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INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2006

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

Highlights

- The world's first commercial Accoya™ production plant being built by Accsys subsidiary Titan Wood is nearing completion in Arnhem, the Netherlands.
- Commissioning of the plant began in November and the first production batches are expected within a few weeks.
- Two thirds of planned 2007 production is already committed to early customers. Among the larger sales contracts are those with BSW Timber (www.bsw.co.uk), the UK's largest sawmilling company, and the Enno Roggemann Group (www.roggemann.de), the leading German timber trader.
- Titan Wood, which has had expressions of interest more than covering the remainder of its planned volume, intends to allocate its remaining available capacity for premium customers, the development of new product applications and trials for prospective licensees.
- BSW Timber is one of several companies holding options for the production of Accoya™ in their domestic markets. Two other options have been granted which establish priority and or a degree of exclusivity. Discussions are currently underway with a number of interested parties, which are expected to lead to further agreements in 2007.
- Results for the 6 month period show capital expenditure of €8.4 million and a pre tax loss of €3.7 million (2005: loss of €2.2 million) in line with business plans.
- Following Accsys's share placement in November, substantial cash resources remain available to support the solid Accoya™ wood business and to finance the further development of next generation products and technologies, in particular acetylated fibre products (such as MDF).

CHAIRMAN'S STATEMENT

Introduction

2006 has seen the group established as a public company, enjoying strong shareholder support. We have successfully achieved market recognition of Accoya™, our brand symbolising the stability, durability and reliability of acetylated wood, and have been very encouraged by the reaction to our business proposition around the globe. The period covered by this report has seen the physical construction of our new wood acetylation plant in Arnhem. The commissioning of our plant is now underway and the first commercial sales of Accoya™ are anticipated next month.

Plant construction

Since our financial year end in March, the physical construction of the wood acetylation plant has proceeded and despite various challenges has been completed within the projected time frame utilising contingencies incorporated in the planning. This plant will prove the group's proprietary Accoya™ production process at full commercial scale, generate local sales for the company and provide seed material to our licensees. Larger capacity production facilities that potential licensees are expected to construct are expected to use the modular reactor designs now being commissioned in series.

The completion of construction within the year is a testament to the determination and motivation of both Accsys' own team and of its many partners, suppliers and the local and regional government agencies. The site onto which the plant was relocated was not available for construction until March 2006, with parts only released several months later. This necessitated extremely complicated project scheduling, which was ably achieved by the local Titan Wood management and Akzo Nobel Engineering teams, to whom enormous credit must be given. The scheduling would not have been possible without the cooperation of the municipal Arnhem government and the provincial authorities of Gelderland, who acted swiftly in responding to permit and approval requests, as well as fairly and reasonably in the resolution of the various issues that inevitably arise in a project of this complexity. This business-like responsiveness bodes well for our future expansion plans, as well as for other companies considering Gelderland, and Arnhem in particular, as a future base for their businesses. Certain challenges have caused costs to increase, with additional investment required in respect of utilities and storage. These situations are being resolved and are not expected to undermine our prospects.

In parallel with the construction of the wood acetylation plant, we have been commissioning our acetic acid recycling technology (the ketene cracker). This revolutionary technology is the first of its kind and involves a radical re-thinking of the standard methodologies used in conventional plants. We consider the safety of our staff and the community as the Company's first responsibility, accordingly every effort has been made to minimise operational risk. We have faced a number of challenges as certain new strategies were adopted during commissioning and, most significantly, the control systems were substantially revised during the year, with safety at the top of the agenda. The lessons learned during this period confirm the principles of the core reactor (our proprietary system) and our engineering and operating teams are confident of future success.

Product and customer development

The exceptional progress achieved in the construction of the wood acetylation plant has been matched or even exceeded by the progress made in both product and customer development. Perhaps the best evidence is the commitment by our customers to the product: we have now announced sales contracts which cover more than 60% of our "base case" planned production for the next 12 months. The remaining volumes are more than covered by expressions of interest, many of which are presently being finalised into sales agreements and indeed we are already examining the expansion of the Arnhem plant.

Licensing

The primary goal of the business is to maximise returns through licensing the Group's production technology. Good progress has been made with process testing programmes undertaken with potential licensees. Following the signing of our first agreement providing geographical exclusivity for a potential production licensee, two further agreements have been signed granting limited duration geographical or product exclusivity to potential licensees in return for option payments. In anticipation of becoming a manufacturing licensee, one of the holders of such a license has recently entered into a trading agreement for the provision of substantial volumes of Accoya™ over the period it is expected to take for negotiations to be completed and a their own production facility to be built and commissioned. We continue to develop licensing opportunities across the world, and are confident of good progress in the coming year after our production plant comes online.

Post balance sheet event – share placing

On 8 November 2006, the Company completed the placing of 6,623,172 new Ordinary shares at a price of €1.48 each, raising €9,557,000 net of expenses. These shares were issued under the dis-application authority vested in the directors by the shareholders to issue additional shares up to 5% of the shares then in issue.

Dividends

The directors do not intend to pay a dividend until the Company has established strong cash flow and reported satisfactory profitability.

Willy Paterson-Brown
Executive Chairman
12 December 2006

INTERIM FINANCIAL STATEMENTS TO 30 SEPTEMBER 2006

Consolidated profit and loss account

	Unaudited 6 months ended 30 Sept 2006 €'000	Unaudited 6 months ended 30 Sept 2005 €'000	Audited Year ended 31 March 2006 €'000
Turnover	-	-	80
Administrative expenses	(3,487)	(2,327)	(5,860)
Operating loss	(3,487)	(2,327)	(5,780)
Interest receivable/(payable) and similar income/(expense)	(242)	111	782
Loss on ordinary activities before and after taxation	(3,729)	(2,216)	(4,998)
Retained loss for the period/year	(3,729)	(2,216)	(4,998)
Basic and diluted loss per share	€(0.03)	€(0.02)	€(0.04)

All amounts relate to continuing activities
All recognised gains and losses are included in the profit and loss account.

The notes set out on pages 7 to 10 form part of these interim financial statements

Consolidated Balance Sheet

	Notes	Unaudited 6 months ended 30 Sept 2006 €'000	Unaudited 6 months ended 30 Sept 2005 €'000	Audited Year ended 31 March 2006 €'000
Fixed assets				
Intangible assets		13,709	14,246	13,715
Tangible assets		18,889	4,655	10,693
		32,598	18,901	24,408
Current assets				
Stock		237	-	-
Debtors		3,322	9,288	8,411
Other investments		7,154	-	15,513
Cash at bank		5,518	921	4,577
		16,231	10,209	28,501
Creditors: amounts falling Due within one year		(1,533)	(1,178)	(1,984)
Net current assets		14,698	9,031	26,517
Net assets		47,296	27,932	50,925
Capital and reserves				
Called up share capital		1,473	1,202	1,473
Share premium account		25,504	-	25,504
Merger reserve	2	87,816	106,707	106,707
Profit and loss account	2	(67,497)	(79,977)	(82,759)
Shareholders' funds		47,296	27,932	50,925

The notes set out on pages 7 to 10 form part of these interim financial statements

Consolidated cash flow statement

	Notes	Unaudited 6 months ended 30 Sept 2006 €'000	Unaudited 6 months ended 30 Sept 2005 €'000	Audited Year ended 31 March 2006 €'000
Net cash outflow from operating activities	3	(3,550)	(1,802)	(4,468)
Returns on investments and servicing of finance				
Interest received and other income		117	111	269
Capital expenditure and Financial investment				
Purchase of intangible fixed assets		(200)	-	-
Purchase of tangible fixed assets		(8,358)	(1,842)	(7,872)
Cash outflow before use of Liquid resources and financing		(11,991)	(3,533)	(12,071)
Management of liquid resources				
Decrease/(increase) in short term deposits		4,932	(3,110)	(1,690)
Decrease/(increase) in other investments		8,000	-	(15,000)
Financing				
Issue of share capital		-	-	27,000
Expenses of issue of share capital		-	-	(1,226)
Shares issued by subsidiary		-	3,000	3,000
Increase/(decrease) in cash		941	(3,643)	13

The notes set out on pages 7 to 10 form part of these interim financial statements

1. Accounting policies

Basis of Preparation

Accsys Technologies PLC was incorporated on 11 August 2005 and acquired Accsys Chemicals PLC by means of a share for share exchange, with Accsys Chemicals PLC becoming wholly owned on 22 November 2005.

Accordingly, the consolidated results for the comparative period, the six months to 30 September 2005, reflect the results and position of the group as if the Company had already acquired Accsys Chemicals PLC at that date.

These interim financial statements for Accsys Technologies PLC have been prepared on a basis consistent with the accounting policies that will be adopted in the Company's annual report and accounts for the year ended 31 March 2007.

The figures for the year ended 31 March 2006 have been extracted from the Company's annual report and accounts for that period which have been filed with the Registrar of Companies. The independent auditors' report on the 2006 Accsys Technologies PLC accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985. The financial information in this document does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

Share based payments

Effective 1 April 2006, the Group adopted FRS20 Share Based Payments. A fair value for the share options awarded is measured at the date of grant. The aggregate amount of the cumulative charge in respect of all periods to 30 September 2006 is €100,000. This includes an amount of €66,000 in respect of prior periods which is considered immaterial in the context of the prior period results. Accordingly, the results for the prior period have not been restated and the entire amount has been charged in arriving at the result for the period to 30 September 2006.

2. Reconciliation of movements in reserves

	Merger Reserve €'000	**Profit & Loss Account €'000**
Opening balance	106,707	(82,759)
Share based payment charges	-	100
Transfer to Merger Reserve on liquidation of former holding company	(18,891)	18,891
Loss for the period	-	(3,729)
Closing balance	87,816	(67,497)

Notes forming part of the interim financial statements for the period ended 30 September 2006

3. Reconciliation of operating loss to net cash outflow from operating activities

	6 months ended 30 September 2006 €'000	6 months ended 30 September 2005 €'000	Year ended 31 March 2006 €'000
Operating loss	(3,487)	(2,327)	(5,780)
Share based payment charges	100	-	-
Depreciation of tangible fixed assets	162	29	21
Amortisation of intangible fixed assets	206	-	531
(Increase) in stock	(237)	-	-
Decrease/(increase) in debtors	158	46	(497)
(Decrease)/increase in creditors	(452)	450	1,257
Net cash flow from operating activities	(3,550)	(1,802)	(4,468)

4. Reconciliation of net cash flow to movement in net funds

	6 months ended 30 September 2006 €'000	6 months ended 30 September 2005 €'000	Year ended 31 March 2006 €'000
Increase/(decrease) in cash in the period/year	941	(3,643)	13
Shares issued in settlement of debt	-	1,195	1,195
Movement in net funds in the period/year	941	(2,448)	1,208
Opening net funds	4,577	3,369	3,369
Closing net funds	5,518	921	4,577

5. Analysis of net funds

	Opening Balance €'000	Cash Flow €'000	Non-cash Changes €'000	Closing Balance €'000
Period ended 30 September 2006				
Cash in hand and at bank	4,577	941	-	5,518
Period ended 30 September 2005				
Cash in hand and at bank	4,564	(3,643)	-	921
Debt due within one year	(1,195)	-	1,195	-
Total	3,369	(3,643)	1,195	921
Year ended 31 March 2006				
Cash in hand and at bank	4,564	13	-	4,577
Debt due within one year	(1,195)	-	1,195	-
Total	3,369	13	1,195	4,577

Notes forming part of the interim financial statements for the period ended 30 September 2006

6. Loss per share

The loss per share is shown below. The loss per share for the six months to 30 September 2005 is based upon the notional number of Accsys Technologies shares that would have been in issue if the Company had completed its Offer for the entire issued share capital of Accsys Chemicals PLC on the same terms but at the earlier date.

	6 months ended 30 September 2006 €'000	**6 months ended 30 September 2005 €'000**	**Year ended 31 March 2006 €'000**
Weighted average number of Ordinary shares in issue	132,463,447	105,260,799	116,975,026
Loss for the period/year €'000	3,729	1,716	4,998
Loss per share	€(0.03)	€(0.02)	€(0.04)

Since none of the Company's potential Ordinary shares are dilutive, there is no difference between basic and fully diluted loss per share.

7 Post balance sheet events

On 8 November 2006, the Company completed the placing of 6,623,172 new Ordinary shares at a price of €1.48 each raising approximately €9,557,000 after expenses.

INDEPENDENT REVIEW REPORT TO ACCSYS TECHNOLOGIES PLC

Introduction

We have been instructed by the company to review the financial information set out on pages 4 to 10 for the six months ended 30 September 2006 which has been prepared on the basis set out in "Basis of Preparation". We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

BDO STOY HAYWARD LLP

Chartered Accountants

London
12 December 2006

ACCOYA™ is a registered trademark owned by Titan Wood Limited, part of the Accsys Technologies PLC Group of companies. Accsys Technologies PLC is listed on the London Stock Exchange AIM market under the symbol 'AXS'.

www.accsysplc.com www.titanwood.com www.accoya.info