined the Group in February 2007 to start up the new panel products business area, which led to the joint development agreement with Medite. After graduating with an MBA from the University of West Georgia, USA, in 1984, he joined Hoechst Holland N.V. where he held management roles in his field within several business units. His most relevant experience was gained while managing high performance cladding products for Trespa International B.V., a global and innovative manufacturing company of decorative panels. Michel's experience also extends to working closely with partners, including in the US and China.

Angus Dodwell – (aged 34) Legal Counsel and Company Secretary

Angus is responsible for all legal matters and is Company Secretary. Angus qualified as a corporate solicitor with Ashurst Morris Crisp (now known as Ashurst LLP) in September 2002. After gaining further experience in private practice, he has since spent over four years working in-house for growth companies, advising on a broad range of corporate, commercial and other business matters. Angus also assists with Group insurance, communications and other operational matters. He joined the Group in September 2008.

William Rudge – (aged 33) Financial Controller

Will is responsible for all internal and external financial reporting and control matters including taxation. Will qualified as a chartered accountant with Deloitte in November 2002. He gained a further six years' experience in their audit and assurance department, focusing on technology companies including small growth companies and multinational groups. Will spent a year working at Cadbury plc, including as financial controller at one of their business units, before joining Accsys in January 2010. Will also assists with the Group's IT and other operational matters.

Further information on the Directors and Senior Management is set out in Part XII ("Additional Information") of this document.

10. Corporate governance

The principles set out in the Combined Code are not compulsory for companies whose shares are traded on AIM. However, the Directors recognise the importance of sound corporate governance and, as at the date of this document, the Company complies with all of the principles of the Combined Code. In addition, the Company complies with all of the principles of the QCA Corporate Governance Guidelines for AIM Companies.

As Accsys is a company incorporated under the laws of England and Wales, the Dutch Corporate Governance Code is not applicable to it.

The Directors have been briefed on their statutory duties under the Companies Act. The core duty is to act in good faith and in a way most likely to promote the success of the Company for the benefit of its members as a whole. The following principles of corporate governance apply:

- the Board has responsibility for strategy, performance and approval of major capital projects. The Board also has responsibility for the maintenance of internal control systems and for reviewing their effectiveness. All risks identified by this process have been reviewed and amended as appropriate to reflect the current market conditions;
- the Board meets at least four times a year and has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties effectively, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings;
- committees of the Board, which have adopted formalised terms of reference, have been established to deal with the day-to-day matters of the Company and specific areas of responsibility;
- a formal process has been adopted by the Board to manage Directors' conflicts of interest;
- independent advisers have been appointed by the Company;
- all Directors have direct access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense;

- all Directors are subject to re-election by Shareholders at Annual General Meetings of the Company. The Articles provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board submits to re-election at intervals of three years; and
- the Board has adopted the Model Code for share dealings by Directors and key employees contained in the Listing Rules. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by such persons.

Audit Committee and Nomination & Remuneration Committee

The Board has established a properly constituted Audit Committee and Nomination & Remuneration Committee with formally delegated duties and responsibilities.

The Audit Committee consists of Patrick Shanley (Chairman), Lord Sanderson and Gordon Campbell. The Audit Committee meets at least twice a year and is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Committee also discusses the scope of the audit and its findings and considers the appointment and fees of the external auditors. The Audit Committee believes that it is not currently appropriate for the Company to maintain an internal audit function due to its size.

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The non-audit fees are considered by the Board not to affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the period, ensuring that the value of non-audit services does not increase to a level where it could affect the auditors' objectivity and independence. The Board also receives an annual confirmation of independence from the auditors.

The Nomination and Remuneration Committee consists of Lord Sanderson (Chairman), Gordon Campbell and Patrick Shanley. The Committee's role is to consider and approve the nomination of Directors and the remuneration and benefits of the Executive Directors, including the award of share options. In framing the Company's remuneration policy, the Nomination & Remuneration Committee has given full consideration to Section B of the Combined Code.

11. Takeovers and mergers

Dutch bidding rules

On 28 October 2007, the Dutch Act implementing EU Directive 2004/25/EC of 21 April 2004 relating to public takeover bids (the "**Dutch Takeover Act**") and the rules promulgated thereunder came into force, including the Netherlands Decree on Takeover bids (*Besluit openbare biedingen Wft*). The provisions of the Dutch Takeover Act are included among other things in Chapter 5.5 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*) and are applicable to the Company as its Ordinary Shares are admitted to trading on Euronext Amsterdam, subject to certain exemptions given that the Company is not a company incorporated under the laws of the Netherlands.

In general, under these Dutch takeover provisions, it is prohibited to launch a public offer for securities that are admitted to trading on a regulated market, such as the Company's Ordinary Shares, unless an offer document has been approved by, in the case of the Company, the AFM and has subsequently been published. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the holders of the Ordinary Shares, that the Shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. The provisions in the Dutch Act on Financial Supervision regarding mandatory takeover bids, in terms of when a mandatory bid is triggered, do not apply to the Company, as the Company is not a company incorporated under the laws of the Netherlands. However, matters concerning the consideration offered and matters relating to the offer procedure are governed by the Dutch takeover provisions, also in the event of a mandatory takeover bid.

UK City Code on Takeovers and Mergers

The City Code on Takeovers and Mergers (the "**City Code**") is issued and administered by the Panel on Takeovers and Mergers (the "**Takeover Panel**"). The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers and merger transactions pursuant to the Directive on Takeover Bids (2004/25/EC). Following the implementation

of the Directive on Takeover Bids by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the City Code, which are derived from that Directive, now have a statutory basis.

The City Code applies to all takeovers and merger transactions, howsoever effected, where, among other things, the offeree company is a public company (except an open-ended investment company) which has its registered office in the United Kingdom, the Channel Islands or the Isle of Man.

However, the City Code only applies to the Company in respect of matters relating to the information to be provided to its employees and matters relating to company law (in particular the percentage of voting rights which confers control and any derogation from the obligation to launch an offer, as well as the conditions under which the Board may undertake any action which might result in the frustration of an offer). This includes Rule 9 of the City Code, under which any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with such person are interested) carry 30% or more of the voting rights of a company subject to the City Code, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by such person and any person acting in concert with that person. An offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares by the person required to make the offer or any person acting in concert with that person.

In relation to matters concerning the consideration offered (in particular the price) and matters relating to the offer procedure (in particular the information on the offeror's decision to make an offer, the contents of the offer document and the disclosure of the offer) the Dutch takeover provisions, as described above, will apply.

For the purposes of the City Code:

- “**persons acting in concert**” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company; and
- “**control**” means an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

12. Compulsory acquisition rules relating to the Ordinary Shares

Squeeze-out

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90% of the shares to which such offer related it could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless members can show that the offer value is unfair.

Sell-out

The Companies Act would also give minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

13. Disclosure of information

Euronext

The Company must make public inside information by means of a press release. Pursuant to the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*), inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in securities which has not been made public and publication of which could significantly affect the trading price of the securities. The Dutch Act on Financial Supervision contains specific rules intended to prevent insider trading.

UK Disclosure and Transparency Rules

A shareholder in a UK company whose shares are admitted to trading on AIM is required, pursuant to rule 5 of the Disclosure and Transparency Rules, to notify the company when the percentage of its voting rights he or she holds as a shareholder or is deemed to hold through his or her direct or indirect holding of financial instruments (or a combination of such holdings) reaches, exceeds or falls below 3%, 4%, 5% and each 1% threshold thereafter up to 100% as a result of an acquisition or disposal of shares or financial instruments.

In addition, as Euronext Amsterdam is a regulated market (as defined in Article 4.1(14) of EU Directive 2004/39/EC of 21 April 2004 on markets in financial instruments), Accsys must also comply with rule 3 (Transactions by persons discharging managerial responsibilities and their connected persons), rule 4 (Periodic financial reporting) and rule 6 (Continuing obligations and access to information) of the Disclosure and Transparency Rules. Rule 4 of the Disclosure and Transparency Rules requires the Company to publish its annual financial report at the latest four months after the end of each financial year and its half-yearly financial report no later than two months after the end of the period to which the report relates. The Company is also obliged to publish interim management statements.

14. Market regulation

The market regulator in the Netherlands is the AFM, insofar as the supervision of market conduct is concerned. The AFM has supervisory powers with respect to the publication of information by listed companies and the application of takeover regulations. It also supervises financial intermediaries (such as credit institutions and investment firms) and investment advisers. The AFM is also the competent authority for approving all prospectuses published for admission of securities to trading on the regulated market of Euronext Amsterdam, except for prospectuses approved in other member states of the EEA that are used in the Netherlands in accordance with applicable passporting rules. The surveillance unit of Euronext Amsterdam and the AFM supervise all trading operations.

15. Taxation

Your attention is drawn to paragraph 16 of Part XII (“Additional Information”) of this document. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser without delay.

PART VIII

FINANCIAL INFORMATION RELATING TO THE ACCSYS GROUP

Financial information relating to the Group as at and for the years ended 31 March 2008, 31 March 2009 and 31 March 2010, the six months ended 30 September 2009 and the six months ended 30 September 2010, is incorporated into this document by reference to the Group's audited statutory accounts for the years ended 31 March 2008, 31 March 2009 and 31 March 2010, and the Group's unaudited interim financial statements for the six months ended 30 September 2009 and 30 September 2010 as explained in Part XIII ("Documentation Incorporated by Reference") of this prospectus.

PART IX

OPERATING AND FINANCIAL REVIEW

Introduction

Some of the information contained in this review and elsewhere in this document includes forward-looking statements that involve risks and uncertainties. See “Forward-looking statements” on page 19 for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this document.

This review should be read in conjunction with (i) the Group’s audited financial statements for the three years ended 31 March 2010 and the Group’s unaudited interim financial statements for the six months ended 30 September 2009 and 2010, and (ii) the notes thereto explaining such financial statements, which are incorporated by reference into this document as explained in Part XIII (“Documentation Incorporated by Reference”) of this document.

Unless otherwise indicated, the selected financial information included in this Part IX has been extracted without material adjustment from the Group’s audited financial statements for the three years ended 31 March 2010. The financial information set out in this Part IX does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act.

Shareholders should read the whole of this document and the documents incorporated herein by reference and should not rely solely on the summary operating and financial information set out in this Part IX.

Principal activities and business review

During the past three years, the Group has focused on (i) the production and sales of Accoya[®], (ii) developing business relationships which will lead to the licensing of the Group’s intellectual property, (iii) further developing and improving its proprietary technology for the production of acetylated wood and (iv) the development of its acetylation technologies with potential applications in the wood and chemicals industries, including technology to modify wood chip to enable future production of a range of panel products which the Directors believe will enable such materials to become suitable for external applications for the first time.

The Group’s operations comprise three principal business units: the Accoya[®] production facility, technology development and technology licensing:

A. The Accoya[®] production facility

Located in Arnhem, the Netherlands, this is the world’s first commercial plant for the production of Accoya[®] wood. The Group designed and developed the facility drawing upon extensive experience it gained from operating a pilot plant over a period of several years. The plant provides technical validation of the processes and technology required to produce Accoya[®] commercially. Physical construction of the plant commenced in April 2006 and the first batch of Accoya[®] was produced in March 2007. During the past three years, the Group has refined its operating protocols and production processes to decrease materials consumption and increase capacity utilisation while identifying design improvements to be exploited in the engineering of the additional production capacity, which will also be incorporated in offerings to licensees.

B. Technology and process development

The Group has made excellent progress in the past three years in improving and optimising the performance of our Arnhem facility. This commercial Accoya[®] wood production facility was designed and built with a theoretical maximum annual capacity of 30,000m³. Through the efforts of our engineering, research and development, and operations teams, we have implemented fundamental process changes, for relatively low capital cost, which have resulted in the theoretical maximum annual capacity increasing to 40,000m³. This increased production ability will further increase the potential financial returns for licensees of our technology. Theoretical capacity is based upon assumptions over the dimensions of raw lumber that is being processed. In practice, when producing a broad range of dimensions, capacity is limited to lower volumes. Actual Accoya[®] production volumes have increased from an average of 329m³ per month in the six months ended 30 September 2007, to 1,455m³ per month in the six months ended 30 September 2010. We will work to continue identifying and developing ways to improve our process and plant capacity and it is expected further, more limited, improvements in capacity can be achieved without significant capital expenditure.

However, the use of part of the net proceeds of the Firm Placing and Placing and Open Offer will be required to fund the more substantial changes required to increase capacity to the levels which are expected to be required in two years time.

Progress in the development of acetylated fibre and panel products has continued and the years ended 31 March 2009 and 31 March 2010 were very successful periods for our panel products team. In March 2009, we announced the development of this technology, which is based on the acetylation of wood elements to produce high performance panels. We subsequently signed a joint development agreement with Medite to incorporate our wood acetylation technology into their existing MDF plant to supply the UK and the Republic of Ireland. In March 2010, we unveiled the world's first Medite Tricoya[®] panel at the annual Ecobuild exhibition. In September 2010, we completed a second successful commercial production trial with Medite. Progress has continued to be made to produce successfully Tricoya[®] at commercial volumes and prices.

We have devoted considerable time and resources to carrying out an extensive testing programme on alternative wood species for acetylation. Several species have been identified where acetylation results have been positive and we consider this work to be very important for those prospective licensees that want to use indigenous wood species.

C. Technology licensing

We signed our first licence agreement in the year ended 31 March 2008 with Diamond Wood. Diamond Wood has taken a licence to produce a first phase capacity of up to 150,000m³ of Accoya[®] annually and has exclusive manufacturing rights in respect of the Asian Territories and exclusive sales rights covering the Asian Territories and Japan. We began shipping Accoya[®] wood to China during the year ended 31 March 2009 as Diamond Wood built and established a market there for Accoya[®] wood in advance of the construction of its own facility.

Planning and engineering design for the first phase of construction of the Diamond Wood plant has been materially completed. There was a delay in Diamond Wood securing the necessary funding to build this first phase of the plant due to the world financial crisis and economic recession. As a result we agreed an amended licence agreement with Diamond Wood in June 2010. Under Diamond Wood's revised business plan of early 2010, the capacity of the plant to be built is significantly smaller than previously expected. As a result in the year ended March 2010, we recorded a provision of €25.5 million relating to net receivables (consisting of trade receivables, accrued income, prepayments and deferred income) relating to Diamond Wood which may no longer be recoverable.

The construction of the plant is subject to Diamond Wood securing the necessary funding. However, Diamond Wood announced in October 2010 the signing of an agreement with an Asian investor group and the subsequent imminent funding of its first Accoya[®] plant by the end of 2010. We continue to expect further positive news from Diamond Wood in this regard. Provided that the necessary funding is secured, the plant is expected to come on stream in 2012.

Our second licence agreement is with the Saudi financial group, Al Rajhi. Al Rajhi has taken a licence of 150,000m³ annual capacity and has exclusive rights in respect of the member states of the GCC. We continue to work with Al Rajhi to establish appropriate partners for operating and distribution activities.

The revenue of the Company which may be derived from such licensees falls into two broad categories; the first being revenue from licensing the Group's technology and know-how in order for such licensees to establish a facility to manufacture Accoya[®] and the second being royalty payments made by licensees based on the quantity of product sold once manufacturing has commenced.

To date, the revenue derived from both Diamond Wood and Al Rajhi relates to the first category outlined above. Neither Diamond Wood nor Al Rajhi has yet commenced manufacturing.

Discussions with other potential licensees are continuing, and there are positive signs that we are emerging from the recent economic turbulence and uncertainty as we have seen renewed interest and enthusiasm from potential licensees, and we are now in advanced discussions with one particular potential licensee. We remain confident about the long-term prospects for our Accoya[®] wood technology and our business. However, the loss of existing and/or future licensing revenues could have a material adverse effect on the Group's business, financial condition and results from operations.

Consolidated income statements

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Accoya [®] wood revenue	2,911	6,890	9,136
Licence revenue	23,124	22,705	6,688
Other revenue	1,293	1,596	899
Total revenue*	27,328	31,191	16,723
Cost of sales	(11,761)	(20,209)	(14,572)
Gross profit	15,567	10,982	2,151
Other operating costs	(11,450)	(18,292)	(17,772)
Restructuring costs	—	—	(862)
Total other operating costs	(11,450)	(18,292)	(18,634)
Other income	—	8,290	—
Impairment of licensee receivables	—	—	(25,458)
Impairment of equity investment	—	—	(10,000)
Profit / (loss) from operations	4,117	980	(51,941)
Finance income	1,328	923	18
Finance expense	—	(82)	(291)
Profit / (loss) before tax	5,445	1,821	(52,214)
Tax credit / (expense)	(1,364)	3,608	75
Profit / (loss) for the period	4,081	5,429	(52,139)

* The split of total revenue disclosed for the year ended 31 March 2008 is extracted from underlying accounting records.

Revenue

Accoya[®] wood revenue arose from the sale of Accoya[®] manufactured in our Arnhem plant to distributors and other customers around the world. Licence revenue reported arose from the licences granted to Diamond Wood and Al Rajhi. Other revenue principally relates to the sale of acetic acid.

The increase in Accoya[®] revenue over the three-year period is largely attributable to an increase in the volume of Accoya[®] sold which were 3,246m³, 7,217m³ and 8,777m³ for the years ended 2008, 2009 and 2010 respectively.

Other operating costs

The above income statements reflect an initial growth of expenditure on development and commercialisation of the Group's technologies followed by the reduction in expenditure as a result of process improvements and greater cost control. Other operating costs (excluding restructuring costs) increased from €11.5 million in the year ended 31 March 2008 to €18.3 million in the year ended 31 March 2009, and then decreased to €17.8 million in the year ended 31 March 2010. The earlier increase in other operating costs was due to an increase in staff numbers to drive sales and licensing activities on a global basis, and to develop further our technology to meet the needs of existing and potential licensees.

Total headcount, including contractors, increased from 98 at 31 March 2008 to 147 at 31 March 2009, then decreased to 120 at 31 March 2010 (of which 78 employees were located in the Netherlands, 26 in London and 16 in Dallas). Part of this headcount reduction was attributable to a restructuring exercise carried out in the year ended 31 March 2010, which resulted in one-off employee termination costs of €0.9 million.

A detailed analysis is set out below:

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Staff costs	6,454	8,578	8,681
Other operating costs	822	6,422	5,908
Depreciation of property, plant and equipment	1,447	1,572	1,609
Amortisation of intangible assets	264	264	264
Operating lease rentals	327	382	359
Fees payable to the company's auditors for the audit of the company's annual accounts	53	54	65
Fees payable to the company's auditors and its associates for other services:			
– audit of the company's subsidiaries	65	84	71
– other services pursuant to legislation	—	148	55
– tax services	1	105	34
Euronext Amsterdam listing expenses	1,252	—	—
Foreign exchange gains/(losses)	72	99	(74)
Research & Development (excluding staff costs)	693	584	800
Total other operating costs	<u>11,450</u>	<u>18,292</u>	<u>17,772</u>
Restructuring costs	—	—	(862)
Other operating costs	<u>11,450</u>	<u>18,292</u>	<u>18,634</u>

Impairment charges

In the year ended 31 March 2010, the impairment charges related to Diamond Wood. In June 2010, the Company agreed an amended licence agreement with Diamond Wood. Under Diamond Wood's revised business plan, which was adopted in early 2010, the capacity of the plant to be built in the first phase is significantly smaller than that previously expected.

As a result net receivables (consisting of trade receivables, accrued income, prepayments and deferred income) of €25.5 million relating to Diamond Wood were no longer considered to be recoverable and they were therefore provided for. This provision reflected the expected change to Diamond Wood's business plan in respect of both the timing and the total capacity of the plant that Diamond Wood may now build compared with previous expectations. The impairment included €17.2 million of net trade receivables (trade receivables, accrued income and deferred income), which was attributable to 48% of the total revenue we had recognised in respect of our previous contract with Diamond Wood to date. The remaining 52% has been received in cash.

In addition, given that the construction of the Diamond Wood plant was dependent on Diamond Wood securing the necessary funding, a provision for the impairment of the entire balance of the equity investment in Diamond Wood of €10 million was recorded. In October 2010, Diamond Wood announced the signing of an agreement with an Asian investor group in connection with the funding of the plant. In the event Diamond Wood completes the fundraising, the balance may be revalued.

Other income

Other income represents the profit generated from the early settlement of a licensing agency agreement during the year ended 31 March 2009.

Tax

The Company's subsidiaries in the Netherlands each filed claims for tax losses in the year ended 31 March 2007. In the years ended 31 March 2008, 31 March 2009, and 31 March 2010 the Company's subsidiaries in the Netherlands recorded a profit for the year. The tax losses recorded prior to 2008 and 2009 have been carried forward to offset these taxable profits.

In the years ended 31 March 2008 and 31 March 2009, the Company and its UK subsidiary recorded a profit for the year. In the year ended 31 March 2010, the Company and its subsidiary, in the UK recorded losses. The tax losses disclosed in the Company's audited accounts were carried forward and will be utilised to offset taxable profits in the future.

The Company's branch in the United States made taxable profits in the year ended 31 March 2009. In the year ended 31 March 2010, the branch was effectively replaced by a new subsidiary which also recorded taxable profits in the year.

Dividends

A maiden dividend of €1,553,000 was paid in 2009 relating to the final dividend proposed in 2008. This amounted to €0.01 per Ordinary Share at the date the dividend was paid. The Company's general dividend policy is to pay dividends at levels consistent with factors such as future earnings, financial condition, capital adequacy and liquidity. The Company does not expect to pay a dividend in respect of the current financial year.

Consolidated balance sheets

	Year ended 31 March 2008 Audited	Year ended 31 March 2009 Audited	Year ended 31 March 2010 Audited
Goodwill	4,231	4,231	4,231
Other intangible assets	3,885	3,621	3,357
Tangible assets	27,169	28,013	26,972
Available for sale investments	6,000	6,000	—
Deferred tax	—	2,630	2,644
Trade receivables	—	6,400	—
	<hr/>	<hr/>	<hr/>
Non-current assets	41,285	50,895	37,204
	<hr/>	<hr/>	<hr/>
Inventories	4,932	4,888	3,755
Trade and other receivables	5,100	42,185	8,777
Cash and cash equivalents	46,239	17,503	18,258
Less: Trade and other payables	(10,095)	(23,132)	(6,437)
	<hr/>	<hr/>	<hr/>
Net Current Assets	46,176	41,444	24,353
	<hr/>	<hr/>	<hr/>
Equity attributable to equity holders of the parent	87,461	92,339	61,557
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Goodwill

Goodwill arose on the acquisition of the former minority interest in Titan Wood Limited, which was acquired in December 2004, representing the excess of the consideration paid over the fair value of the assets acquired.

Intangible assets

These comprise intellectual properties and know-how acquired partly in 2001, relating to the acetylation of cellulose and cracking technology, and partly in 2004 and 2006, relating to the acetylation of solid wood. The carrying value of the intellectual property acquired in 2001 was fully impaired in the year ended 31 March 2007. The carrying value of the intellectual properties relating to the acetylation of wood is being amortised over the life of the patents protecting such properties.

Tangible assets

These primarily comprise the freehold land in Arnhem, together with the Group's wood modification plant, which came into service in March 2007.

Available for sale investments

The balance represents Accsys' equity interest in Diamond Wood. At 31 March 2008, we held 133,334 unlisted ordinary shares in Diamond Wood. A share split took place in the following year resulting in 13,333,400 shares being held at 31 March 2009. There was no active market in respect of

the unlisted shares, therefore at 31 March 2008 and 2009, the fair value of unlisted shares was based upon recent arm's length market transactions between knowledgeable and willing parties.

During the year ended 31 March 2010, an additional 8,333,334 unlisted ordinary shares in Diamond Wood China were purchased for €0.48 each. This brought Accsys' holding in Diamond Wood at 31 March 2010 to 21,666,734 shares, which represented a holding of 15.4% of Diamond Wood's total issued share capital. The carrying value of the investment was carried at cost less any provision for impairment, rather than at its fair value, as there is no active market for these shares, and there was significant uncertainty over the potential fundraising efforts of Diamond Wood, and as such a reliable fair value could not be calculated.

The historical cost of the unlisted shares at 31 March 2010 was €10 million. However, pending conclusion of Diamond Wood finalising its funding arrangements, a provision for the impairment of the entire balance of €10 million was recorded. Subsequent to the period end, Accsys received a letter from Diamond Wood which announced that Diamond Wood had recently signed "an agreement with an Asian investor group and the subsequent imminent funding of the first Accoya[®] factory in Asia by the end of 2010". No further details of the agreement have been made available to us. We continue to expect further positive news from Diamond Wood in this regard. Provided the necessary funding is secured, the plant is expected to come on stream in 2012. In the event Diamond Wood completes the fundraising, the balance may be revalued in future periods.

Inventories

These comprise stocks of timber and acetyls to be used to manufacture Accoya[®] wood and stocks of finished Accoya[®] wood.

Trade and other receivables

During the financial periods reported above, these balances primarily consisted of trade receivables from the sales of Accoya[®] wood and licences. Other amounts comprised mainly VAT recoverable, accrued income and pre-payments.

Cash and cash equivalents

These amounts comprise short-term money market deposits and cash at bank.

Trade and other payables

These amounts represent mainly outstanding trade creditors. Other amounts comprise mainly taxes and social security payable, accruals and deferred income.

Share capital

Details of changes in the share capital of the Company since 1 April 2007 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII ("Documentation Incorporated by Reference") of this document) are set out below:

- (i) On 15 May 2007, the Company increased its authorised share capital by €500,000 to €2,500,000 divided into 250,000,000 Ordinary Shares and 1,000,000 deferred shares of 10p each.
- (ii) On 21 May 2007, 8,115,883 Ordinary Shares were allotted at €2.72 per Ordinary Share to Celanese Chemicals Europe GmbH pursuant to a subscription and option deed.
- (iii) On 31 July 2007, 47,920 Ordinary Shares were allotted to option holders exercising their options.
- (iv) On 4 September 2007, 1,399,520 Ordinary Shares were allotted to option holders exercising their options.
- (v) On 17 September 2007, 5,000,000 Ordinary Shares were allotted at €4.10 per Ordinary Share to investors in a placing of shares.
- (vi) On 4 January 2008, 126,720 Ordinary Shares were allotted to option holders exercising their options.
- (vii) On 25 September 2008, 254,640 Ordinary Shares were allotted to option holders exercising their options.

- (viii) Following Shareholder approval at the Company's Annual General Meeting held on 14 August 2008, during the financial year ended 31 March 2009 the Company repurchased all of the 1,000,000 deferred shares of 10p each in issue.
- (ix) On 21 May 2009, 80,000 Ordinary Shares were allotted to option holders exercising their options.
- (x) On 30 June 2009, 700,000 Ordinary Shares were allotted to GEM at a price of €0.753 per Ordinary Share pursuant to the terms of a subscription agreement between, *inter alia*, the Company and GEM dated 30 March 2009.
- (xi) On 10 February 2010, 44,232,226 Ordinary Shares were allotted at €0.4865 per Ordinary Share to investors pursuant to a subscription for shares.
- (xii) As at the date of this document, the Company's issued share capital comprises 200,602,528 Ordinary Shares.

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Share Capital – Ordinary Shares	1,553	1,556	2,006
Share Capital – Deferred Shares	148	—	—
Share Premium Account	78,076	78,191	98,748
Capital redemption reserve	—	148	148
Warrant reserve	—	82	82
Merger relief reserve	106,707	106,707	106,707
Retained earnings	(99,023)	(94,345)	(146,157)
Foreign currency translation reserve	—	—	23
Equity attributable to shareholders	87,461	92,339	61,557

Merger relief reserve arising from the acquisition of Titan following the formation of Accsys Chemicals PLC in 2003 and also from the acquisition of Accsys Chemicals PLC following the formation of the Company in 2005.

Liquidity and capital resources cash flow

Consolidated cash flow

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Cash flows from operating activities before changes in working capital	6,965	3,620	(13,328)
Cash flow from changes in working capital, excluding deposits	(7,668)	(23,908)	(571)
Tax paid	—	(258)	(103)
Net cash flow from operating activities	(703)	(20,546)	(14,002)
Net cash absorbed by investing activities	(6,417)	(6,753)	(6,009)
Net cash from financing activities	42,534	(1,437)	20,761
Effect of exchange differences	—	—	5
Net increase/decrease in cash and cash equivalents	35,414	(28,736)	750

Cash flow from operating activities

The cash absorbed by operating activities reflects the commercial and development activities as the business prepared for and then commenced the operation of the production facilities, assessed market and end-use product applications, created the Accoya[®] brand and developed relationships with potential licensees.

The Group is exposed to credit risk associated with its existing licensees and future licensees. The loss of existing and/or future licensing revenues could have a material adverse effect on the Group's business, financial condition and results from operations.

The increase in cash absorbed by operating activities in the year ended 31 March 2010 compared with the preceding two years is attributable to the reduction in licence income received.

Cash flow from investing activities

The cash flow from investing activities relates primarily to capital expenditure, which is analysed below under the heading "Capital Expenditure".

Cash flow from financing activities

The cash flow from financing activities arose from share issues, net of the related costs.

In the year ended March 2008, the Company placed 8,115,883 new Ordinary Shares at a price of €2.72 each, and 5,000,000 new Ordinary Shares at a price of €4.10 each. In the year ended March 2010, 44,232,226 new Ordinary Shares were subscribed for at a price of €0.4865 each.

Cash resources

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Cash and cash equivalents	46,239	17,503	18,258
Total cash resources	<u>46,239</u>	<u>17,503</u>	<u>18,258</u>

Capital expenditure

The gross annual capital expenditure incurred on each major project during the period reviewed is analysed below:

	Year ended 31 March 2008 Audited €'000	Year ended 31 March 2009 Audited €'000	Year ended 31 March 2010 Audited €'000
Property, plant and equipment			
Freehold land	5,486	50	—
Pilot wood modification plant	26	15	5
Commercial wood modification plant	1,385	2,426	1,542
Office equipment	108	115	22
Total capital expenditure	<u>7,005</u>	<u>2,606</u>	<u>1,569</u>

Indebtedness

On 30 March 2009, the Company secured an equity line of credit for up to €20 million with GEM. This is a three-year agreement, which allows the Company to issue shares at a price per share which represents a 10% discount to the average closing price over a 15-day period prior to the draw down. Each draw down is based on the share price over a 15-day period, with GEM having the option to subscribe for between 50% and 200% of the number of shares requested by the Company. The Company controls the timing of any draw down under this credit line and is not obliged to draw on the equity line. As at the date of this document €19,472,900 remains capable of being drawn down under the credit line.

The Company also issued 3,120,000 warrants, and the warrants will be exercisable for a period of three years from the issue date at an exercise price of €1.00 each. Further details are set out in Part XII ("Additional Information").

On 30 June 2009, the Company completed the first draw down under the equity line of credit, with the issue of 700,000 ordinary shares at €0.753 per share, raising €527,100. The Company has no current intention of drawing any further sums under this credit line, or under the loan facility agreement with Zica S.A., in the 12 months following the date of this document.

Events since 31 March 2010

Operating review

Following the challenging times of the year ended 31 March 2010, we are now making good progress in respect of our longer-term objectives. Paul Clegg, who has been Chief Executive Officer for more than a year, has continued with the help of Hans Pauli, who took over as Chief Financial Officer and Chief Operating Officer in April 2010, to lead organisational and process changes throughout the Group.

These changes have enabled us to produce and sell more Accoya[®] wood than ever before from our plant in Arnhem, while we have also made significant progress in furthering several new potential licence agreements.

Accoya[®] Wood

Revenue from sales of Accoya[®] wood produced by our Arnhem plant increased by 81% to €6.5 million in the six months to 30 September 2010 compared with the same six months in the previous year. In the first quarter of the 2010/11 financial year, revenue had increased by 46% to €3.2 million compared with the equivalent quarter in the previous year, which was followed by a 130% increase to €3.3 million in the second quarter.

The increase in sales together with the process improvements has enabled us to come close to generating a positive gross margin in the six months to 30 September 2010; progress which supports our objective of making the plant break even by the end of 2011.

We have signed three further distribution, agency or supply agreements in the six months to 30 September 2010, making a total of 21 distribution, agency and supply agreements in operation. One of the new agreements has extended our geographic coverage to New Zealand which, together with the first shipments of Accoya[®] to India, continues to demonstrate our progression towards establishing Accoya[®] wood as a truly global brand.

In addition, working with our partners, we have developed new product offerings for even higher volume product markets including laminated window frames and fencing components.

Technology development

We were able to carry out another plant shut down in October 2010, carrying out further process improvements and maintenance. However the plant was operational again after only two weeks, compared with nearly two months in the previous year.

This typifies the changes and improvements that we have made over the last financial year which have also enabled us to produce a record amount of Accoya[®] over the six months to 30 September 2010 with the 8,728m³ produced being a 50% increase on the previous six months. This enabled us to increase stock levels ahead of the plant shut down in October 2010.

We are particularly pleased by the results of a recent report by the New Zealand Forest Research Institute, Scion, who carried out a five-year field test confirming that acetylated wood outperforms other naturally durable and treated species in terms of fungi resistance and decay, even in ground contact.

In September 2010, a second industrial trial of the manufacture of Tricoya[®] was successfully carried out at Medite's (our joint development partner) plant in Ireland, representing another important step towards production consistency.

Progress with licensing activity

Following the signing of a revised licence agreement with Diamond Wood in June 2010, we were pleased by Diamond Wood's announcement that it had signed an agreement with an Asian investor group and the subsequent imminent funding of its first Accoya[®] factory in Asia by the end of 2010. We continue to expect further positive news from Diamond Wood in this regard. Provided that the necessary funding is secured, the plant is expected to come on stream in 2012.

Discussions with a number of potential new licensees and strategic partners are actively underway and we remain confident that the discussions will lead to mutually beneficial arrangements, which will enable Accsys to achieve its long-term objectives.

Financial review

Statement of comprehensive income

The Group recorded revenue of €7.2 million for the six months ended 30 September 2010 (2009: €9.3 million) and a pre-tax loss of €7.6 million (2009: €8 million). Total manufacturing revenue increased by 82% to €7.2 million (2009: €4.0 million). Included within manufacturing revenue, revenue from Accoya® wood increased by 81% to €6.5 million reflecting continued increase in demand and production at our Arnhem facility. No licence income was recorded in this period (2009: €5.4 million) reflecting the delays experienced by our licensees.

Headcount decreased from 107 to 101 in the six months ending 30 September 2010 (excluding contractors), with associated restructuring costs of €0.2 million. This represents a 22% decrease from the peak headcount of 130 in March 2009. Total headcount, including contractors, has decreased from a peak of 147 in March 2009 to 114 at 30 September 2010 (of which 80 were in the Netherlands, 23 in London and 11 in the USA). Together with the impact of the restructuring in the previous year, other operating costs for the six months to September 2010 have reduced by 19% (€1.7 million) to €7.3 million compared with the same period in the previous year.

Cash flow and financial position

At 30 September 2010, the Group held cash balances of €6.6 million. The €11.6 million reduction in cash compared with 31 March 2010 is mainly attributable to the reported loss together with increases in inventory of €3.2 million and trade and other receivables of €0.8 million together with a reduction in trade and other payables of €0.6 million. The increase in inventory is attributable to the build up of stock levels ahead of the plant close down in October 2010.

As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million.

On 30 March 2009, the Company secured an equity line of credit for up to €20 million with GEM. This is a three-year agreement, which allows the Company to issue shares at a price per share which represents a 10% discount to the average closing price over a 15-day period prior to the draw down. Each draw down is based on the share price over a 15-day period, with GEM having the option to subscribe for between 50% and 200% of the number of shares requested by the Company. The Company controls the timing of any draw down under this credit line and is not obliged to draw on the equity line. As at the date of this document €19,472,900 remains capable of being drawn down under the credit line.

In addition, on 29 January 2011, the Company entered into a €400,000 loan facility with Zica S.A., which is available from the date of the Underwriting Agreement until the proceeds of the Firm Placing and Placing and Open Offer are unconditionally released to the Company (the “Closing Date”). The facility was arranged with the assistance of William Patterson-Brown, a former Director of the Company, who is a Director at Zica S.A. The Company controls the timing of any draw down under this facility and is not obliged to draw on the facility. In consideration for providing the facility, the Company has agreed to pay Zica S.A. a fee of €4,000 within three business days of the Closing Date. In the event of a draw down under the facility, a further one-off fee of €25,000 will be payable within three days of the draw down. This fee will be payable against the first draw down only.

No interest is payable on amount borrowed under the facility. As at the date of this document, no amounts had been drawn down under the facility and the full €400,000 remained available for draw down.

The Company’s existing principal sources of capital are the cash balances referred to above. The Company’s principal anticipated source of capital is the net proceeds of the Firm Placing and Placing and Open Offer. Existing and future commitments shall be met out of the Company’s existing cash balances and the net proceeds of the Firm Placing and Placing and Open Offer. As mentioned above, the Company has no current intention of drawing any further sums under the equity credit line entered into with GEM or under the loan facility agreement entered into with Zica S.A.

PART X

TERMS AND CONDITIONS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

1. Introduction

As explained in Part V (“Chairman’s Letter”), the Company is proposing to raise €28 million (net of expenses) by the issue of 200,000,000 New Ordinary Shares at the Offer Price through the Firm Placing and Placing and Open Offer.

99,698,736 New Ordinary Shares are proposed to be issued pursuant to the Firm Placing and 100,301,264 New Ordinary Shares are proposed to be issued pursuant to the Placing and Open Offer. Further details of the Firm Placing and Placing and Open Offer are set out in paragraphs 2 to 11 of this Part X.

The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate 100,301,264 Open Offer Shares *pro rata* to their current holdings at the Offer Price of €0.15.

The Conditional Placees have agreed to acquire the Open Offer Shares at the Offer Price subject to clawback in respect of valid applications by Qualifying Shareholders under the Open Offer.

The Firm Placing, Placing and Open Offer are conditional on, amongst other things, the passing of the Resolutions at the General Meeting, the Underwriting Agreement becoming unconditional and Admission.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares will together represent approximately 49.9% of the enlarged issued share capital of the Company immediately following the Firm Placing and Placing and Open Offer.

As a result of the issue of the New Ordinary Shares, the Company’s net assets will be increased by approximately €28.0 million. The issue of the New Ordinary Shares will have no effect on the Company’s earnings, save for interest earned on the net proceeds of the Firm Placing and Placing and Open Offer.

Had the Firm Placing and Placing and Open Offer completed on 30 September 2010 (being the last day of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII (“Documentation Incorporated by Reference”) of this document), the net assets of the Company would have been increased by the net proceeds of the Firm Placing and Placing and Open Offer. Neither the Firm Placing nor the Placing and Open Offer would have had any effect on earnings, save for any interest earned on the net proceeds of the Firm Placing and Placing and Open Offer.

The New Ordinary Shares will be created under the Companies Act.

2. Terms and conditions of the Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder (other than, subject to certain exceptions, Restricted Shareholders) is being given an opportunity to apply for the Open Offer Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis:

1 Open Offer Share at €0.15 each for every 2 Existing Ordinary Shares

held and registered in their name at 5:00 p.m. on 3 February 2011 (the Record Time) and so on in proportion to any other number of Existing Ordinary Shares then held.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders’ entitlement and will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 2 Existing Ordinary Shares will not be entitled to take up any Open Offer Shares but may apply for Excess Open Offer Shares under the Excess Application Facility. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements.

Provided they chose to take up their Open Offer Entitlement in full, Qualifying Shareholders may also apply for Excess Open Offer Shares, at €0.15 each, through the Excess Application Facility up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name at the Record Time. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such

applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and fractions of Excess Open Offer Shares will be rounded down to the nearest whole number. Any fractional Excess Open Offer Shares will be aggregated and sold for the benefit of the Company. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

The Offer Price represents a discount of approximately 58.9% to the Closing Price for an Ordinary Share of €0.365 on 3 February 2011 (being the latest practicable date prior to the date of this document).

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK's Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility, failing which they will be issued to Conditional Placees or, failing which, to the Underwriter subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of the Company.

The attention of Qualifying Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK or the Netherlands is drawn to Part XI ("Overseas Shareholders") which forms part of the terms and conditions of the Firm Placing and Placing and Open Offer. In particular, subject to the provisions of paragraph 1.4 of Part XI ("Overseas Shareholders"), Restricted Shareholders will not be sent this document or Application Forms and will not have their CREST stock accounts credited with Open Offer Entitlements.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Application will be made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts or credited to Qualifying Euroclear Shareholders' appropriate stock accounts with Admitted Institutions, via Euroclear Nederland. The Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be credited to CREST accounts and to Euroclear Nederland by 7 February 2011.

Application has been made for the New Ordinary Shares to be admitted to listing and trading on Euronext Amsterdam and to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on Euronext Amsterdam and on AIM at 9:00 a.m. (Central European Time) on 22 February 2011 (whereupon an announcement will be made by the Company to a Regulatory Information Service and sent to Euronext Amsterdam).

The Firm Placing and Placing and Open Offer has been fully underwritten by Numis Securities Limited. The Firm Placing and Placing and Open Offer is conditional upon:

- (A) the passing, without amendments, of the Resolutions at the General Meeting;
- (B) Admission becoming effective by not later than 9:00 a.m. (Central European Time) on 22 February 2011 (or such later time and/or date as the Company and the Underwriter may determine); and
- (C) the Underwriting Agreement otherwise having becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

In the event that these conditions are not satisfied, the Firm Placing and Placing and Open Offer will be revoked and will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter. No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 25 February 2011. After Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). The Underwriter may arrange sub-underwriting for some, all or none of the New Ordinary Shares in accordance with the terms of the Underwriting Agreement. A summary of the principal terms of the Underwriting Agreement is set out in paragraph 11 of Part XII (“Additional Information”) of this document.

The Existing Ordinary Shares are already CREST-enabled and Euroclear Nederland-enabled. No further application for admission to CREST or Euroclear Nederland is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST or Euroclear Nederland. Applications will be made for the Open Offer Entitlements to be admitted to CREST and Euroclear Nederland as participating securities. Euroclear UK requires the Company to confirm to it that certain conditions are satisfied before Euroclear UK will admit any security to CREST. As soon as practicable after the satisfaction of these conditions, the Company will confirm this to Euroclear UK. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their CREST stock accounts, or admitted to the appropriate stock accounts with Admitted Institutions via Euroclear Nederland, by 7 February 2011.

Subject to the conditions above being satisfied and save as provided in this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”), it is expected that:

- (A) SLC Registrars will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Restricted Shareholders) with such Shareholders’ CREST Open Offer Share Entitlements and Excess CREST Open Offer Entitlements, with effect from 9:00 a.m. (Central European Time) on 7 February 2011;
- (B) Qualifying Euroclear Shareholders will have their Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements credited to the appropriate stock accounts with Admitted Institutions on 7 February 2011, as soon as practicable after the Company has confirmed to Euroclear UK that all the conditions for admission of such rights to CREST have been satisfied;
- (C) New Ordinary Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their rights by 8:00 a.m. on 22 February 2011;
- (D) New Ordinary Shares in uncertificated form will be credited to the stock accounts of Admitted Institutions in respect of Qualifying Euroclear Shareholders by 9:00 a.m. (Central European Time) on 22 February 2011; and
- (E) share certificates for the New Ordinary Shares will be despatched by 25 February 2011 to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements. Such certificates will be despatched at the risk of such Qualifying Shareholders.

Qualifying Shareholders taking up their Open Offer Entitlement will be deemed to have given the representations and warranties set out in paragraph 4.7 below (in the case of Qualifying Non-CREST Shareholders), paragraph 5.10 below (in the case of Qualifying CREST Shareholders) and paragraph 6.6 below (in the case of Qualifying Euroclear Shareholders) unless, in each case, such requirement is waived by the Company. All Qualifying Shareholders taking up their rights under the Open Offer will be deemed to have given the representations and warranties set out in paragraph 2 of Part XI (“Overseas Shareholders”) of this document.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to Part XI (“Overseas Shareholders”) which forms part of the terms and conditions of the Firm Placing and Placing and Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service and Euronext Amsterdam giving details of any revised dates or times.

3. Action to be taken in connection with the Open Offer

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of his entitlement under the Open Offer or has had his Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST Stock account or to his stock account with Admitted Institutions via Euroclear Nederland in respect of such entitlement.

If you are a Qualifying Non-CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 4 and paragraphs 7 to 11 (inclusive) of this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”).

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 5 and paragraphs 7 to 11 (inclusive) of this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer Entitlements in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

If you are a Qualifying Euroclear Shareholder and you are not a Restricted Shareholder, please refer to paragraph 6 and paragraphs 7 to 11 (inclusive) of this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”).

4. Action to be taken in relation to Open Offer Shares represented by Application Forms

4.1. General

Save as provided in Part XI in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Forms sent to such persons set out:

- (A) in Box 1, on the Application Form, the number of Existing Ordinary Shares registered in such persons’ name at the Record Time (on which a Qualifying Non-CREST Shareholder’s entitlement to New Ordinary Shares is based);
- (B) in Box 2, the maximum number of Open Offer Shares for which such persons are entitled to apply under the Open Offer, taking into account that they will not be entitled to take up any fraction of a New Ordinary Share arising when their entitlement was calculated, such entitlements being aggregated and made available under the Excess Application Facility;
- (C) in Box 3, how much they would need to pay in Euro and sterling if they wish to take up their Open Offer Entitlement in full;
- (D) in Box 4, the maximum number of Excess Open Offer Shares under the Excess Application Facility. This will be equal to the number of Open Offer Shares stated in Box 2;
- (E) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (F) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. Applications by Qualifying Non-CREST Shareholders for Excess Open Offer Shares under the Excess Application Facility will be limited to a

maximum number of additional shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name as at the Record Time. Applications under the Excess Application Facility may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the number of Excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11:00 a.m. on 18 February 2011.

The New Ordinary Shares are expected to be issued on 22 February 2011. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual common term, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy.

4.2 *Bona fide* market claims

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to 8:00 a.m. on 4 February 2011 (the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3:00 p.m. on 16 February 2011.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, being 8:00 a.m. on 4 February 2011, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 5 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the United States or subject to certain limited exceptions, the Restricted Jurisdictions. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5.2 below.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 5:00 p.m. on 3 February 2011 should, if the market claim is to be settled outside CREST, complete Box 5 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction or the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5.2 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown on Box 1 of their Application Form prior to 5:00 p.m. on 3 February 2011 should, if the market claim is to be settled outside CREST, complete Box 1 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9 AD so as to be received by

11:00 a.m. on 18 February 2011. The Receiving Agent will then create new Application Forms, mark the Application Forms “Declaration of sale or transfer duly made” and send them by post to the person submitting the original Application Form.

4.3 Application procedures

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlement must return the Application Form in accordance with the instructions thereon. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to the Registrar (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11:00 a.m. on 18 February 2011, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Completed Application Forms should be returned together with a cheque or banker’s draft in Euro or sterling made payable to SLC Registrars re Accsys Technologies and crossed “A/C payee only”, for the full amount payable on acceptance, by post or by hand (during normal business hours only) to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, United Kingdom so as to be received as soon as possible and, in any event, not later than 11:00 a.m. on 18 February 2011. A reply-paid envelope for use within the UK only will be sent with the Application Form.

4.4 Payment in Euro or sterling

Qualifying Non-CREST Shareholders may pay for any New Ordinary Shares which they wish to take up under the Open Offer in either Euro or sterling. If you wish to subscribe for New Ordinary Shares in Euro, you should follow the instructions set out below.

If you wish to subscribe for New Ordinary Shares in sterling, you will be required to submit a cheque or bankers draft in accordance with the provisions below for 13.5 pence for every New Ordinary Share subscribed for. This sum is based upon an exchange rate of £1 = 1.11 Euros. This selling rate has been chosen to seek to ensure, to the extent possible, that if the payment is converted into Euro on the Closing Date, that on conversion into Euro, there will be sufficient proceeds in Euros to meet the total subscription price for the New Ordinary Shares subscribed for under the Open Offer.

SLC Registrars may present any remittance for payment on, or at any time after, receipt. At noon on 18 February 2011 (or as soon as possible thereafter), SLC Registrars will so far as necessary convert the proceeds of the remittance into Euro at the best rate then available to them via their bank, HSBC Bank plc. However, the Company reserves the right not to so convert the payment amount.

To the extent that a remittance in sterling for New Ordinary Shares would, on conversion, exceed the subscription amount required in Euro for such New Ordinary Shares, SLC Registrars will not convert the excess into Euro but, on or as soon as reasonably practicable after, 25 February 2011 will send a sterling return money cheque for the excess to the relevant Qualifying Non-CREST Shareholder without interest at the risk of the relevant Qualifying Non-CREST Shareholder. In no case, however, will a cheque for less than £5 be sent. Instead, the amount shall be retained by the Company and donated to charity.

If, however, the funds in Euro obtained on conversion are insufficient to meet the subscription price for the New Ordinary Shares which the relevant Qualifying Non-CREST Shareholder has applied to take up in the Open Offer, such Shareholder will be deemed to have applied to take up only the number of whole New Ordinary Shares for which there are sufficient funds and will therefore receive less than their full entitlement to the Open Offer Shares. The provisions of this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) will apply to any New Ordinary Shares which are deemed not to have been taken up in accordance with this section 4.4. Any Open Offer Shares which are not applied for under the Open Offer will be issued to Conditional Placees or, failing which, to the Underwriter subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of the Company.

All payments must be made by cheque or banker's draft in Euro or sterling payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only". Qualifying Non-CREST Shareholders who wish to pay in sterling should refer to this paragraph 4.4 of Part X ("Terms and Conditions of the Firm Placing and Placing and Open Offer"). Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. It is recommended that the account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Firm Placing and Placing and Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Firm Placing and Placing and Open Offer are fulfilled, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Firm Placing and Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, following the lapse of the Firm Placing and Placing and Open Offer.

If New Ordinary Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part X in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All enquires in connection with the Application Forms should be addressed to SLC Registrars on +44 (0)1372 467308. Calls will be charged at 8 pence per minute (including VAT). Other providers' costs may vary and international call charges will apply if you are calling from outside the United Kingdom.

4.5 Discretion as to validity of acceptances

If payment is not received in full by 11:00 a.m. on 18 February 2011, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, the Company may, but shall not be obliged to, treat as valid (a) Application Forms and accompanying remittances that are received through the post not later than 10:00 a.m. on 19 February 2011 (the cover bearing a legible postmark not later than 11:00 a.m. on 18 February 2011); and (b) acceptances in respect of which a remittance is received prior to 11:00 a.m. on 18 February 2011 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 10:00 a.m. on 19 February 2011 and such Application Form is lodged by that time.

The Company may also (in its absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer that appears to the

Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Ordinary Shares in a Restricted Jurisdiction or the United States.

4.6 The Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at €0.15 each through the Excess Application Facility. Qualifying Shareholders may apply for Excess Open Offer Shares up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name at the Record Time. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and fractions of Excess Open Offer Shares will be rounded down to the nearest whole number. Any fractional Excess Open Offer Shares will be aggregated and sold for the benefit of the Company. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Qualifying Non-CREST Shareholders who wish to apply for Excess Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Placing and Open Offer become unconditional and applications for Open Offer Shares exceed 100,301,264 Open Offer Shares each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Open Offer Shares applied and paid for but not allocated multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

4.7 Effect of Application

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (A) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with each of the Company and the Underwriter that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (C) confirms with each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);
- (D) confirms that in making the application he is not relying and has not relied on the Underwriter or any other person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (E) confirms to each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the

opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (F) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Open Offer and/or Excess Open Offer Entitlements or that he received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (G) requests that the Open Offer Shares and/or Excess Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the Articles of Association;
- (H) represents and warrants to the Company and the Underwriter that if he has received some or all of his Open Offer Entitlement and/or Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under this Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (I) represents and warrants to the Company and the Underwriter that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law and, (b) he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares and/or Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law, except where proof satisfactory to the Company has been provided to the Company, in respect of (a) and (b) above, that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares under the Open Offer;
- (J) represents and warrants to each of the Company, the Underwriter and the Registrar that (i) he is not in the United States, nor is he applying for the account of any person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares and/or Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Open Offer Shares and/or Excess Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares and/or Excess Open Offer Shares into the United States;
- (K) represents and warrants to each of the Company and the Underwriter that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (L) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association.

4.8 Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, SLC Registrars may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of SLC Registrars. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (the “**applicant**”), including any person who appears to SLC Registrars to be acting on behalf of some other person, shall thereby be deemed to agree to provide SLC Registrars with such information and other evidence as SLC Registrars may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to SLC Registrars such information as may be specified by SLC Registrars as being required for the purpose of the Money Laundering Regulations.

If SLC Registrars determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Firm Placing and Placing and Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. SLC Registrars is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither SLC Registrars nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, SLC Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

The verification of identity requirements will not usually apply if:

- (A) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (B) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 91/308/EEC) as amended by Directives 2001/97/EC and 2005/60/EC; or
- (C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (D) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in that directive; or
- (E) the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Underwriter from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker’s draft in Euro or sterling drawn on a branch of a bank or building society in the UK and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to SLC Registrars re Accsys Technologies and crossed “A/C payee only”. Third party cheques may not be accepted except for building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker’s draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (B) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation

Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, Japan, Mexico, Luxembourg, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to SLC Registrars and/or any relevant regulatory or investigatory authority; or

- (iii) if an Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact SLC Registrars. The telephone number of SLC Registrars is +44 (0)1372 467 308. Calls from within the UK are charged at 8 pence per minute from a BT landline. Other providers' costs may vary.

4.9 Issue of New Ordinary Shares in certificated form

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by 25 February 2011, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

5. Action to be taken in relation to Open Offer Shares in CREST

5.1 General

Save as provided in Part XI ("Overseas Shareholders") in relation to certain Restricted Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer and also an Excess Open Offer Entitlement equal to 0.5 times the number of Existing Ordinary Shares registered in their name as at the Record Time. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlement and will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Time by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 7 February 2011 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their entitlements in respect of Open Offer Shares and Excess Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of Open Offer Shares and Excess Open Offer Entitlements Shares. If you have any queries on the procedure for acceptances and payment, you should contact the Shareholder Helpline on +44 (0)1372 467308, between 9:00 a.m. and 5:00 p.m. Monday to Friday (excluding bank holidays).

In accordance with the instructions of this Section 5 the CREST instruction must have been settled by 11:00 a.m. on 18 February 2011.

5.2 *Bona fide* market claims

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and

Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the Euroclear UK's Claims Processing Unit as "cum" the Open Offer Entitlement and the Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

5.3 USE Instructions

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

5.4 Content of USE Instructions in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00B4RNVH36;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA36;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA044301;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 18 February 2011; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 18 February 2011. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction: (i) a contact name and telephone number (in the free format shared note field); and (ii) a priority of at least 80. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 18 February 2011 in order to be valid is 11:00 a.m. on that day. After 22 February 2011, the New Ordinary Shares will be registered and freely transferable in electronic form under the CREST system.

If the conditions to the Firm Placing and the Placing and Open Offer are not fulfilled at or before 11:00 a.m. on 18 February 2011, or such other time and/or date as may be agreed between the Company and Underwriter, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying

CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5.5 CREST procedures and timings

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. on 18 February 2011. In this connection, Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11:00 a.m. on 18 February 2011 will constitute a valid application under the Open Offer.

5.7 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 The Excess Application Facility

Qualifying CREST Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at €0.15 each through the Excess Application Facility. Qualifying Shareholders may apply for Excess Open Offer Shares up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares registered in their name at the Record Time. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying CREST Shareholders do not apply for their Open Offer Entitlements in full. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and fractions of Excess Open Offer Shares will be rounded down to the nearest whole number. Any fractional Excess Open Offer Shares will be aggregated and sold for the benefit of the Company. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying CREST Shareholders will be met in full or in part or at all.

5.9 Content of USE Instruction in respect of Excess Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Ordinary Shares for which application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Registrar);
- (ii) the ISIN of the Excess Open Offer Entitlements. This is GB00B4X4Y719;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (v) the participant ID of the Registrar in its capacity as a CREST receiving agent. This is 2RA32;

- (vi) the member account ID of the Registrar in its capacity as a CREST receiving agent. This is RA044302;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 18 February 2011; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 18 February in order to be valid is 11:00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Open Offer Entitlement security.

5.10 Effect of application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company and the Underwriter to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (iii) agrees with each of the Company and the Underwriter that all applications and contracts resulting therefrom, and any non-contractual obligations relating thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms that in making the application he is not relying and has not relied on the Underwriter or any other person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (vi) represents and warrants to the Company and the Underwriter that if he has received some or all of his Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that he has received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;

- (viii) represents and warrants to the Company and the Underwriter that, if he has received some or all of his Open Offer Entitlements and/or Excess from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements (if applicable) by virtue of a *bona fide* market claim;
- (ix) represents and warrants to the Company and the Underwriter that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law; and (b) he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares and/or Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company, in respect of (a) and (b) above, that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares under the Open Offer;
- (x) represents and warrants to each of the Company, the Underwriter and the Registrar that (i) he is not in the United States, nor is he applying for the account of a person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares and/or Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Open Offer Shares and/or Excess Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares and/or Excess Open Offer Shares into the United States;
- (xi) requests that the Open Offer Shares and/or Excess Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association; and
- (xii) represents and warrants to each of the Company and the Underwriter that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

5.11 Discretion as to rejection and validity of acceptances

The Company may:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in paragraph 5.10 of this Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”). Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11:00 a.m. on 18 February 2011 (or by such later time and date as the Company and the Underwriter may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.11(i), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 5.10 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
- (ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;

- (iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph 5.11(iv), the “first instruction”) as not constituting a valid acceptance if, at the time at which SLC Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or SLC Registrars has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor or Qualifying CREST Shareholder is unable validly to take up all or part of his Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by SLC Registrars in connection with CREST.

5.12 Money Laundering Regulations

If you hold your Open Offer Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, SLC Registrars is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact SLC Registrars before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of an USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company, the Underwriter and SLC Registrars to provide promptly to SLC Registrars any information SLC Registrars may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to SLC Registrars as to identity, SLC Registrars, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, SLC Registrars will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence).

5.13 Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder’s entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box 8 of their Application Form, entitled “CREST Deposit Form” and then deposit their Application Form with the CREST Courier and Sorting Service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST Courier and Sorting Service and (b) only the Open Offer

Entitlement shown in Box 2 of the Application Form and the entitlement to apply under the Excess Application Facility shown in Box 4 of the Application Form may be deposited into CREST.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box 8 must be completed or (in the case of an Application Form which has been split) marked "Declaration of sale or transfer duly made". If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 8 of your Application Form must be completed and deposited with the CREST Courier and Sorting Service in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box 8 of each Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. 18 February 2011. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Open Offer Entitlement, which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as an Open Offer Entitlement and an Excess Open Offer Entitlement in CREST, is 3.00 p.m. on 15 February 2011 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of an Open Offer Entitlement or an Excess Open Offer Entitlement from CREST is 4.30 p.m. on 14 February 2011 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility, following the deposit or withdrawal (whether as shown in an Application Form or held in CREST), to take all necessary steps in connection with applying in respect of the Open Offer Entitlement and under the Excess Application Facility or in respect of the Excess Open Offer Entitlement, as the case may be, prior to 11:00 a.m. on 18 February 2011. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and their Excess Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account or the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and SLC by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed Application Letter on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not located in, or citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, and that it/they is/are not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.14 Right to allot/issue in certificated form

Despite any other provision of this document, the Company reserves the right to allot and to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by SLC Registrars in connection with CREST.

6. Action to be taken in respect of Euroclear Open Entitlements and Excess Euroclear Open Offer Entitlements

6.1 General

If you are a Qualifying Euroclear Shareholder and not a Restricted Shareholder and hold an interest in Euroclear Shares at the Record Time, the Admitted Institution through whom you hold such interest will customarily give you details of the aggregate number of Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements to which you are entitled. If you are a Qualifying Euroclear Shareholder and not a Restricted Shareholder, you will be entitled to take up your Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements. Your Admitted Institution will supply you with this information in accordance with its usual customer relations procedures. You should contact your Admitted Institution if you are a Qualifying Euroclear Shareholder but have received no information with respect to the Firm Placing and Placing and Open Offer. The latest time and date for application and payment in full by applying Qualifying Euroclear Shareholders via their Admitted Institutions is 3:00 p.m. on 16 February 2011.

If for any reason it is impracticable to credit the stock accounts of Admitted Institutions via Euroclear Nederland by 7 February 2011 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service and send the press announcement to Euronext Amsterdam giving details of the revised dates but Qualifying Euroclear Shareholders may not receive any further written communication.

6.2 *Bona fide* market claims

The Euroclear Open Offer Entitlements and the Excess Euroclear Open Offer Entitlements will constitute a separate security for the purposes of Euroclear Nederland and CREST. Although Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements will be admitted to Euroclear Nederland and CREST and be enabled for settlement, the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements are non-tradeable and will not be listed on Euronext Amsterdam, and applications in respect of Euroclear Open Offer Entitlements and the Excess Euroclear Open Offer Entitlements may only be made by the Qualifying Euroclear Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions will not be identified by Euroclear Nederland as “cum” the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements will not generate an appropriate market claim transaction and the relevant Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements will thereafter not be transferred accordingly. Admitted Institutions are therefore responsible for the settlement of *bona fide* market claims.

6.3 Euroclear Open Offer Entitlements

Existing Ordinary Shares traded on Euronext Amsterdam are registered in the name of Euroclear Nederland. Euroclear Nederland is a CREST member and will hold legal title to the Open Offer Entitlements issued to it, for the benefit of the Qualifying Euroclear Shareholders in accordance with the Dutch Securities Giro Act. Euroclear Nederland will credit the accounts of its Admitted Institutions with the relevant number of Euroclear Open Offer Entitlements and the Admitted Institutions will credit the appropriate securities accounts of the Qualifying Euroclear Shareholders on 22 February 2011. Euroclear Nederland will, as a Qualifying CREST Shareholder, be invited to take up the Open Offer Entitlements held by it in CREST.

6.4 Application and payment

Qualifying Euroclear Shareholders should be informed by the Admitted Institutions through which they hold their Euroclear Shares of the number of New Ordinary Shares for which they are entitled to apply under the Open Offer. Any such application will be conditional on the Open Offer becoming unconditional. Qualifying Euroclear Shareholders should contact their Admitted Institutions if they have received no information in relation to their Euroclear Open Offer Entitlements or Excess Euroclear Open Offer Entitlements. If a holder of Euroclear Open Offer Entitlements wishes to apply for New Ordinary Shares under the Open Offer, he must

instruct his Admitted Institution with respect to application and payment in accordance with the procedures of that Admitted Institution, which will be responsible for instructing the Dutch Subscription Agent accordingly.

Applications and payments in Euro for New Ordinary Shares must be received by the Dutch Subscription Agent as soon as possible but in any event no later than 3:00 p.m. (Central European Time) on 16 February 2011. **The last date and/or time before which notification of exercise instructions may be validly given may be earlier, depending on the Admitted Institution through which your Open Offer Entitlements are held.** Applications under the Open Offer are, subject to the very limited withdrawal rights set out in this document, irrevocable and will not be acknowledged or confirmed

6.5 The Excess Application Facility

The Excess Application Facility enables Qualifying Euroclear Shareholders, provided they take up their Open Offer Entitlement in full, to apply for New Ordinary Shares in excess of their Open Offer Entitlements. The Dutch Subscription Agent will instruct Euroclear Nederland, as registered holder of the Existing Ordinary Shares traded on Euronext Amsterdam, to apply for Excess Euroclear Open Offer Shares on behalf of the Qualifying Euroclear Shareholders pursuant to its Excess Open Offer Entitlement up to a maximum number of Excess Open Offer Shares equal to 0.5 times the number of Existing Ordinary Shares in which they hold an interest as at the Record Time. Applications under the Excess Applications Facility shall be allocated in such a manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Euroclear Shareholders under the Excess Application Facility will be met in full or in part or at all. In addition, Qualifying Euroclear Shareholders may also be scaled back in accordance with the customary procedures of their Admitted Institutions. This scale back ratio may not be *pro rata* to the number of Excess Open Offer Shares applied for by Qualifying Euroclear Shareholders and could deviate per Admitted Institution. Qualifying Euroclear Shareholders are therefore instructed to contact their Admitted Institutions, should they have any questions regarding their scale back ratio.

6.6 Effect of Application

By applying to take up Euroclear Open Offer Entitlements and, if applicable, Euroclear Excess Open Offer Entitlements in the Open Offer, including under the Excess Application Facility, a Qualifying Euroclear Shareholder (in relation to his Admitted Institutions), also on behalf of any person he is acting for or otherwise representing, and an Admitted Institution (in relation to the Dutch Subscription Agent):

- (i) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, English law, provided that if and to the extent that (a) the provisions of the Dutch Securities Giro Act, or the procedures determined by Euroclear Nederland from time to time otherwise require, and/or (b) the applicable procedures of the Admitted Institution through which he holds his Euroclear Shares apply, the same shall be governed by the laws of the Netherlands (or, in respect of the procedures referred to in (b), any other applicable law);
- (ii) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Euroclear Open Offer Shares and/or Euroclear Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (iii) agrees with each of the Company the Underwriter and the Dutch Subscription Agent to pay the amount payable on application in accordance with the procedures by means of Euroclear Nederland payment in accordance with the Euroclear Nederland payment arrangements (it being acknowledged that the payment to the Dutch Subscription Agent's payment bank in accordance with the Euroclear Nederland payment arrangements shall, to the extent of the payment, discharge in full the obligation of the Admitted Institutions to pay the amount payable on application);
- (iv) agrees with each of the Company and the Underwriter that all applications and contracts resulting therefrom, and any non-contractual obligations relating thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;

- (v) confirms to each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (vi) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Euroclear Open Offer Entitlements and/or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and Underwriter that, if he has received some or all of his Euroclear Open Offer Entitlements and/or Excess Euroclear Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Euroclear Open Offer Entitlements and/or Excess Euroclear Open Offer Entitlements (if applicable) by virtue of a *bona fide* market claim;
- (viii) represents and warrants to each of the Company and the Underwriter that he is not, nor is he applying on behalf of any person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Euroclear Open Offer Shares or Euroclear Excess Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Euroclear Open Offer Shares and/or Euroclear Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Euroclear Open Offer Shares or Euroclear Excess Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Euroclear Open Offer Shares and/or Euroclear Excess Open Offer Shares under the Open Offer;
- (ix) represents and warrants to each of the Company, the Underwriter and the Registrar that (i) he is not in the United States, nor is he applying for the account of a person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Euroclear Open Offer Shares and/or Euroclear Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Euroclear Open Offer Shares and/or Excess Euroclear Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Euroclear Open Offer Shares and/or Euroclear Excess Open Offer Shares into the United States;
- (x) represents and warrants to each of the Company and the Underwriter that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (xi) confirms to each of the Company and the Underwriter that he is or is representing the Qualifying Shareholder of the Euroclear Open Offer Entitlements and Euroclear Excess Open Offer Entitlements used to apply for New Ordinary Shares and that he is acting in accordance with relevant securities laws; and
- (xii) requests that the New Ordinary Shares to which he will become entitled be credited to his securities account with an Admitted Institution on the terms set out in this document, subject to the association and Articles of Association of the Company.

All questions concerning the timelines, validity and form of instruction and payment to the Admitted Institution of a Qualifying Euroclear Shareholder in relation to the application for New Ordinary

Shares will be determined by such Admitted Institution in accordance with its usual terms of business or as it otherwise notifies to such Qualifying Euroclear Shareholder.

Any Qualifying Euroclear Shareholder who does not wish to take up his entitlement under the Open Offer should not make an application. The Company reserves the right to treat an application as valid and binding on the person(s) by whom or on whose behalf it is made, even if it is not made in accordance with the relevant instructions and is not accompanied by the required payment or verification of identity satisfactory to the Company to ensure that the Money Laundering Regulations would not be breached by acceptance of the payment submitted in connection with the application.

6.7 Dutch Subscription Agent

ABN AMRO Bank N.V. will act as Dutch Subscription Agent for the receipt of subscriptions for the New Ordinary Shares through the exercise of Euroclear Open Offer Entitlements and Euroclear Excess Open Offer Entitlements via the Excess Application Facility. The Admitted Institution through which you hold your Euroclear Open Offer Entitlements and your Excess Open Offer Entitlements will be responsible for collecting exercise instructions from you and for informing the Dutch Subscription Agent of your subscription in a timely manner.

6.8 Listing Agent

ABN AMRO Bank N.V. is the Listing Agent with respect to the New Ordinary Shares on Euronext Amsterdam.

7. Taxation

Information on taxation in the United Kingdom with regard to the Firm Placing and Placing and Open Offer is set out in paragraph 16 of Part XII (“Additional Information”) of this document. The information contained in paragraph 16 of Part XII (“Additional Information”) is intended only as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders in the United Kingdom should consult their own tax advisers regarding the tax treatment of the Firm Placing and Placing and Open Offer in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

8. Withdrawal rights

Qualifying Shareholders wishing to exercise the withdrawal rights under section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal which shall not include a notice sent by facsimile or any other form of electronic communication, which must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder the participant ID and the member account ID of such Qualifying CREST Shareholder with SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, United Kingdom, so as to be received no later than two business days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by SLC Registrars after expiry of such period will not constitute a valid withdrawal. Furthermore, based on advice received, it is the Company’s view that Qualifying Shareholders who have validly taken up their entitlements in accordance with the procedure laid down for acceptance and payment in this Part X shall not be entitled to withdraw any such acceptance. In such circumstances, any such accepting Qualifying Shareholder, or renounee, wishing to withdraw is advised to seek independent legal advice. Persons may also have withdrawal rights on the basis of Article 5.23 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and are advised to seek independent legal advice in the event that a prospectus supplementing this document is published.

9. Times and dates

The Company shall in its discretion be entitled to amend the dates that Application Forms are despatched or dealings in New Ordinary Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall announce such amendment via a Regulatory Information Service and/or Euronext Amsterdam, if appropriate, notify Shareholders.

10. Governing law

The terms and conditions of the Firm Placing and Placing and Open Offer as set out in this document and the Application Form shall be governed by, and construed in accordance with, the laws of England and Wales.

11. Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual which may arise out of or in connection with the Firm Placing and Placing and Open Offer, this document and the Application Form. By accepting entitlements under the Firm Placing and Placing and Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART XI

OVERSEAS SHAREHOLDERS

1. Overseas Shareholders

This document has been approved by the FSA, being the competent authority in the UK. The Company has requested the FSA to certify to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) that this document is a prospectus drawn up in accordance with the Prospectus Rules.

Accordingly, the making of the Open Offer to persons located or resident in, or who are citizens of, or who have a registered address, in countries other than the UK or Netherlands, may be affected by the law or regulatory requirements of the relevant jurisdiction.

1.1 General

The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult with their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company, the Underwriter, or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Forms relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK and the Netherlands. It is the responsibility of all persons outside the UK and/or the Netherlands receiving this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or to a stock account with an Admitted Institution via Euroclear Nederland and wishing to accept the offer of New Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

The Company, the Underwriter and their respective representatives have not made and are not making any representations to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

This paragraph 1 sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the UK or the Netherlands, who are citizens or residents of countries other than the UK or the Netherlands, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the UK or the Netherlands, or who hold Ordinary Shares for the account or benefit of any such person. New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including all Restricted Shareholders. However, Application Forms have not been, and will not be, sent to, and Open Offer Shares will not be credited to CREST accounts of, Restricted Shareholders, or to their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in such jurisdiction.

Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or to a stock account with an Admitted Institution via Euroclear Nederland will not constitute an offer in or into a Restricted Jurisdiction or the United States and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or an Admitted Institution via Euroclear Nederland in any territory other than the UK or the Netherlands may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form or deal with Open Offer Entitlements and Excess Open Offer Entitlements in

CREST or Euroclear Nederland unless, in the relevant territory, such an invitation or offer could lawfully be made to him and the Application Form or Open Offer Entitlements and Excess Open Offer Entitlements in CREST or Euroclear Nederland could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons receiving a copy of this document and/or an Application Form or whose stock account in CREST and/or via Euroclear Nederland is credited with Open Offer Entitlements and Excess Open Offer Entitlements should not, in connection with the Firm Placing and Placing and Open Offer, distribute or send the same in or into, or transfer Open Offer Entitlements and Excess Open Offer Entitlements to any person in or into any Restricted Jurisdiction or the United States. If an Application Form or credit of Open Offer Entitlements and Excess Open Offer Entitlements in CREST and/or in Euroclear Nederland is received by any person in any Restricted Jurisdiction or the United States, or by their agent or nominee in any such territory, he must not seek to take up the entitlements referred to in the Application Form or in this document or renounce the Application Form or transfer the Open Offer Entitlements and Excess Open Offer Entitlements in CREST unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or an Application Form into any such territories (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 1 of this Part XI ("Overseas Shareholders").

Subject to this paragraph 1 of this Part XI, any person (including, without limitation, nominees, agents and trustees) outside the UK or Netherlands wishing to take up his entitlements under the Firm Placing and Placing and Open Offer (or to do so on behalf of someone else) must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 1 of this Part XI are intended as a general guide only and any Qualifying Shareholder who is in doubt as to his position should consult his own independent professional adviser without delay.

The Company may treat as invalid any acceptance or purported acceptance of the offer of the Open Offer Entitlements and Excess Open Offer Entitlements which appears to the Company or their respective agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares, or, in the case of a credit of New Ordinary Shares in CREST, or via Euroclear Nederland, the Qualifying Shareholder's registered address is in a Restricted Jurisdiction or the United States, or if the Company believes or their respective agents believe that the same may violate applicable legal or regulatory requirements. The attention of Restricted Shareholders and Qualifying Shareholders holding shares on behalf of persons with addresses in Restricted Jurisdictions or the United States is drawn to this paragraph 1 of this Part XI ("Overseas Shareholders").

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to take up his entitlements if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Qualifying Shareholder to be sent an Application Form if he is a Qualifying Non-CREST Shareholder or, if he is a Qualifying CREST Shareholder, arrange for the CREST Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to the relevant CREST stock account, or if he is a Qualifying Euroclear Shareholder, arrange for the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlement to be credited to his stock account with an Admitted Institution via Euroclear Nederland.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4, 5 and 6 of Part X ("Terms and Conditions of the Firm Placing and Placing and Open Offer").

The provisions of paragraph 5 of Part X ("Terms and Conditions of the Firm Placing and Placing and Open Offer") will apply generally to Restricted Shareholders and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them.

1.2 United States

None of the Firm Placing and Placing and Open Offer or New Ordinary Shares has been nor will they be registered under the US Securities Act, any US state security laws, or with any securities

regulatory authority of any US State or other jurisdiction in the United States and, as set out below, are being offered and sold only outside the United States in offshore transactions in reliance on the exemptions from registration provided by Regulation S promulgated under the US Securities Act.

Except as otherwise agreed by the Company in writing, each person who subscribes for the New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer will be deemed to have represented, agreed and acknowledged as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (i) it is acquiring the New Ordinary Shares in an offshore transaction in accordance with Rule 903 under the US Securities Act;
- (ii) it is aware that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States; and
- (iii) the Company will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements.

1.3 Switzerland

This document does not constitute a prospectus within the meaning of Art. 652a of the Swiss Code of Obligations. The New Ordinary Shares may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland except in a manner which will not result in a public offering within the meaning of the Swiss Code of Obligations. None of this Prospectus, any Application Form, or any other offering materials relating to the Company, the Open Offer Entitlements and Excess Open Offer Entitlements or the New Ordinary Shares may be distributed, published or otherwise made available in Switzerland except in a manner which would not constitute a public offer in Switzerland.

1.4 Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Restricted Shareholders) and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the stock accounts of Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, any country other than a Restricted Jurisdiction or the United States. No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into any of the Restricted Jurisdictions or the United States. Qualifying Shareholders in jurisdictions other than those specified above may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Firm Placing and Placing and Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom or the Netherlands should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and Excess Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

EEA States (other than the UK)

In relation to EEA States which have implemented the Prospectus Directive (except for the UK), (each, a “relevant member state”), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”), no New Ordinary Shares have been offered or will be offered pursuant to the Firm Placing and Placing and Open Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Ordinary Shares may be made to the public in that relevant member state at any time:

- (A) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (B) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts;

- (C) to fewer than 100 natural or legal persons (other than qualified persons as defined in the Prospectus Directive); or
- (D) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any New Ordinary Shares to the public” in relation to any New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Firm Placing and Placing and Open Offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The Company has requested the FSA to certify to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) that this document is a prospectus drawn up in accordance with the Prospectus Rules.

2. Representations and warranties relating to overseas territories

2.1 Qualifying Non-CREST Shareholders

Any person accepting an Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s use of the Application Form will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting Application Form from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the US or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address of any Restricted Jurisdiction or the United States for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representation and warranty required by this paragraph.

2.2 Qualifying CREST Shareholders

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 5 of Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he is not within any of the Restricted Jurisdictions or the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or a Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate

any applicable legal or regulatory requirement; or (b) purports to exclude the representation and warranty required by this paragraph.

2.3 Qualifying Euroclear Shareholders

A Qualifying Euroclear Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 6 of Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he is not within any of the Restricted Jurisdictions or the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

2.4 Waiver

The provisions of this paragraph 2 and paragraph 1 and of any other terms of the Firm Placing and Placing and Open Offer relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 2 and paragraph 1 which refer to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 2 and paragraph 1 shall apply jointly to each of them.

2.5 Payment

All payments must be made in the manner set out in paragraphs 4, 5 and 6 of Part X (“Terms and Conditions of the Firm Placing and Placing and Open Offer”) (as applicable).

PART XII

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and principal functions appear on page 22 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company

- (a) The Company was incorporated in England and Wales on 11 August 2005 under the 1985 Act (with registered number 5534340) as a public company limited by shares with an authorised share capital of €2,000,000 divided into 200,000,000 ordinary shares of €0.01 each and £100,000 divided into 1,000,000 deferred shares of 10p each.
- (b) The Company's registered office and principal place of business is at Kensington Centre, 66 Hammersmith Road, London W14 8UD and its telephone number is +44 (0) 20 8150 8835.
- (c) The principal legislation under which the Company operates, and pursuant to which the New Ordinary Shares will be created, is the Companies Act and regulations thereunder.

3. Share capital

- (a) As at 30 September 2010, the Company's issued share capital was €2,006,025.28 comprising 200,602,528 Ordinary Shares of €0.01 each. Since 30 September 2010, and as at the date of this document, there have been no changes to the share capital of the company. Each Existing Ordinary Share is credited as fully paid. Following Admission, the Company's enlarged issued share capital will comprise approximately 400,602,528 shares of €0.01 each. As at the date of this document, the Company held no shares in treasury.
- (b) Details of changes in the share capital of the Company since 1 April 2007 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII ("Documentation Incorporated by Reference")) of this document) are set out in the paragraph entitled 'Share capital' on page 60 of this document. Save as set out in that paragraph, there have been no changes in the issued share capital of the Company since 1 April 2007.
- (c) On 30 June 2009, the Company allotted 700,000 Ordinary Shares to GEM at a price of €0.753 per Ordinary Share pursuant to the terms of a subscription agreement dated 30 March 2009 between, *inter alia*, the Company and GEM. In connection with this agreement, the Company has issued:
 - (i) to GEM warrants to subscribe for 3,000,000 Ordinary Shares at a price of €1 per Ordinary Share, exercisable for a period of three years from 30 June 2009. The subscription price of €1 per Ordinary Share will be adjusted to take account of the Firm Placing and Placing and Open Offer in accordance with the terms and conditions of the warrants. Further details are set out in paragraph 11(e) of this Part XII; and
 - (ii) to Montrose Partners LLP warrants to subscribe for 120,000 Ordinary Shares at a price of €1 per Ordinary Share, exercisable for a period of three years from 30 June 2009. The subscription price of €1 per Ordinary Share will be adjusted to take account of the Firm Placing and Placing and Open Offer in accordance with the terms and conditions of the warrants.
- (d) Save out in the section headed "Indebtedness" of Part IX ("Operating and Financial Review") and in this Part XII ("Additional Information"), since 1 April 2007 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII ("Documentation Incorporated by Reference")):
 - (i) no share or loan capital of the Company has been issued or is now proposed to be issued fully or partly paid for cash or otherwise; and

- (ii) neither the Company nor any of its subsidiaries has granted any options over its share or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such option.
- (e) The Directors were generally and unconditionally authorised at the Annual General Meeting of the Company held on 27 July 2010 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of €668,675 and in respect of equity securities (as defined in section 560 (1) of the Companies Act) up to a maximum nominal amount of €1,076,625.36 in connection with an offer by way of rights issue, such authority to expire at the Annual General Meeting of the Company in 2011 or 15 months after 27 July 2010, whichever is the earlier.
- (f) Section 561 of the Companies Act (which, to the extent not disappplied, confers on Shareholders statutory rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) applies to the Company. The subsisting authority to disapply statutory pre-emption rights conferred on the Directors pursuant to section 570 of the Companies Act at the Annual General Meeting of the Company held on 27 July 2010 provided the Directors with authority to disapply pre-emption rights in respect of shares representing an aggregate nominal amount of €200,602.53.

4. Resolutions, authorisations and approvals relating to the Firm Placing and the Placing and Open Offer

In summary, the Resolutions to be proposed at the General Meeting seek the approval of Shareholders to:

- (a) authorise the Directors generally and unconditionally to allot shares in the Company and to grant rights to subscribe for or covert any security into shares in the Company up to a nominal amount of €2,000,000; and
- (b) to authorise the Board to disapply pre-emption rights in respect of shares issued up to a nominal amount of €2,000,000.

These authorities are required for the purpose of issuing the New Ordinary Shares. Save as set out in paragraph 8(h) of this Part XII and pursuant to the Firm Placing and Placing and Open Offer, the Directors have no present intention of issuing any further Ordinary Shares.

5. Subsidiaries

The Company is the holding company of the following wholly-owned subsidiary undertakings:

Name	Activity	Date of incorporation	Country of incorporation
Titan Wood B.V.	Production, sales and marketing of Accoya®	18 June 2003	the Netherlands
Titan Wood Limited	Licensing, brand and market development	17 April 2003	England and Wales
Titan Wood Technology B.V. (formerly International Chemical Company B.V.)	Research and Development	11 December 2000	the Netherlands
Titan Wood Inc.	Sales and marketing of Accoya® in North America	19 November 2009	United States

6. Articles of Association

The Company has no statement of objects in its Articles of Association and accordingly its objects are unrestricted in accordance with the provisions of the Companies Act.

The following is a summary of the Company's Articles of Association, which are available for inspection at the address specified in paragraph 19 of this Part XII.

Articles of Association

The Company's Articles of Association (the "**Articles**"), which were adopted on 14 August 2008 and amended by special resolution of Shareholders on 27 July 2010, contain provisions, among others, to the following effect:

(a) ***Voting***

Subject to paragraph (e) below, and to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every Shareholder present in person or by representative or proxy shall have one vote for every Ordinary Share in the capital of the Company held by him. A proxy need not be a Shareholder.

Where there are joint holders of a share, any one of them may vote at a meeting either personally or by proxy in respect of the share as if they were solely entitled to it, but if more than one joint holder is present, that one of them whose name appears first in the register of members in respect of the share shall alone be entitled to vote, to the exclusion of the votes of the other joint holders.

(b) ***Transfer***

A Shareholder may transfer all or any of his shares (i) in the case of certificated shares, by instrument in writing in any usual or common form and (ii) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may (only in exceptional circumstances approved by the London Stock Exchange) refuse registration of the transfer of a certificated share provided the exercise of such powers does not disturb the market.

The Directors may refuse to register a transfer of an uncertificated share in any circumstances permitted by the CREST Regulations, the CREST Rules or the AIM Rules for Companies. The Directors may, in their absolute discretion and without giving any reason, refuse to register a transfer of shares which are not fully paid. In relation to a certificated share, the Directors may decline to register any instrument of transfer unless (i) the instrument of transfer, duly stamped, is deposited at the Company's registered office or such other place as the Directors may appoint accompanied by the certificate of the shares to which it relates; (ii) it is in respect of one class of share only; and (iii) is in favour of not more than four joint holders as transferees.

(c) ***Dividends***

The Company may by ordinary resolution in general meeting declare dividends to Shareholders provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay such interim dividends on shares of any class as appear to the Directors to be justified by the profits of the Company.

The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the Shareholders in accordance with their respective rights and priorities.

No unpaid dividend, bonus or interest shall bear interest as against the Company.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years after they became due for payment shall, unless the Directors otherwise resolve, be forfeited and shall revert to the Company.

There is no fixed date on which an entitlement to dividend arises.

(d) ***Liquidation***

Subject to any special rights attaching to any class of shares, on a winding-up, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Companies Act and subject to any special rights attaching to any class of shares, shall be applied in repaying to the Shareholders of the Company the amounts paid up on the shares

held by them. A liquidator may, with the authority of an extraordinary resolution of the Company, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

(e) ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such member has been duly served with notice under section 793 of the Companies Act and is in default in supplying to the Company, within 14 days provided that the holding represents at least 0.25% of the relevant class of shares and 28 days where the holding represents less than 0.25% of the relevant class of shares, the information thereby required then the sanctions available are the suspension of voting rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of a shareholding representing at least 0.25% of the relevant class of shares, the withholding of payment of any dividends on, and such member shall not be entitled to transfer such shares otherwise than pursuant to an arm's length sale.

(f) ***Share Capital***

The Shareholders shall have the right to participate in all dividends declared, to attend and vote at general meetings of the Company and to receive all monies and property falling to be distributed on a winding up or other return of capital.

(g) ***Modification of rights***

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of such holders. The quorum at any such separate meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one sixth of the issued shares of the relevant class and at an adjourned meeting those persons present shall constitute a quorum.

(h) ***Pre-emption rights***

There are no rights of pre-emption under the Articles of Association in respect of transfers of shares. In certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company (save to the extent not previously disapplied by Shareholders). These statutory pre-emption rights would require the Company to offer new shares for allotment for cash to existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to Shareholders of the Company.

Sections 974 to 991 of the Companies Act contain provisions, which apply in certain circumstances to require and entitle persons making a take-over offer for the shares in the Company and who acquire 90% or more of the shares to which such offer relates (if all other conditions of that offer have been satisfied or waived) to acquire, and for the holders of shares in the Company to be entitled and required to sell, the shares held by the non-acceptors of that offer, in each case on a mandatory basis and on the same terms as the takeover offer.

(i) ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (both present and future), including its uncalled capital and, subject to any applicable law, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

(j) **Directors**

Directors' remuneration

The Directors shall be paid such remuneration as the Company may from time to time by ordinary resolution determine.

Management by Directors

The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by any statute or by the Articles of Association required to be exercised by the Company in general meeting. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company is interested shall be carried on by or through one or more subsidiaries. They may, on behalf of the Company, make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business or for financing, assisting or subsidising any subsidiary or guaranteeing its contracts, obligations or liabilities.

Meetings of Directors

Subject to the Articles of Association, the Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Notice of a meeting shall be given to a Director by word of mouth or sent in writing (which includes electronic communication) to him at his last known postal address or any other address given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may request the Board of Directors that notice of a meeting shall during his absence be sent in writing to him at his last known postal address or any other address given by him to the Company for this purpose or for the purpose, but in the absence of any such request it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retrospective.

The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions exercisable by the Directors.

Voting of Directors

Save as specifically provided in the Articles of Association, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or any other proposal in which he is to his knowledge, directly or indirectly materially interested. If he does, his vote shall not be counted.

A Director is entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters:

- the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;
- any proposal concerning an offer of securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is to be interested as a participant in the underwriting or sub-underwriting thereof;
- any proposal concerning any other body corporate in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him) does not have an interest (as the term is used in Part VI of the Companies Act) in 1%, or more of the issued equity share capital of any class of such body corporate or in the voting rights available to members of the relevant company;

- any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangements relates; and
- any proposal concerning insurance that the Company purports to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or place of profit with the Company or any company in which the Company is interested, a separate resolution may be put in relation to each Director. In such case each of the Directors concerned (if not debarred from voting as described above) is entitled to vote (and will be counted in the quorum) in respect of such resolution except that concerning his own appointment.

(k) ***Annual general meetings and extraordinary general meetings***

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year and at such time and place as may be determined by the Directors, provided that it shall be held within six months beginning with the day following its accounting reference date.

The Directors may convene an extraordinary general meeting whenever they think fit, and shall on requisition in accordance with the Companies Act proceed to convene an extraordinary general meeting. Whenever the Directors shall convene an extraordinary general meeting on the requisition of Shareholders, they shall convene such meeting for a date not more than six (6) weeks after the date of the notice convening the meeting. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum any Director or any two Shareholders of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

Twenty one (21) clear days' notice in respect of any annual general meeting and fourteen (14) clear days' notice in respect of every other extraordinary general meeting shall be given to all members (other than those who, under the provisions of the Articles or otherwise, are not entitled to receive notices from the Company) and to the Directors and the auditors for the time being of the Company, but the accidental omission to give such notice to, or the non-receipt of such notice by, any member or Director or the auditors shall not invalidate any resolution passed or any proceeding at such meeting.

Every notice calling a general meeting shall specify the place, the day and the hour of the meeting and in the case of special business, the nature of such business and shall also state with reasonable prominence that a member entitled to attend and vote at the meeting, may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company. In the case of a meeting convened for passing a special or extraordinary resolution, the notice shall also specify the intention to propose the resolution as a special or extraordinary resolution as the case may be.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two (2) members present in person or by proxy and entitled to vote at that meeting shall be a quorum for all purposes. If within half an hour from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of the members shall be dissolved. In any other case, it shall stand adjourned to such other day (being not less than 10 clear days after the original meeting), at such time and place as the Chairman may determine.

7. Share options

On 14 August 2008, the Company adopted the 2008 Share Option Scheme, which superseded the 2005 Share Option Scheme in respect of all grants of options by the Company after that date. Options granted prior to 14 August 2008 continue to be governed by the rules of the 2005 Share Option Scheme. Outstanding options and awards granted under the 2008 Share Option Scheme and the 2005 Share Option Scheme will be adjusted to take account of the Firm Placing and Placing and Open Offer in accordance with the rules of the relevant Share Option Scheme. The principal provisions of the 2008 Share Option Scheme are as follows:

Eligibility

Options to acquire Ordinary Shares may be granted (at the discretion of the Board) to individuals who have been employees of any company within the Group for at least six months or an Executive Director of any Group company.

Performance targets

The exercise of an option may be made subject to the achievement of any performance targets set and deemed by the Board to be appropriate.

Exercise of options

An option is exercisable (in whole or in part) provided that:

- (i) exercise is not before any vesting date or period stated on the option certificate;
- (ii) the Board deems that any applicable performance targets have been fulfilled;
- (iii) exercise is before the option lapses, being prior to the tenth anniversary of the date of grant; and
- (iv) exercise is permitted under the Model Code, the AIM Rules for Companies or any other comparable code or rules that then apply to the Company.

Options may also be exercised:

- (i) upon death, by an option holder's legal personal representative, at any time during such period as determined by the Board, being no earlier than 12 months following the date of death and no later than the 10th anniversary of the date of grant;
- (ii) if the Board considers there will or might be a change in control of the Company, in which case the Board may in its absolute discretion declare that all outstanding options be exercised within a certain period; and
- (iii) within 40 days of a resolution approving the liquidation of the Company.

Size of scheme

The maximum number of new Ordinary Shares in respect of which the Company can grant options within a ten year period pursuant to the 2008 Share Option Scheme or grant options or award Ordinary Shares under any other employee incentive scheme shall not exceed 10% of the issued Ordinary Share capital of the Company for the time being. Any options which have lapsed or been surrendered are excluded from this limit.

Price

Options must be granted at a subscription price per Ordinary Share that is not less than the greater of the nominal value of an Ordinary Share or the market value of an Ordinary Share on the date of grant.

Non-transferability of options

Save in the case of death, options granted are not transferable or assignable.

Variation of share capital

The number and/or class of shares and the subscription price of shares subject to an option may be varied by the Board in the event of a reorganisation of capital subject to an opinion of the auditors of the Company that the variations are fair and reasonable.

Alterations

The Board shall administer the 2008 Share Option Scheme. The Board may from time to time amend the rules of the 2008 Share Option Scheme provided that no amendment may be made which would materially affect the existing rights of an option holder unless it has been approved by a majority of option holders and no amendment may be made to certain key features of the 2008 Share Option Scheme which is to the advantage of existing or future option holders except with the consent of the Company.

As at 2 February (being the latest practicable date prior to the publication of this document), options have been granted, and remain unexercised, under the Share Option Schemes to the Executive Directors to subscribe for an aggregate of 4,681,998 Ordinary Shares and to 70 other

employees (including the Senior Managers, whose options are described at page 101 below) or ex-employees of the Group to subscribe for a further 9,715,534 Ordinary Shares, as set out below:

Date of grant	Number of Ordinary Shares	Exercise price per share	Expiry date
14.11.05	1,651,200	€0.46	30.3.15
14.06.06	8,000	€1.20	14.6.16
28.3.07	2,446,667	€2.59	31.3.17
15.5.07	666,66700	€3.84	15.5.17
11.10.07	1,000,000	€3.80	11.10.17
20.11.07	337,000	€3.65	20.11.17
18.6.08	295,000	€2.80	18.6.18
8.12.08	941,000	€1.38	8.12.18
19.11.09	1,805,343	€0.50	19.11.19
1.4.10	718,173	€0.46	1.4.20
27.7.10	4,528,482	€0.34	27.7.20

Options granted on 14 November 2005 and on 14 June 2006 are now vested as any and all performance conditions have been met. The options can be exercised up until the date of expiry.

Options granted on 28 March 2007 and 15 May 2007 vest as to one third of the options granted upon achievement of each of the following:

- cumulative €5 million licence income recognised under Group accounting policies;
- cumulative €20 million revenue from sales of Accoya®; and
- announcement of annual Group distributable earnings exceeding €5 million.

Options granted on 11 October 2007 vest as to one third of the options granted upon achievement of each of the following:

- cumulative €75 million gross licence revenue recognised under Group accounting policies;
- cumulative €15 million revenue from sales of Accoya®; and
- announcement of annual Group distributable earnings exceeding €15 million.

Options granted on 20 November 2007 vest as to one third of the options granted upon achievement of each of the following:

- annual Accoya® production exceeds 23,000m³ in a financial year;
- annual Accoya® sales revenue exceeds €26 million in a financial year; and
- the second pair of reactors in the wood modification plant are processing more than 25 batches per month.

Options granted on 18 June 2008 vest as to one third of the options granted upon achievement of each of the following:

- announcement of audited annual Accoya® sales revenue exceeds €20 million in a financial year;
- announcement of audited annual Group distributable earnings exceeding €15 million; and
- announcement of audited cumulative €75 million gross licence revenue recognised under Group accounting policies.

Options granted on 8 December 2008 vest as to one third of the options granted upon achievement of each of the following:

- announcement of audited annual Accoya® sales revenue exceeds €20 million in a financial year;
- announcement of audited annual Group distributable earnings exceeding €15 million; and
- announcement of audited cumulative €75 million gross licence revenue recognised under Group accounting policies.

Options granted on 19 November 2009, 1 April 2010 and 27 July 2010 vest from the third anniversary of the date of grant and in the following amounts upon achievement of the following:

- 30% on achieving median Total Shareholder Return; and

- the balance on achieving upper quartile Total Shareholder Return.

8. Directors' and other interests

- (a) In addition to taking up their respective entitlements under the Open Offer, the Directors have agreed to subscribe for Firm Placing Shares at the Offer Price as follows:

Director	Number of Firm Placing Shares
Gordon Campbell	23,333
Paul Clegg	279,445
Hans Pauli	200,000
Patrick Shanley	166,666
Lord Sanderson of Bowden Kb.D.L.	14,119

- (b) The beneficial interests of the Directors in the Ordinary Shares, including their interests in any New Ordinary Shares subscribed for under the Open Offer, the Firm Placing and pursuant to paragraph 8(h) below, as at 2 February (being the latest practicable date prior to the publication of this document) and as they are expected to be on Admission are set out below:

Director	As at 2 February		As at Admission	
	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital⁽¹⁾
Gordon Campbell	100,000	0.06	173,333	0.04
Paul Clegg	41,110	0.02	1,091,110	0.27
Hans Pauli	—	—	700,000	0.17
Patrick Shanley	—	—	166,666	0.04
Lord Sanderson of Bowden Kb.D.L.	1,095	0.0005	15,761	0.004

- (c) Certain of the Senior Managers have agreed to subscribe for Firm Placing Shares at the Offer Price as follows:

Senior Manager	Number of Firm Placing Shares
Michiel Maes	6,666
Edward Pratt	300,000

- (d) The beneficial interests of the Senior Managers in the Ordinary Shares, including their interest in any New Ordinary Shares subscribed for under the Open Offer, the Firm Placing and pursuant to paragraph 8(h) below, as at 2 February (being the latest practicable date prior to the publication of this document) and as they are expected to be on Admission are set out below.

Senior Manager	As at 2 February		As at Admission	
	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital⁽¹⁾
Angus Dodwell	—	—	250,000	0.06
Michiel Maes	2,056	0.001	259,750	0.06
Edward Pratt	—	—	550,000	0.14
William Rudge	—	—	250,000	0.06
Hal Stebbins	4,111	0.002	254,111	0.06

1. Based on the number of Ordinary Shares in issue immediately following completion of the Firm Placing and Placing and Open Offer, but excluding the 2,500,000 Ordinary Shares to be issued to the Executive Directors and Senior Managers at the date of Admission (please see paragraph 8(h) of this Part XII for more detail).

- (e) In addition, options over the Ordinary Shares have been granted to certain of the Directors and the Senior Managers under the Company's Share Option Scheme (all of which options were granted for no consideration) and remain exercisable as at 2 February (being the latest practicable date prior to the publication of this document) as set out below:

Director	Date(s) of grant	Number of Ordinary Shares	Exercise price per share	Date(s) of expiry
Paul Clegg	19.11.09	1,805,343	€0.50	19.11.19
	27.07.10	2,158,482	€0.34	27.07.20
Hans Pauli	01.04.10	718,173	€0.46	01.04.20

Senior Manager	Date(s) of grant	Number of Ordinary Shares	Exercise price per share	Date(s) of expiry
Michiel Maes	20.11.07	40,000	€3.65	20.11.17
	27.07.10	400,000	€0.34	27.07.20
Hal Stebbins	18.06.08	40,000	€2.80	18.06.18
	27.07.10	400,000	€0.34	27.07.20
Edward Pratt	28.03.07	1,000,000	€2.59	28.03.17
	27.07.10	150,000	€0.34	27.07.20
William Rudge	27.07.10	150,000	€0.34	27.07.20
Angus Dodwell	27.07.10	150,000	€0.34	27.07.20

The basis on which these options have vested or will vest is set out in paragraph 7 of this Part XII.

- (f) Pursuant to an agreement dated 2 September 2009 between Paul Clegg and the Company, in addition to the options granted to Mr Clegg on 19 November 2009 and 27 July 2010, the Company has agreed to grant to him options over an additional 1% of the Ordinary Shares on a fully diluted basis in accordance with the rules of the Share Option Scheme at an exercise price set by reference to the prevailing market price of the Ordinary Shares at the time of grant.
- (g) Pursuant to an agreement dated 1 April 2010 between Hans Pauli and the Company, in addition to the options granted to Mr Pauli on 1 April 2010, the Company has agreed to grant to him options over an additional 0.333% of the Ordinary Shares on each of 1 April 2011 and 1 April 2012 on a fully diluted basis in accordance with the rules of the current Share Option Scheme at an exercise price set by reference to the prevailing market price of the Ordinary Shares at the time of grant provided that Mr Pauli remains an employee of the Company.
- (h) In connection with employee remuneration and incentivisation arrangements, and in respect of the period from 31 March 2010 to 31 December 2010, the nomination and remuneration committee of the Company have resolved to issue 2,500,000 Ordinary Shares in aggregate to an Employee Benefit Trust, the beneficiaries of which shall be the Executive Directors and Senior Managers as follows:

	Ordinary Shares
Paul Clegg	750,000
Hans Pauli	500,000
Angus Dodwell	250,000
Michiel Maes	250,000
Edward Pratt	250,000
William Rudge	250,000
Hal Stebbins	250,000

Such Ordinary Shares shall vest if the employees remain in employment with the Company to the vesting date, being 31 December 2011 (subject to certain other provisions including good-leaver, take-over and committee discretion provisions). Such Ordinary Shares shall be issued as

at the date of Admission and the interests of the Executive Directors and Senior Managers are included at paragraphs 8(b) (in respect of the Executive Directors) and 8(d) (in respect of Senior Managers) above.

- (i) Save as disclosed in this Part XII, none of the Directors nor the Senior Managers nor any member of their immediate families holds, or is legally or beneficially interested, directly or indirectly, in any shares or options in the Company.
- (j) At 2 February (being the latest practicable date prior to the publication of this document), the Company had been notified by the following entities of their interests in the total voting rights of the Company:

	Notified number of voting rights	% of voting rights
Saad Investments Company Limited	15,820,000	7.89
OP-Fund Management Company Limited	14,905,690	7.43
Oak Foundation USA Inc./Oak Holdings Ltd	11,555,855	5.76
FIL Limited (formerly known as Fidelity International Limited)	10,020,892	4.99
Al Rajhi W.L.L.	8,030,152	4.00

- (k) None of the Company's major Shareholders has any different voting rights.
- (l) No person involved in the Firm Placing and Placing and Open Offer has an interest which is material to the Firm Placing and Placing and Open Offer.
- (m) As at 2 February (being the latest practicable date prior to the publication of this document), the Company was not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.
- (n) As at 2 February (being the latest practicable date prior to the publication of this document), the Company was not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- (o) The Directors hold or have held in the past five years the following directorships in companies in addition to their directorships of the Company and past or current members of the Group and are or have been a partner of any of the following partnerships in the past five years:

Director	Current directorships/partnerships	Past directorships/partnerships
Gordon Campbell	Jupiter Second Split Trust PLC JSST Securities Limited	ITI Scotland Limited British Nuclear Group Sellafeld Limited British Nuclear Fuels plc Babcock International PLC Babcock Africa (Proprietary) Limited HSS Hire Service Holdings Limited Jupiter Split Trust PLC Senior plc
Paul Clegg	Clegg Enterprises Limited Synairgen PLC	Cowen International Limited Cowen Asset Management International Limited
Hans Pauli	Dordtwijck I B.V. Med Science II B.V. BAC B.V.	Octoplus N.V.
Patrick Shanley	Corsadii B.V. Cordenka Investments B.V. Cordenka GmbH Derwent Cogeneration Limited	Linpac Group Limited Corsadi B.V. Novaceta UK Limited Acordis B.V.
Lord Sanderson of Bowden Kb.D.L	Hawick Cashmere Company Limited	Develica I LLP Develica Deutschland Limited

- (p) The Senior Managers hold or have held in the past five years the following directorships in companies in addition to their directorships of the Company and are or have been a partner of the following partnerships in the past five years:

Senior Manager	Current directorships/partnerships	Past directorships/partnerships
Michiel Maes	—	—
Hal Stebbins	—	—
Edward Pratt	IE13 Services Limited Lifebeat Alford House	—
William Rudge	—	—
Angus Dodwell	—	—

- (q) At the date of this document none of the Directors nor the Senior Managers:
- (i) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (ii) has had any unspent conviction in relation to indictable offences;
 - (iii) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years;
 - (iv) has been bankrupt or entered into an individual voluntary arrangement;
 - (v) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) nor has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
 - (vi) has had his assets the subject of any receivership or has been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or
 - (vii) was a director, a member of the administrative or supervisory bodies or a senior manager of any company at the time of, or within 12 months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement of such company or any composition or arrangement with that company's creditors generally or with any class of creditors.
- (r) In respect of any Director or Senior Manager, there are no potential conflicts of interest between any duties they may have to the Company and their private interests and/or other duties they may have in addition.
- (s) There is no arrangement or understanding with any major shareholder, customer, supplier or other person, pursuant to which any of the Directors or Senior Managers was elected as a member of the Board of Directors or member of the senior management.

9 Directors' and Senior Managers' terms of service

- (a) The Directors have, in the case of the Executive Directors, entered into service agreements or agreements for services and, in the case of Non-executive Directors, letters of appointment, as follows:

Director	Date of original appointment as a Director	Annual remuneration	Notice period	Contracting company
Gordon Campbell	03.10.05	€75,000	3 months	Accsys
Paul Clegg	29.04.09	£239,700	12 months	Accsys
Hans Pauli	01.04.10	€86,600	3 months	Accsys
	01.04.10	€113,333.33	1 month	Titan Wood
Patrick Shanley	18.11.10	€35,000	3 months	B.V. Accsys
Lord Sanderson of Bowden Kb.D.L.	16.08.07	€35,000	1 month	Accsys

Each of the Non-executive Directors has a letter of appointment with Accsys in respect of his appointment to office as a Director of Accsys.

- (b) Save as disclosed above, there are no service agreements existing or proposed between the Directors and the Company or any of its subsidiaries which provide for benefits upon termination of the relevant Director's employment with the Group.
- (c) The aggregate emoluments (including any contingent or deferred compensation) including remuneration and benefits in kind of the Directors and senior managers for the financial year ended 31 March 2010 were €2,009,717 and in the case of the Directors and senior managers on an individual basis were (in Euro):

Director	Salary/Fee	Bonus	Pension	Other benefits ¹	Loss of Office	Total
Willy Paterson-Brown ²	270,969	56,000	—	10,112	—	337,081
Paul Clegg ³	222,056	94,000	6,498	19,038	—	341,592
Kevin Wood ⁹	170,992	—	10,306	802	—	182,100
Gordon Campbell	32,520	—	—	—	—	32,520
Tom Priday ⁴	30,027	—	—	—	—	30,027
Tim Paterson-Brown ⁴	27,515	—	—	—	—	27,515
Lord Sanderson	32,520	—	—	—	—	32,520
Finlay Morrison ⁵	75,750	—	3,787	1,092	384,018	464,647

Senior Manager	Salary/Fee	Bonus	Pension	Other benefits	Loss of Office	Total
Rombout Van Herwijnen ⁶	141,333	—	13,353	—	—	154,686
Adrian Wyn-Griffiths ⁷	125,987	—	12,605	2,216	—	140,808
Stuart Greenfield ⁸	63,000	—	—	—	—	63,000
Michiel Maes	94,444	—	—	—	—	94,444
Hal Stebbins	102,650	—	4,694	1,433	—	108,777
Angus Dodwell ¹⁰	—	—	—	—	—	—
William Rudge ¹⁰	—	—	—	—	—	—
Edward Pratt ¹⁰	—	—	—	—	—	—

Notes:

- 1 Other Benefits comprise the provision of health, life insurance benefits and any accommodation benefit.
- 2 Willy Paterson-Brown resigned as a Non-executive Director on 30 September 2010.
- 3 Paul Clegg was appointed as a Non-executive Director on 29 April 2009 and became Chief Executive Officer on 1 August 2009.
- 4 Tom Priday and Tim Paterson-Brown resigned as Non-executive Directors on 31 March 2010.
- 5 Finlay Morrison resigned as a Director on 20 July 2009.
- 6 Rombout Van Herwijnen's contract ended on 1 June 2010.
- 7 Adrian Wyn-Griffiths resigned on 13 August 2010.
- 8 Stuart Greenfield was appointed as Director of Marketing on 30 October 2009 and resigned on 18 February 2010.
- 9 Kevin Wood resigned as Director on 18 November 2010.
- 10 Angus Dodwell, William Rudge and Edward Pratt were appointed as Senior Managers on 11 August 2010.

- (d) Under the arrangements currently in force, the aggregate contractual remuneration (including any contingent or deferred compensation) and benefits in kind of the Directors for the financial year ending 31 March 2011 is expected to be approximately €588,957.70.
- (e) No amount has been set aside or accrued for by the Company and its subsidiaries to provide pension, retirement or similar benefits.

10. Related party transactions

A description of the material provisions of agreements and other documents between the Group and various individuals and entities that may be deemed to be related parties is given on page 53 of the Group's 2010 Annual Report and financial statements; on page 43 of the Group's 2009 Annual Report and financial statements; on page 40 of the Group's 2008 Annual Report and financial statements and on page 11 of the Group's Interim results for the six months ended 30 September 2010, which are incorporated by reference into this document as explained in Part XIII ("Documentation Incorporated by Reference") of this document.

In addition, on 29 January 2011, the Company entered into a €400,000 loan facility with Zica S.A., which is available from the date of the Underwriting Agreement until the proceeds of the Firm Placing and Placing and Open Offer are unconditionally released to the Company (the “Closing Date”). The facility was arranged with the assistance of William Patterson-Brown, a former Director of the Company, who is a Director at Zica S.A. The Company controls the timing of any drawn down under this facility and is not obliged to draw on the facility. In consideration for providing the facility, the Company has agreed to pay Zica S.A. a fee of €4,000 within the business days of the Closing Date. In the event of a draw down under the facility, a further one-off fee of €25,000 will be payable within three days of the draw down. This fee will be payable against the first draw down only.

No interest is payable on amount borrowed under the facility. As at the date of this document, no amounts had been drawn down under the facility and the full €400,000 remained available for draw down.

Save as aforesaid, no such transactions have been entered into by any member of the Group in the period since 30 September 2010 to 2 February 2011 (being the latest practicable date prior to the publication of this document).

11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) are all the contracts which have been entered into by members of the Group within the two years immediately preceding the date of this document, which are, or may be, material to the Group or are contracts (not being contracts entered into in the ordinary course of business) which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) Underwriting Agreement

The Company and Matrix and Numis have entered into the Underwriting Agreement, dated 4 February 2011, pursuant to which Matrix and Numis have severally agreed to use reasonable endeavours to procure subscribers at the Offer Price for the Firm Placing Shares and, subject to clawback to satisfy valid acceptances under the Open Offer, the Open Offer Shares.

Numis has agreed to subscribe or procure subscribers at the Offer Price for (i) any Firm Placed Shares in respect of which Firm Placees are not found or payment is not received from Firm Placees, and (ii) any Open Offer Shares in respect of which valid applications and payment are not received from Qualifying Shareholders in accordance with the terms of the Open Offer and in respect of which Conditional Placees are not found or payment from Conditional Placees is not received.

In consideration of services provided by Matrix and Numis under the Underwriting Agreement, the Company has agreed to pay Numis a success fee of 3%, and Matrix a success fee of 1.5%, of the gross proceeds of the Firm Placing and Placing and Open Offer on completion of the Firm Placing and Placing and Open Offer. In addition, a placing commission is payable of 0.5% of the aggregate value at the Offer Price in respect of the Open Offer Shares conditionally allocated to each Conditional Placee, Matrix and Numis will also be reimbursed for their costs and expenses properly incurred.

The obligations of Matrix and Numis under the Underwriting Agreement are conditional upon, amongst other things:

- (i) the passing of the Resolutions at the General Meeting without material amendment;
- (ii) neither of Matrix or Numis having terminated the agreement prior to Admission; and
- (iii) Admission becoming effective not later than 9.00 a.m. (Central European Time) on 22 February 2011 (or such later time and/or date, being not later than 8 March 2011, as the Company and the Matrix and Numis may agree).

Either Matrix or Numis can terminate the Underwriting Agreement at any time prior to Admission if, amongst other things:

- (i) the representations and warranties given by the Company were untrue, inaccurate or misleading when given or have ceased to be true or accurate or have become misleading, in each case to an extent which it considers in its sole judgement (acting in good faith) is material in the context of the Group (taken as a whole) or the Firm Placing and Placing and Open Offer;
- (ii) the Company fails to comply with any of its obligations under the Underwriting Agreement to an extent which it considers in its sole judgement (acting in good faith) is material in the context of the Group (taken as a whole) or the Firm Placing and Placing and Open Offer;
- (iii) in their opinion (acting in good faith) a material adverse change occurs, or a development occurs that is reasonably likely to cause a material adverse change, affecting the Company; or
- (iv) in their opinion (acting in good faith) (a) there has been a material adverse change in the financial markets, any outbreaks or escalation of hostilities, any act of terrorism or war or other calamity or crisis or any change or development involving a prospective change in the national or international political, financial or economic conditions or exchange controls, exchange rates or exchange controls; (b) trading in any securities of the Company, or trading in securities generally, is suspended or limited on the London Stock Exchange or Euronext Amsterdam or maximum or minimum prices for trading are fixed, (c) a material disruption occurs in commercial banking or securities settlement or clearance services in the United Kingdom or the EEA, or (d) a banking moratorium is declared by the United Kingdom or an EEA State, the effect of which (singly or together) is such as to make it impracticable, inappropriate or inadvisable to proceed with the Firm Placing and Placing and Open Offer, or the underwriting of the New Ordinary Shares.

After Admission, the Underwriting Agreement will not be subject to any condition or right of termination or rescission.

The Company has given customary representations, warranties and indemnities to the Matrix and Numis in the Underwriting Agreement.

- (b) Subscription agreements dated 7 December 2009 between (1) the Company and (2) the 2009 Subscribers pursuant to which the 2009 Subscribers agreed to subscribe for 34,744,133 Ordinary Shares at a price of €0.4865 per Ordinary Share. The 2009 Subscription Agreements contained certain customary warranties by the Company in favour of the 2009 Subscribers. Further to the agreements, the subscriptions are now fully paid up.
- (c) A subscription agreement dated 11 December 2007 between (1) Diamond Wood China Limited and (2) Titan pursuant to which the Company agreed to subscribe for 133,334 ordinary shares of €1 each in the share capital of Diamond Wood at a price of €45 per share. After the subscription, the share capital of Diamond Wood has been sub-divided resulting in 13,333,400 shares being held by the Company pursuant to this subscription. The share subscription is now fully paid up.
- (d) A subscription agreement dated 9 April 2009 between (1) Diamond Wood China Limited and (2) the Company pursuant to which the Company agreed to subscribe for 8,333,334 ordinary shares of €0.01 each in the share capital of Diamond Wood at a price of €0.48 per share. Further to the agreement, the subscription is now fully paid up.
- (e) A subscription agreement dated 30 March 2009 (as varied on 30 June 2009) between (1) GEM, (2) GEM Investment Advisors, Inc. (“**GEMIA**”) and (3) the Company pursuant to which GEM granted the Company the right to require GEM to subscribe, in one or more tranches, for Ordinary Shares up to an aggregate subscription price (if more than one tranche) of €20,000,000. The mechanics of the subscription and the price at which GEM subscribe for each share under the agreement is summarised below:
 - (i) the Company may serve written notice (the “**Notice**”) specifying the number of shares it wishes GEM to subscribe for (the “**Draw Down Amount**”) and a price below which the Company shall not be obliged to issue Ordinary Shares pursuant to a Notice (the “**Floor Price**”);

- (ii) a 15 trading day period (the “**Pricing Period**”) follows the date on which the Notice is received by GEM;
- (iii) at or before 9:00 a.m. (London time) on the first trading day immediately following the Pricing Period, GEM shall deliver to the Company a closing notice stating the exact number of Ordinary Shares it wishes to subscribe for and the applicable subscription price, which shall in aggregate be deposited into escrow (the “**Closing Notice**”). In the case of the first subscription, GEM is required to subscribe for at least 50% and may elect to subscribe for up to 100% of the “**Pricing Period Obligation**”. The Pricing Period Obligation is the Draw Down Amount divided by 15 and multiplied by the number of trading days during the Pricing Period which are not “**Knockout Days**”. Knockout Days are any trading days during a Pricing Period (a) on which an amount equal to 90% of the closing bid price is less than the Floor Price or are days when Ordinary Shares are not traded on AIM, or (b) in the case of the first subscription, if and when the Company serves notice decreasing the Floor Price. In the case of subsequent subscriptions, GEM is required to subscribe for at least 50% and may elect to subscribe for up to 200% of the Pricing Period Obligation, provided that total subscriptions shall not exceed €20,000,000; and
- (iv) subject to the Company issuing the Ordinary Shares notified under the Closing Notice and such Ordinary Shares being admitted to AIM within four trading days of the Closing Notice, the subscription monies are to be released to the Company.

Pursuant to the agreement and service of a first Notice, the Company issued to GEM 700,000 Ordinary Shares on 30 June 2009 at a subscription price of €0.753 per Ordinary Share.

In consideration of GEMIA procuring subscriptions pursuant to the agreement, the Company was obliged to pay to GEMIA a fee of €200,000 in accordance with the terms of the agreement. Of this, €21,084 has been paid, with the balance payable on or before 30 March 2012.

In further satisfaction of the terms of the agreement, the Company executed a warrant instrument in favour of GEM on 30 June 2009 (the “**GEM Warrant Instrument**”) and issued to GEM warrants entitling GEM to subscribe for up to 3,000,000 Ordinary Shares at a price of €1 per Ordinary Share (such price being subject to adjustment where there is an alteration to the share capital of the Company including the issue by the Company of equity securities and the making of a capital distribution to the existing Shareholders of the Company), at any time prior to 30 June 2012, being the third anniversary of the date of issue of the warrants.

The subscription agreement expires on the later of (a) the earlier of 30 March 2012 or the date that GEM has subscribed for Ordinary Shares with an aggregate subscription price of €20,000,000 (excluding any Ordinary Shares subscribed pursuant to any warrant) and (b) so far as the agreement relates to the GEM Warrant Instrument, the earlier of expiry of the exercise period thereunder and the date on which all the warrants thereunder have been exercised.

- (f) The GEM Warrant Instrument, executed by the Company on 30 June 2009 in favour of GEM, as described above in paragraph 11(e) above.
- (g) A convertible loan agreement dated 29 July 2009 (as amended on 9 October 2009 and 4 November 2009) between (1) Veritas (2) the Company pursuant to which Veritas advanced to the Company an aggregate loan amount of €4,000,000 (the “**Loan**”), less arrangement and underwriting fees totalling €240,000. The Loan converted into Ordinary Shares (the “**Conversion**”) on the completion of the 2009 Subscription at a Conversion price of €0.4865.

12. Working capital

For the purposes of the Prospectus Rules, the Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the loan facility agreement with Zica S.A., the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.

For the purposes of the AIM Rules for Companies, in the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the loan facility agreement with Zica S.A., the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least 12 months from the date of Admission.

13. Significant change

Total revenue for the three months to 31 December 2010 was €2.5 million, a decrease of 39% from €4.1 million in the same quarter of the previous year. The equivalent quarter in the previous year included licence income of €1.3 million and sales of Accoya[®] to Diamond Wood of €1.1 million, which were not repeated in the current year. Diamond Wood has postponed existing orders for Accoya[®] until later in 2011 when it expects to have completed its fundraising which it had previously announced, on 18 October 2010, would be complete by the end of 2010.

Cash balances decreased from €6.6 million at 30 September 2010 to €2.2 million as at 31 December 2010. As at 2 February 2011, being the latest practicable date prior to publication of this document, the Group had cash balances of approximately €2 million.

Save as described in the previous two paragraphs in this section 13 of this Part XII there has been no significant change in the financial or trading position of the Group since 30 September 2010, the date to which the Company's last unaudited consolidated interim financial statements incorporated into this document by reference, as explained in Part XIII ("Documentation Incorporated by Reference"), are prepared.

14. Governmental, legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any which were pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or Group.

15. Principal establishments

15.1 Titan Wood B.V. has leased a number of buildings at Industriepark Kleefse Waard, Westervoortsedijk, Arnhem. The annual rent for the principal building of €317,722.52 is subject to annual indexation by the Dutch Consumer Price Index and the lease term in respect thereof runs until 30 June 2015.

15.2 Titan has the use of office accommodation at Kensington Centre, 66 Hammersmith Road, London W14 8UD under a licence to occupy. The annual licence fee of £57,115.56 is subject to review in December of each year.

15.3 Titan Wood Inc. has leased premises at 5000 Quorum Drive, Suite 620, Dallas, Texas 75254, USA. The annual rent is \$115,956 and the lease term runs to 31 December 2014, after which it may be extended.

16. Taxation

16.1 The following information is intended only as a general guide to current UK tax legislation and to what is understood to be the current practice of HM Revenue & Customs and may not apply to certain classes of Shareholders, such as dealers in securities, or to Shareholders who are not absolute beneficial owners of their Ordinary Shares. Any person who is in any doubt as to their tax position, or is subject to tax in any jurisdiction other than the UK, should consult their professional adviser without delay.

(a) Dividends

Under current UK tax legislation, no tax is withheld from dividends paid by the Company. UK tax resident individual Shareholders will be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend. The tax credit therefore equals 10% of the combined amount of the dividend and the tax credit. Liability to UK income tax is calculated on the sum of the dividend and the tax credit. The tax credit will satisfy a UK tax resident individual Shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend.

UK tax resident individual Shareholders who are subject to tax at the higher rate will have to account for additional income tax. The special rate of income tax set for higher rate tax payers who receive dividends is 32.5% after taking account of the 10% tax credit, such tax payers would have to account for additional income tax of 22.5% on the amount of the dividend and tax credit. With effect from 6 April 2010 a new 42.5% rate of tax applies to dividend income to the extent that a Shareholder's income for tax purposes exceeds £150,000. After taking account of the 10% tax credit, such tax payers would have to

account for additional income tax of 32.5% on the amount of the dividend and tax credit. In determining what tax rates apply to a UK tax resident individual Shareholder, dividend income is treated as the top slice of income.

A Shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim payment of the tax credit (or part of it) in cash from HM Revenue & Customs.

A UK resident corporate Shareholder (including authorised unit trusts and open-ended investment companies) and pension funds will generally not be liable to UK corporation tax on any dividend received and will not be entitled to payment in cash of a tax credit. Legislation has recently been enacted that has made significant changes to the corporation tax treatment of dividends. Shareholders within the charge to corporation tax should consult their own professional advisers.

Shareholders not resident (for tax purposes) in the UK and who do not carry on a trade, profession or vocation in the UK through a branch, agency or permanent establishment through which their Ordinary Shares are held are generally not taxed in the UK on dividends received by them but may be subject to foreign tax on the dividend received. The entitlement of such Shareholders to claim repayment of any part of a tax credit will depend, in general, on the existence and terms of any double tax convention between the UK and the country in which the Shareholder is resident. Shareholders who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

(b) UK taxation of chargeable gains arising on sale or other disposal

A sale of Ordinary Shares by a Shareholder resident, or in the case of an individual, ordinarily resident, in the UK may, depending on the Shareholder's circumstances, and subject to any available exemptions, allowances or reliefs, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains. Special rules apply to disposals by individuals at a time when they are temporarily non-resident or ordinarily resident in the UK.

A disposal of Ordinary Shares by a non-UK resident Shareholder may, in certain circumstances, also give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains (subject to their particular circumstances and any available exemptions, allowances or reliefs). For example, if they carry on a trade, profession or vocation in the UK through a branch or agency or, in the case of a company, if it carries on a trade through a permanent establishment in the UK, and they have used, held or acquired Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment.

(c) Stamp duty and SDRT

No stamp duty or SDRT is ordinarily payable on the New Ordinary Shares to be issued by the Company.

However, Qualifying Shareholders who wish to take up their Open Offer Entitlements should note that the New Ordinary Shares subscribed for and/or purchased by them under the Open Offer will only be delivered into the accounts of such Qualifying Shareholders (or their nominees) in the clearance system operated by Euroclear Nederland.

Under current legislation, SDRT will generally be payable at the rate of 1.5% of the aggregate value of the Offer Price of the New Ordinary Shares so delivered. However, following a decision in 2009 of the European Court of Justice ("ECJ") under which it was found that this charge is not compatible with EU law, HM Revenue & Customs ("HMRC") publicly indicated that it will not seek to apply the 1.5% stamp duty or SDRT when new shares are first issued to an EU clearance service or depositary receipt system. Relief is generally available for subsequent transfers between clearance services or depositary receipt systems. However, anti-avoidance measures have been introduced by HMRC which remove this exemption where companies and depositary receipt issuers arrange a scheme under which new shares are issued to an EU clearance service or depositary receipt system without the payment of 1.5% stamp duty or SDRT and the

shares are subsequently transferred to a depository receipt system or clearance service outside the EU. These anti-avoidance measures have effect for all relevant transfers made on or after 1 October 2009.

Accordingly, on the basis that the New Ordinary Shares are first issued to an EU clearance service or depository receipt system, provided there is no subsequent transfer to a non-EU clearance service or depository receipt system, no SDRT should be payable. However, if this is not the case, the Qualifying Shareholder will be liable to pay SDRT at a rate of 1.5% of the aggregate value of the Offer Price of the New Ordinary Shares allotted to them, in addition to the aggregate Offer Price for such New Ordinary Shares.

Following completion of the Open Offer and subject to applicable exemptions and reliefs and subject as set out below, in particular under the heading 'Ordinary Shares deposited with Euroclear Nederland', a subsequent conveyance or transfer on sale of Ordinary Shares will generally be subject to *ad valorem* stamp duty, at the rate of 0.5%, rounded-up if necessary to the nearest multiple of £5, of the amount or value of the consideration paid where this is over £1,000. In practice, stamp duty is normally paid by the purchaser. A charge to SDRT at the rate of 0.5% of the amount or value of the consideration paid for Ordinary Shares will generally arise in relation to an unconditional agreement to transfer Ordinary Shares. However, if within six years of the date of agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and that instrument is duly stamped, this will cancel, or give rise to a repayment in respect of, the SDRT liability. SDRT is specifically the liability of the purchaser.

Where Ordinary Shares are transferred to a clearance system or a depository receipt system, as mentioned above, following the ECJ decision, HMRC will not seek to charge the 1.5% SDRT of the value of the Ordinary Shares.

Clearance systems may opt under section 97A of the Finance Act 1986, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5% of the consideration paid) to apply to issues or transfers of Ordinary Shares into, and to transactions within, such systems instead of the higher rate of 1.5% generally applying to an issue or transfer of Ordinary Shares into the clearance system and the exemption from stamp duty and SDRT on transfer of Ordinary Shares whilst in the clearance system.

Certain categories of persons are not liable to stamp duty or SDRT and others may be liable to a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Ordinary Shares held through CREST

No stamp duty or SDRT will arise on the issue of Ordinary Shares into CREST, save to the extent that the Ordinary Shares are issued to the CREST account of, or of a nominee for, a depository receipt system or the CREST account of, or of a nominee for, a clearance system which has not made an election under section 97A of the Finance Act 1986. Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the system.

Ordinary Shares deposited with Euroclear Nederland

It is understood that Euroclear Nederland is a clearance system for stamp duty purposes and has not made an election under section 97A Finance Act 1986. If following completion of the Open Offer, a holder of Ordinary Shares chooses to deliver its Ordinary Shares into Euroclear Nederland, as mentioned above, following the ECJ decision, HMRC will not seek to charge the 1.5% SDRT of the value of the Ordinary Shares.

No SDRT should be payable on any transfers or agreements to transfer Ordinary Shares within Euroclear Nederland.

The above statements are intended as a general guide to the current stamp duty and SDRT position. In view of the recent changes and as that issue is currently under review by HMRC, we recommend that formal advice in relation to the stamp duty and SDRT position on transfers of shares into and between clearance services or depositary receipt systems is obtained at the time of the relevant transfers.

16.2 *Dutch taxation*

General

The information set out below is a general summary of certain Dutch tax consequences in connection with the acquisition, ownership and transfer of the Ordinary Shares. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of the Ordinary Shares, and this summary is not intended to be applicable in respect of all categories of holders of Ordinary Shares. The summary is based upon the tax laws of the Netherlands as in effect on the date of this prospectus, as well as regulations, rulings and decisions of the Netherlands and its taxing and other authorities available on or before such date and now in effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, investors or Shareholders are recommended to consult their own tax advisers as to the Dutch or other tax consequences of the acquisition, redemption, ownership and transfer of the Ordinary Shares, including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of the Ordinary Shares.

The Directors believe that the Company is not a resident nor that it is deemed to be a resident of the Netherlands nor that it has a presence in the Netherlands for Dutch tax purposes, and the following summary assumes that the Company will not be treated as a resident or deemed resident of the Netherlands nor have a presence in the Netherlands for Dutch tax purposes.

The Directors believe that the assets of the Company, on a consolidated basis, do not consist of at least 50% of immoveable property (or rights to immoveable property) and the assets of the Company on a consolidated basis do not consist of at least 30% of immoveable property which is situated in the Netherlands.

The description of taxation set out in this summary is not intended for any holder of the Ordinary Shares, who is:

- an individual and for whom the income or capital gains derived from the Ordinary Shares are attributable to employment activities the income from which is taxable in the Netherlands;
- an individual and from whom the ownership of the Ordinary Shares is deemed to be a so called beneficial interest *lucratief belang*;
- an individual and who holds, or is deemed to hold a substantial interest (as defined below) in the Company;
- an entity and that is not subject to or exempt, in whole or in part, from Dutch corporate income tax;
- an entity owning, directly or indirectly or together with affiliated companies, Ordinary Shares representing 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds; or
- an investment institution (*beleggingsinstelling*) as defined in the Dutch Corporate Income Tax Act 1969.

Generally a holder of Ordinary Shares will have a substantial interest in the Company (“**substantial interest**”) if he holds, alone or together with his partner and his under-aged children, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the Company's total issued and outstanding capital (or the issued

and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the Company's liquidation proceeds. If a holder of Ordinary Shares does not have a substantial interest, a deemed substantial interest will be present if (part of) a substantial interest has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Dividend withholding tax

Distributions from the Company are not subject to Dutch dividend withholding tax.

Corporate income tax and individual income tax

A 'Resident of the Netherlands' is a holder of Ordinary Shares who is, or who is deemed to be, a resident of the Netherlands or, if he is an individual, who opts to be taxed as a resident of the Netherlands for purposes of Dutch taxation. A 'Non-Resident of the Netherlands' is a holder of Ordinary Shares who is not treated as a resident of the Netherlands for purposes of Dutch taxation.

Residents of the Netherlands

– Individuals

A Resident of the Netherlands who is an individual and who holds Ordinary Shares will generally be subject to Dutch income tax on the income and/or capital gains derived from the Ordinary Shares at the progressive rate (up to 52%) if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Ordinary Shares are attributable; or
- (ii) the holder derives income or capital gains from the Ordinary Shares that are taxable as benefits from 'miscellaneous activities' (*resultaat uit overige werkzaamheden*) which is considered to include performance of activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Ordinary Shares who is an individual will be subject to Dutch income tax on a deemed return regardless of the actual income and/or capital gains benefits derived from the Shares. The deemed return amounts to 4% of the average value of the holder's net assets in the relevant fiscal year (including the Ordinary Shares) insofar as that average exceeds the exempt net asset amount (*heffingvrij vermogen*). The deemed return is taxed at a flat rate of 30%.

– Entities

A Resident of the Netherlands who is an entity will generally be subject to Dutch corporate income tax with respect to the income and capital gains derived from the Ordinary Shares. The Dutch corporate income tax rate is 20% on the first €200,000 of taxable income and 25.0% over the taxable income exceeding €200,000 for the 2011 tax year.

Non-Residents of the Netherlands

A Non-Resident of the Netherlands who holds Ordinary Shares is generally not subject to Dutch income or corporate income tax on the income and capital gains derived from the Ordinary Shares, provided that:

- (i) such Non-Resident of the Netherlands does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable or deemed attributable;
- (ii) in the case of a Non-Resident of the Netherlands who is an individual, such individual does not derive income or capital gains from the Ordinary Shares that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*); and

- (iii) such Non-Resident of the Netherlands is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Ordinary Shares or payments in respect of the Ordinary Shares are attributable or deemed attributable.

Gift and inheritance taxes

Dutch gift or inheritance taxes will not be levied on the transfer of the Ordinary Shares by way of gift or on the death of a holder, unless:

- (i) the holder is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- (ii) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- (iii) the Ordinary Shares are attributable or deemed attributable to an enterprise or part of an enterprise which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (iv) the holder of such Ordinary Shares is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise such Ordinary Shares are attributable or deemed attributable.

For purposes of Dutch gift, estate and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For the purposes of Dutch gift tax, an individual who is not of Dutch nationality will be deemed a resident of the Netherlands if he has been a resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Value Added Tax

No Dutch value added tax is payable in respect of the issuance, transfer or redemption of the Ordinary Shares or with regard to distribution on the Ordinary Shares.

Other taxes and duties

No Dutch capital tax, net wealth tax, registration tax, customs duty, transfer tax, stamp duty, registration tax or any other similar documentary tax or duty will be due in the Netherlands by a holder of Ordinary Shares in respect of or in connection with the subscription, issue, allotment or delivery of the New Ordinary Shares.

17. Third party information

Certain information contained in this document has been sourced from third parties. In each case, the source of such information is indicated where the information appears in this document. The Company confirms that the information in this document which has been sourced from third parties has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18. General

18.1 The total expenses of the Firm Placing and Placing and Open Offer payable by the Company are approximately €2.0 million (exclusive of value added tax). The net proceeds of the Firm Placing and Placing and Open Offer will be approximately €28.0 million.

18.2 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

- (i) received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or
- (ii) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - fees totalling £10,000 or more;

- Shares of the Company where these have a value of £10,000 or more calculated by reference to the Offer Price; or
 - any other benefit with a value of £10,000 or more at the date of this document.
- 18.3 The auditors of the Company are BDO LLP, Chartered Accountants and Registered Auditors, of 55 Baker Street, London W1U 7EU who have audited the consolidated financial statements of the Group for the three financial years ended 31 March 2010. BDO LLP issued unqualified reports on the two financial years ended 31 March 2008 and 31 March 2010. In their report on the financial year ended 31 March 2009, BDO LLP included an Emphasis of Matter – Going Concern statement. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales and is independent of the Company.
- 18.4 ABN AMRO N.V. has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.
- 18.5 Matrix has given, and has not withdrawn, its written consent to the inclusion of its name in this document in the form and the context in which it appears.
- 18.6 Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and content in which they are included.
- 18.7 ABN AMRO N.V. is incorporated in the Netherlands with commercial register number 34334259, its registered seat is in Amsterdam and its office at Gustav Mahlerlaan 10, 1082 PP Amsterdam. ABN AMRO N.V. is regulated by the Dutch Central Bank (*De Nederlandsche Bank*) and the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).
- 18.8 The New Ordinary Shares will be in registered form and are capable of being held in uncertificated form.

19. Availability of documents

- 19.1 Copies of the following documents will be available for inspection at the offices of the Company's solicitors, Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 21 February 2011:
- (i) the Articles of Association of the Company;
 - (ii) the rules of the 2008 Share Option Scheme referred to in paragraph 7 of this Part XII;
 - (iii) the Group's audited statutory accounts for the two years ended 31 March 2009 and 31 March 2010 and the Group's unaudited interim financial statements for the six months ended 30 September 2009 and 30 September 2010;
 - (iv) the written consents referred to in paragraph 18 of this Part XII; and
 - (v) this document.
- 19.2 This document will be available through the Company's website at 'www.accsysplc.com' and Euronext's website at 'www.euronext.com'. The Euronext website is only available to Dutch residents.

Dated: 4 February 2011

PART XIII

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company, and of the rights attaching to the Ordinary Shares. Information that is itself incorporated by reference or referred or cross referred to in the documents below is not incorporated by reference into this document. Except as set forth above, no other portion of these documents is incorporated by reference into this document. The following information is available free of charge from the Company's head office at Kensington Centre, 66 Hammersmith Road, London W14 8UD.

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number(s)</i>
Interim results for the six months ended 30 September 2010*	Condensed consolidated statement of comprehensive income for the 6 months ended 30 September 2010, condensed consolidated statement of changes in equity for the 6 months ended 30 September 2010, condensed consolidated statement of financial position at 30 September 2010, condensed consolidated statement of cash flow for the 6 months ended 30 September 2010, notes to the interim financial statements for the 6 months ended 30 September 2010 and independent review report	Pages 7 to 19
Annual report and financial statements for the year ended 31 March 2010	Auditors' report, consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, notes to the financial statements, Company balance sheet and notes to the Company financial statements	Pages 28 to 59
Interim results for the six months ended 30 September 2009*	Condensed consolidated statement of comprehensive income for the 6 months ended 30 September 2009, condensed consolidated statement of changes in equity for the 6 months ended 30 September 2009, condensed consolidated statement of financial position at 30 September 2009, condensed consolidated statement of cash flow for the 6 months ended 30 September 2009, notes to the interim financial statements for the 6 months ended 30 September 2009 and independent review report	Pages 5 to 16
Annual report and financial statements for the year ended 31 March 2009*	Auditors' report, consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, notes to the financial statements, Company balance sheet and notes to the Company financial statements	Pages 19 to 50
Annual report and financial statements for the year ended 31 March 2008	Auditors' report, consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, notes to the financial statements, Company balance sheet and notes to the Company financial statements	Pages 15 to 47

Note *:

The Company's auditors included an Emphasis of Matter – Going Concern statement in their report on the financial year ended 31 March 2009 and their reports on the six months ended 30 September 2009 and 30 September 2010.

Without qualifying the conclusion of their report for the year ended 31 March 2009 and their report for the six months ended 30 September 2009, the auditors drew attention to the fact that significant amounts were owing to the Group from trade debtors and that there was a material uncertainty over the debtor's ability to pay these debts.

Without qualifying the conclusion of their report for the six months ended 30 September 2010, the auditors drew attention to the disclosures concerning that the Group is dependent on the raising of new funds in order to fund working capital and that there was a material uncertainty over whether these funds would be raised.

In all three reports, without qualifying their conclusion, the auditors drew attention to these material uncertainties and that they may cast significant doubt over the Group's ability to continue as a going concern.

DEFINITIONS

The following definitions apply throughout this document (unless the context otherwise requires):

“1985 Act”	the Companies Act 1985 of England and Wales;
“Admission”	the admission of the New Ordinary Shares to listing and trading on Euronext Amsterdam and to trading on AIM;
“Admitted Institutions”	admitted institutions (aangesloten instellingen) of Euroclear Nederland within the meaning of the Dutch Securities Giro Act, which institutions hold a collective depot (verzameldepot) in relation to Euroclear Shares;
“AFM”	the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten);
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules for Companies”	the rules published by the London Stock Exchange governing admission to AIM and the regulation of companies whose securities are admitted to trading on AIM (including any guidance notes), as each may be amended or reissued from time to time;
“AIM Rules for Nominated Advisers”	the rules published by the London Stock Exchange setting out the eligibility, on-going responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or reissued from time to time;
“Al Rajhi”	Al Rajhi W.L.L.;
“Application Form”	the personalised application form on which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;
“Articles of Association”	the articles of association of Accsys, as amended from time to time;
“Asian Territories”	the People’s Republic of China, including the Special Administrative Regions, Taiwan, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam;
“Board” or “Directors”	the directors of the Company at the date of this document;
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London;
“City Code”	The Code on Takeovers and Mergers issued and administered by the Takeover Panel;
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange;
“Combined Code”	the UK Corporate Governance Code June 2010;
“Companies Act”	the Companies Act 2006 of England and Wales;
“Company” or “Accsys”	Accsys Technologies PLC;
“Conditional Places”	those persons (if any) to whom Open Offer Shares not acquired by Qualifying Shareholders in the Open Offer are to be placed;
“CREST”	the United Kingdom paperless share settlement system and system for the holding of shares in uncertificated form in respect of which Euroclear UK is the operator;
“CREST Courier and Sorting Service”	the CREST courier and sorting service established by Euroclear UK to facilitate, among other things, the deposit and withdrawal of securities;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations

	Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996, as amended);
“CREST Open Offer Entitlement”	the entitlement of a Qualifying CREST Shareholder, pursuant to the Open Offer, to apply to acquire Open Offer Shares pursuant to the Open Offer;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
“CREST Rules”	the rules and regulations and practices of Euroclear UK;
“Diamond Wood”	Diamond Wood China Limited;
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure and Transparency Rules made by the Financial Services Authority pursuant to Part VI of FSMA (as set out in the FSA Handbook), as amended;
“EEA States”	a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being;
“EU”	the European Union;
“Euroclear Nederland”	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch centralised, securities custody and administrative system;
“Euroclear Open Offer Entitlements”	an entitlement of a Qualifying Euroclear Shareholder to apply to acquire an interest in Open Offer Shares pursuant to, and subject to, the terms of the Open Offer;
“Euroclear Share”	interests in and corresponding to the Existing Ordinary Shares which at the Record Time are registered in the name of Euroclear Nederland and which are traded on Euronext Amsterdam;
“Euroclear UK”	Euroclear UK & Ireland Limited, the operator of CREST;
“Euronext Amsterdam”	NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam;
“Ex-Entitlements Date”	the date on which the Ordinary Shares are marked “ex-entitlement”, being 8:00 a.m. on 4 February 2011;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements;
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder, the conditional entitlement to apply for Open Offer Shares credited to his stock account, which are subject to allocation in accordance with this document;
“Excess Euroclear Open Offer Entitlements”	in respect of each Qualifying Euroclear Shareholder, the conditional entitlement, pursuant to the Excess Application Facility, to apply for Open Offer Shares credited to his stock account with an Admitted Institution via Euroclear Nederland, which are subject to allocation in accordance with this document;
“Excess Open Offer Entitlements”	in respect of each Qualifying Shareholder, the conditional entitlement to apply for Excess Open Offer Shares under the Excess Application Facility, which is subject to allocation in accordance with this document;
“Excess Open Offer Shares”	the 100,301,264 New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Excess Application Facility;
“Executive Directors”	Paul Clegg and Hans Pauli;
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this document;

“Financial Services Authority” or “FSA”	the Financial Services Authority of the UK;
“Firm Placing Shares”	the 99,698,736 New Ordinary Shares which are the subject of the Firm Placing;
“Firm Placees”	those persons with whom Firm Placing Shares are to be placed;
“Firm Placing”	the placing of 99,698,736 New Ordinary Shares with the Firm Placees;
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies this document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“GCC”	the Gulf Cooperation Council (being made up of Bahrain, Kuwait, Saudi Arabia and the United Arab Emirates);
“GEM”	GEM Global Yield Fund Limited;
“General Meeting”	the general meeting of the Company to be convened pursuant to the Notice;
“Group” or “Accsys Group”	Accsys and its existing subsidiary undertakings (and, where the context permits, each of them);
“IFRS”	International Financial Reporting Standards and adopted pursuant to the procedure of Articles of Regulation (EC) No.1606/2002;
“Joint Broker”	Numis Securities Limited and Matrix Corporate Capital LLP;
“Listing Agent”	ABN AMRO Bank N.V.;
“Listing Rules”	the listing rules of the UK Listing Authority made in accordance with section 73A(2) of FSMA (as set out in the FSA Handbook), as amended;
“London Stock Exchange”	London Stock Exchange plc;
“Matrix” or “Nominated Adviser”	Matrix Corporate Capital LLP;
“Meditate”	Meditate Europe Limited;
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007 No. 2157);
“New Ordinary Shares”	the Firm Placing Shares and/or the Open Offer Shares, as the context requires;
“Non-executive Directors”	Gordon Campbell, Patrick Shanley and Lord Sanderson of Bowden;
“Notice”	the notice convening the General Meeting, set out at the end of this document;
“Numis”	Numis Securities Limited;
“Offer Price”	€0.15 per Firm Placing Share and Open Offer Share;
“Official List”	the official list of the UK Listing Authority;
“Open Offer”	the conditional invitation to Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders) to apply to acquire the Open Offer Shares and Excess Open Offer Shares pursuant to and subject to the terms of the Open Offer set out in this document, and, in the case of Qualifying Non-CREST Shareholders, the Application Form;
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply to acquire Open Offer Shares pursuant to, and subject to the terms of, the Open Offer or (in the case of Qualifying Euroclear Shareholders) a right to acquire an interest in Open Offer Shares;

“Open Offer Shares”	the 100,301,264 New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Open Offer, or (in the case of Qualifying Euroclear Shareholders) an interest in such shares;
“Ordinary Shares”	the ordinary shares of €0.01 each in the capital of Accsys;
“Overseas Shareholders”	Shareholders with registered addresses outside the UK or the Netherlands who are citizens of, incorporated in, registered or otherwise registered in countries outside the UK or the Netherlands;
“Placing”	the conditional placing of Open Offer Shares as described in this document and subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council as published in the Official Journal of the European Union (L345/64, 31.12.2003) on 31 December 2003;
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority pursuant to Part VI of FSMA (as set out in the FSA Handbook), as amended;
“Qualifying CREST Shareholders”	Qualifying Shareholders (other than Qualifying Euroclear Shareholders) holding Ordinary Shares in uncertificated form in CREST;
“Qualifying Euroclear Shareholders”	holders of a securities account with an Admitted Institution which at the Record Time include Euroclear Shares, resulting in the holders having an interest in the relevant Admitted Institutions collective depot of Euroclear Shares;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders (other than Qualifying Euroclear Shareholders) holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company at the Record Time; but including, where the context permits, Qualifying Euroclear Shareholders;
“Record Time”	5:00 p.m. on 3 February 2011;
“Regulation S”	Regulation S promulgated under the Securities Act;
“Regulatory Information Service”	means one of the regulatory information services approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange website www.londonstockexchange.com ;
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice;
“Restricted Jurisdictions”	Australia, Canada, Japan, the Republic of South Africa, and “Restricted Jurisdiction” shall be construed accordingly;
“Restricted Shareholders”	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of any Restricted Jurisdiction;
“SDRT”	Stamp Duty Reserve Tax;
“Senior Managers”	Michiel Maes, Hal Stebbins, Edward Pratt, William Rudge and Angus Dodwell;
“Shareholder”	a holder of Ordinary Shares;
“Share Option Scheme”	any unapproved share option scheme adopted by the Company and existing from time to time, being either the 2005 Share Option Scheme or the 2008 Share Option Scheme or both as the context may admit;
“2005 Share Option Scheme”	The Company’s unapproved share option scheme adopted in 2005 (as subsequently amended in 2007);

“2008 Share Option Scheme”	the Company’s unapproved share option scheme adopted in 2008, further described in paragraph 7 of Part XII (“Additional Information”) of this document;
“SLC Registrars” or “Registrar” or “Receiving Agent”	SLC Registrars of Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, United Kingdom in its capacities as registrar and receiving agent in respect of the Firm Placing and Placing and Open Offer;
“2009 Subscribers”	certain institutional investors, directors and senior managers of the Company who agreed to subscribe for 34,744,133 Ordinary Shares pursuant to the 2009 Subscription;
“2009 Subscription”	the subscription for 34,744,133 Ordinary Shares by the 2009 Subscribers;
“Subscription Agent”	ABN AMRO Bank N.V.;
“Takeover Panel”	the UK Panel on Takeovers and Mergers;
“Titan”	Titan Wood Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales;
“Total Shareholder Return”	the basis of performance measurement for determining vesting of share options under the Share Option Scheme, on a relative basis compared with a comparator group if the FTSE Small Cap Index (as defined and reported on by Hewitt New Bridge Street or other suitable remuneration advisers) averaged over a three-month period;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Underwriter and Joint Broker” or “Underwriter”	Numis Securities Limited;
“Underwriting Agreement”	the agreement dated 4 February 2011 between the Company and the Underwriter relating to the Firm Placing and the Placing and Open Offer, a summary of which is set out in paragraph 11 of Part XII (“Additional Information”) of this document;
“US” or “United States”	the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia;
“USE Instruction”	has the meaning given in the CREST Manual;
“US Securities Act” or “Securities Act”	the United States Securities Act of 1933, as amended;
“VAT”	value added tax; and
“Veritas”	Veritas Investment Group S.A.

GLOSSARY OF TECHNICAL TERMS

acetic acid	a commodity chemical made from natural gas, used in food preservation, solvent manufacture and chemical derivatives;
acetic anhydride	a highly active form of acetic acid made by eliminating water from acetic acid; used in the manufacture of acetate fibres and DMT, a raw material for polyester;
acetylation	the chemical process where acetyl groups are chemically bonded to cellulose pulp and to chemical components in wood;
CCA	chromated copper arsenate, the leading wood preservative, use of which is subject to increasing restrictions due to its extreme toxicity;
cellulose materials	wood and cotton are the primary sources of cellulose materials, which are then mechanically or chemically converted to commercial products;
cladding	exterior boards and panels on buildings and houses (known in the US as “siding”), which serves both as a decorative material and as a weather barrier;
cracking	the thermal separation of relatively inert chemicals into two or more components where one is highly reactive;
creosote	a liquid coal-tar derivative used for the past century as a wood preservative via high-pressure impregnation;
cross ties	the base to which the steel rails are connected to form railway lines of which the vast majority are wood preserved with creosote;
furfural alcohol	furfural is first extracted from natural sources, such as oat hulls and sugar cane, and then hydrogenated to yield furfural alcohol;
furfurylation	the process where furfural alcohol is chemically bonded to the components in wood;
hydrophobic	water repellent;
m³	cubic metres;
MDF	medium density fibreboard;
meranti	tropical woods used for windows, door and external panels/trim;
OSB	orientated strand board;
polymerisation	the knitting together of monomers, either of like kind or with co-monomers, to create a long chain of the monomers in repeating groups;
polymers	materials which are composed of repetitions of the same chemical to form long chains;
PVC	polyvinyl chloride, a plastic used in building products made from vinyl acetate monomer and chlorine and blended with metals such as lead and cadmium to deliver particular physical properties;
UV	ultraviolet light, a wavelength of light that is just slightly shorter than the visible spectrum;
veneer	any of the thin layers or slips of fine or decorative wood or other facing material applied or bonded to another coarser material, especially wood; also, any of the layers of wood used to form plywood; and
WPG	weight percentage gain, refers to the weight gained during acetylation assuming totally dry wood before acetylation began.

ACCSYS TECHNOLOGIES PLC

(registered in England and Wales with registered no: 5534340)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Accsys Technologies plc will be held at 11:00 a.m. on 21 February 2011 at Kensington Centre, 66 Hammersmith Road, London, W14 8UD for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

1. THAT without prejudice to the authority conferred on them at the 2010 Annual General Meeting of the Company, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of €2,000,000; provided that this authority shall expire on the date of the next Annual General Meeting of the Company to be held in 2011 or, if earlier, the date being 15 months after the passing of this resolution (unless and to the extent that such authority is renewed or extended prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

SPECIAL RESOLUTION

2. THAT subject to the passing of resolutions 1 above, the Board be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution as if section 561 of the Act did not apply to any such allotment up to a nominal amount of €2,000,000, such power to expire on the date of the next Annual General Meeting of the Company to be held in 2011 or, if earlier, the date being 15 months after the passing of this resolution (unless and to the extent that such authority is renewed or extended prior to such date) but so that the Company may before the expiry of such period make an offer or agreement, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Registered Office:

Kensington Centre
66 Hammersmith Road
London
W14 8UD

By order of the Board

4 February 2011

Angus Dodwell
Company Secretary

Notes:

1. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. To appoint more than one proxy, please contact the Company's registrars, SLC Registrars, on +44(0)1372 467308, who will be able to advise you on how to do this.
2. For the convenience of members who may be unable to attend the General Meeting, a form of proxy is enclosed which to be valid should be completed, signed, dated and returned, along with any power of attorney or other authority under which it is signed, to the Company's Registrars, SLC Registrars, by hand or by post at Thames House, Portsmouth Road, Esher, Surrey KT10 9AD or by sending a completed, signed and dated scanned version of the proxy form by email to accsysproxy@davidvenus.com by 11:00 a.m. on 17 February 2011. The fact that members may have completed forms of proxy will not prevent them from attending and voting at the General Meeting in person should they afterwards decide to do so.
3. In the case of a Shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
4. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. The return of a completed form of proxy or other such instrument will not prevent a member attending the General Meeting and voting in person if he/she wishes to do so.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 3 February 2011 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. If the Meeting is adjourned, the Company specifies that only shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting.
12. As at 2 February (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consists of 200,602,528 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 2 February are 200,602,528.
13. Persons holding ordinary shares of €0.01 each in the Company through Euroclear Nederland B.V. ("Euroclear") via Admitted Institutions are not included in the Company's register of members - such ordinary shares are included in the register of members under the name of Euroclear. If anyone who holds their ordinary shares through Euroclear wishes (i) to attend the General Meeting or (ii) to appoint one or more proxies to attend, speak and vote on their behalf or (iii) to give instructions without attending the Meeting, they must instruct ABN AMRO Bank N.V. in its capacity as Dutch EGM Agent accordingly. To do this, they are advised to contact their Admitted Institution as soon as possible and advise them of which of the three options they prefer. In all cases, the validity of the instruction will be conditional upon ownership of the shares at 8:00 a.m. on 4 February 2011.
14. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
15. Except as provided above, Shareholders who have general queries about the General Meeting should contact the Company's registrars, SLC Registrars, on +44(0)1372 467308. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on whether applicants should exercise their Open Offer Entitlements nor give any financial, legal or tax advice.
16. Please note that you may not use any electronic address provided either in this notice of General Meeting or any related documents (including the Prospectus) to communicate with the Company for any purposes other than those expressly stated.
17. A copy of this notice, and other information required by section 311A of the Act, can be found at www.accsysplc.com.

EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

Resolution 1 is proposed as an ordinary resolution. This means that for this resolution to be passed, a majority of votes cast must be in favour of the resolution. Resolution 2 is proposed as a special resolution. This means that for this resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

An explanation of the effect of each resolution, if passed, is set out in Part XII ("Additional Information") of this document. The Company has no intention to exercise the authorities granted pursuant to Resolutions 1 and 2 other than in connection with the Firm Placing and Placing and Open Offer.

The General Meeting will be held at 11:00 a.m. on 21 February 2011. Shareholders should ensure that they arrive at the Meeting a reasonable time in advance. Shareholders who arrive late to the General Meeting may be refused admission.

