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17 November 2009

AIM: AXS
NYSE Euronext Amsterdam: AXS

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Financial Highlights

- Revenue of €9.3 million (2008: €17.9 million) and a pre-tax loss of €8.0 million (2008: profit of €0.2 million) in the period
- Restructuring costs of €0.9 million, reducing headcount from 126 to 102
- Net cash position of €9.5 million (2008: €29.6m)

Operational Highlights

- Paul Clegg appointed as CEO
- Willy Paterson-Brown to assume the role of non-executive Chairman
- Additional distribution agreements including Universal Forest Products Inc, making a total of 12 distribution agreements and 2 agency agreements
- Further improvements to Arnhem facility including automation of wood handling systems
- The first test runs of Tricoya® MDF produced

Paul Clegg, CEO of Accsys, commented:

"Whilst the economic climate has clearly affected the timing of our licensing revenue, we have successfully continued the expansion of our global network of distributors and it is encouraging to see the increasing demand for our Accoya® wood. In addition, the recent changes to management and operations have given us a clear focus and a more appropriate cost base from which to grow the business."

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COMPANY REGISTRATION NUMBER: 5534340
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Operating Review

Paul Clegg was appointed as Chief Executive Officer on 1 August 2009 and began a series of changes to the overall management structure and operations of the business. These are now completed. A thorough review of the cost base was also completed immediately, resulting in a headcount reduction from 126 to 102 at the end of the period. As indicated in the announcement made on 20 July 2009, with effect from 30 November 2009, I will assume the role of non-executive chairman.

Accoya® Wood

Sales of Accoya® wood produced at our Arnhem processing facility were up 51% in the first quarter. Second quarter sales were affected by a temporary shutdown of the plant, which was required to implement further process improvements and an automated wood logistics system. These improvements resulted in the plant being shut down for almost all July and August, with production being resumed in September. Total sales of Accoya® wood for the six months to 30 September 2009 were up 17% on the same period last year, and have increased significantly since the period end. October sales are at a record level for the company.

We have continued to expand our sales network having reached agreement with a number of key distribution partners (12 distribution agreements and 2 agency agreements). In particular, we were pleased to announce our distribution agreement with Universal Forest Products Inc for North America (www.ufpi.com).

Technology development

Significant improvements to our Arnhem plant were made during the period. Firstly, we implemented a number of process improvements which increased the capacity of the plant by 33% requiring only a small capital outlay. An automated wood logistics system was also installed in order to improve efficiency and to cope with the extra output of the reactors. An added benefit was reduction in head count in this area.

Very good progress has been made with our panel business during the period. Following the signing of the Joint Development agreement with Medite (Europe) Limited in June, our technical teams have been working closely together, with the result that the first 20 m^3 of medium density fibreboard, incorporating Tricoya® wood elements, was produced on 30 September 2009.

Progress with licensing activity

Work has continued with the Diamond Wood processing plant in China. Progression to the next stage is reliant on their fund raising process which is currently underway. Progress with the Al Rajhi plant in the Middle East has been slower than anticipated due to the current economic climate. We are confident that progress will be made during the second half of the year.

There has been a marked increase in business development activity as the economic situation steadily improves and our internal resources will continue to grow in anticipation of this trend.

Financial Review

Income statement

Results for the six months ended 30 September 2009 show revenue of €9.3 million (2008: €17.9 million) and a pre-tax loss of €8.0 million (2008: profit of €0.2 million).

Revenue from manufacturing, at €4.0 million, was 6% down on the same period last year. However, underlying Accoya wood sales were up 17%, with the balance due to a reduction in by-product sales.

Licensing income was 61% lower than last year due to the timing of activities on the China and Middle East projects due to the economic climate.

During the period we reduced our headcount from 126 to 102, with associated restructuring costs of €0.9 million. Administrative costs (before restructuring costs) of €8.9 million are 21% higher than the same period last year, but will reduce during the second half as a result of the headcount reductions.

Included within administrative expenses is a loss on disposal of fixed assets of €0.7million which was incurred as a result of the disposal of plant and machinery that was determined to be no longer of use following the automation of the wood handling systems at the Arnhem plant.

Cash flow and financial position

At 30 September 2009, the Group held cash balances of €9.5 million. During the period an additional €0.5million was received from new investment and €4m was received initially as a loan, which has subsequently been agreed to be convertible into shares post the balance sheet date. These funds were used to fund an additional €2m investment in Diamond Wood and capital expenditure at the Arnhem plant. The reduction in cash balances during the period of approximately €8 million reflects the loss for the period.

Risks and uncertainties

The statement of financial position as at 30 September 2009 contains significant balances in relation to the Group's first licensee, Diamond Wood. Diamond Wood requires significant funds so as to enable the construction of the planned 300,000m^3 Accoya® wood manufacturing plant in Nanjing in China. The Group's net assets at 30 September 2009 were €84,800,000, of which €38,764,000 represents the total of the investment in Diamond Wood, receivables for licence fees and other services and products, and prepayments of costs incurred in respect of this project. After making enquiries, the Directors have been advised by Diamond Wood that it expects that Diamond Wood will raise the necessary funds to complete this project, and therefore have concluded that no impairment of this investment and working capital balances is required. However, if sufficient funds are not obtained to construct the manufacturing plant, then the carrying value of the related net assets of €38,764,000 would be in doubt.

Going concern

The financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

At 30 September 2009, the Group had trade receivables of €29,796,000 and this amount has further increased since the balance sheet date.

As part of the Group's going concern review, the Directors have reviewed the Group's trading and working capital requirements for the foreseeable future from the date of issuing these results. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on the timely repayment of a significant proportion of these debts.

The Directors have considered the financial status of the most significant debtors and their access to funds and while the Directors believe the amounts owing from those debtors are recoverable, there is a material uncertainty around the timing of the payments. If funds are not received in line with the Group's timing requirements, the Directors will need to raise alternative funding in order to continue as a going concern. Although the Directors believe the going concern basis is the most appropriate basis on which to prepare the financial statements, this matter constitutes a material uncertainty that may cast significant doubt over going concern in that the company may be unable to realise its assets and liabilities in the normal course of business.

Outlook

Whilst the economic climate has clearly had an effect on the timing of our licensing revenues, it is pleasing to see increasing demand for our Accoya® Wood. We will continue to expand our global network of distributors and build the Accoya® brand. The recent management and operational changes have given us a clear focus and an appropriate cost base from which to develop the business as the economic climate improves. There is a definite increase in business development activity and we are well placed to take advantages of the opportunities that will arise.

Willy Paterson-Brown
Chairman
16 November 2009

Directors responsibility statement

The Directors confirm to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU;
- The half-yearly interim report includes a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The half-yearly interim report includes a fair review of the information required by DTR 4.28R being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

Adrian Wyn-Griffiths
Company Secretary
16 November 2009

Condensed consolidated statement of comprehensive income for the 6 months ended 30 September 2009

	Note	Unaudited 6 months ended 30 Sept 2009 €'000	Unaudited 6 months ended 30 Sept 2008 €'000	Audited Year ended 31 March 2009 €'000
Revenue	3	9,330	17,867	31,191
Cost of sales		(7,292)	(10,902)	(20,209)
Gross profit		2,038	6,965	10,982
Administrative expenses before restructuring costs		(8,956)	(7,420)	(18,292)
Restructuring costs	4	(878)	-	-
Total administrative expenses		(9,834)	(7,420)	(18,292)
Other income		-	-	8,290
(Loss) / profit from operations		(7,796)	(456)	980
Finance income		14	690	923
Finance expense		(246)	-	(82)
(Loss) / profit before taxation		(8,028)	234	1,821
Tax (expense)/credit		(294)	(106)	3,608
(Loss) / profit for the period and total comprehensive income		(8,322)	128	5,429
Basic earnings per ordinary share	5	€(0.05)	€ 0.00	€0.03
Diluted earnings per ordinary share	5	€(0.05)	€ 0.00	€0.03

All amounts relate to continuing activities.

The notes set out on pages 9 to 14 form part of these interim financial statements.

Accsys Technologies PLC

Condensed consolidated statement of changes in equity for the 6 months ended 30 September 2009

	Share capital Ordinary €'000	Share capital Deferred €'000	Share premium €'000	Capital redemption reserve €'000	Warrant reserve €'000	Merger relief reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 April 2008	1,553	148	78,076	-	-	106,707	(99,023)	87,461
Total comprehensive income for the period	-	-	-	-	-	-	129	129
Share based payments	-	-	-	-	-	-	380	380
Share options exercised	3	-	-	-	-	-	-	3
Premium on shares issued	-	-	115	-	-	-	-	115
Buyback of deferred shares	-	(148)	-	148	-	-	(3)	(3)
Dividends Paid	-	-	-	-	-	-	(1,553)	(1,553)
Balance at 30 Sept 2008 (unaudited)	1,556	-	78,191	148	-	106,707	(100,070)	86,532
Total comprehensive income for the period	-	-	-	-	-	-	5,300	5,300
Share based payments	-	-	-	-	-	-	424	424
Warrants issued in the period	-	-	-	-	82	-	-	82
Buyback of deferred shares	-	-	-	-	-	-	1	1
Balance at 31 March 2009	1,556	-	78,191	148	82	106,707	(94,345)	92,339
Total comprehensive income for the period	-	-	-	-	-	-	(8,322)	(8,322)
Share based payments	-	-	-	-	-	-	240	240
Shares issued in the period	7	-	-	-	-	-	-	7
Share options exercised	1	-	-	-	-	-	-	1
Premium on shares issued	-	-	556	-	-	-	-	556
Share issue costs	-	-	(21)	-	-	-	-	(21)
Balance at 30 Sept 2009 (unaudited)	1,564	-	78,726	148	82	106,707	(102,427)	84,800

The notes set out on pages 9 to 14 form part of these interim financial statements.

Accsys Technologies PLC

Condensed consolidated statement of financial position at 30 September 2009

	Note	Unaudited 6 months ended 30 Sept 2009 €'000	Unaudited 6 months ended 30 Sept 2008 €'000	Audited Year ended 31 March 2009 €'000
Non-current assets				
Intangible assets		7,720	7,984	7,852
Property, plant and equipment	6	27,998	27,227	28,013
Available for sale investments	7	10,000	6,000	6,000
Deferred tax		2,371	-	2,630
Trade receivables		3,200	-	6,400
		51,289	41,211	50,895
Current assets				
Inventories		3,767	6,838	4,888
Trade and other receivables		41,217	46,938	42,185
Cash and cash equivalents		9,512	29,580	17,503
		54,496	83,356	64,576
Current liabilities				
Trade and other payables		20,878	36,564	23,004
Corporation tax		107	1,471	128
		20,985	38,035	23,132
Net Current assets		33,511	45,321	41,444
Total net assets		84,800	86,532	92,339
Equity and reserves				
Share capital - Ordinary shares	9	1,564	1,556	1,556
Share premium account		78,726	78,191	78,191
Capital redemption reserve		148	148	148
Warrants reserve		82	-	82
Merger relief reserve		106,707	106,707	106,707
Retained earnings		(102,427)	(100,070)	(94,345)
Equity attributable to equity holders of the parent		84,800	86,532	92,339

The notes set out on pages 9 to 14 form part of these interim financial statements.

Accsys Technologies PLC

Condensed consolidated statement of cash flow for the 6 months ended 30 September 2009

	Unaudited 6 months ended 30 Sept 2009 €'000	Unaudited 6 months ended 30 Sept 2008 €'000	Audited Year ended 31 March 2009 €'000
Profit before taxation	(8,028)	129	1,821
Adjustments for:			
Amortisation of intangible assets	132	132	264
Depreciation of property, plant and equipment	740	728	1,572
Loss on disposal of property, plant and equipment	658	-	-
Finance expense/(income)	232	(690)	(923)
Equity-settled share-based payment expenses	240	380	804
Equity-settled warrant expenses	-	-	82
Cash flows from operating activities before changes in working capital	(6,026)	679	3,620
Decrease/(Increase) in trade and other receivables	4,168	(41,838)	(43,485)
Decrease/(Increase) in inventories	1,122	(1,906)	44
(Decrease)/Increase in trade and other payables	(7,759)	27,940	19,533
Cash absorbed by operating activities	(8,495)	(15,125)	(20,288)
Tax paid	(56)	-	(258)
Net cashflows from operating activities	(8,551)	(15,125)	(20,546)
Cash flows from investing activities			
Interest received	14	690	923
Purchase of available for sale investments	(2,000)	-	-
Disposal of property, plant and equipment	2	-	-
Purchase of property, plant and equipment	(1,753)	(786)	(7,676)
Net cash from investing activities	(3,737)	(96)	(6,753)
Cashflows from financing activities			
Proceeds from loans	4,000	-	-
Finance expenses	(246)	-	-
Dividends paid	-	(1,553)	(1,553)
Proceeds from issue of share capital	556	115	118
Share issue costs	(13)	-	-
Buyback cost for deferred shares	-	-	(2)
Net cash from financing activities	4,297	(1,438)	(1,437)
Net decrease in cash and cash equivalents	(7,991)	(16,659)	(28,736)
Opening cash and cash equivalents	17,503	46,239	46,239
Closing cash and cash equivalents	9,512	29,580	17,503

The notes set out on pages 9 to 14 form part of these interim financial statements.

1. Accounting policies

Basis of preparation

The comparatives figures for the year ended 31 March 2009 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, and did not contain statements under section 237(2) or (3) of the Companies Act 1985. However the audit report did include an emphasis of matter in relation to going concern. The condensed financial statements for the six months ended 30 September 2009 have been prepared using the accounting policies expected to apply in the full financial statements for the year ending 31 March 2010, which are consistent with the recognition and measurement requirements of IFRS as endorsed for use in the European Union. These accounting policies are unchanged from the audited financial statements for the year ended 31 March 2009, other than as noted below.

The interim financial statements for the period ended 30 September 2009 have been prepared in accordance with IAS34 "Interim Financial Reporting" as adopted by the European Union.

Changes in accounting policies

In the current financial year, the group has adopted IAS 1 "Presentation of Financial Statements" (Revised).

IAS 1 Presentation of Financial Statements (Revised) includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or retain the Income Statement with a supplementary Statement of Comprehensive Income. The first option has been adopted by Accsys Technologies PLC. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the group.

None of the other new standards, amendments or interpretations applicable to this accounting period have had an effect on these interim results.

Going concern

The financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

At 30 September 2009, the Group had trade receivables of €29,796,000 and this amount has further increased since the balance sheet date.

As part of the Group's going concern review, the directors have reviewed the Group's trading and working capital requirements for the foreseeable future from the date of signing these accounts. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on the timely repayment of a significant proportion of these debts, together with further receipts related to revenue generated.

The Directors have considered the financial status of the most significant debtors and their access to funds and while the Directors believe the amounts owing from those debtors are recoverable, there is a material uncertainty around the timing of the payments. If funds are not received in line with the Group's timing requirements, the Directors will need to raise alternative funding in order to continue as a going concern. Although the Directors believe the going concern basis is the most appropriate on which to prepare the financial statements, this matter constitutes a material uncertainty that may cast significant doubt over going concern, in that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Risks and uncertainties

The statement of financial position at 30 September 2009 contains significant balances in relation to the Group's first licensee, Diamond Wood. Diamond Wood requires significant funds so as to enable the construction of the planned 300,000m^3 Accoya® wood manufacturing plant in Nanjing in China. The Group's net assets at 30 September 2009 were €84,800,000, of which €38,764,000 represents the total of the investment in Diamond Wood, receivables for licence fees and other services and products, and prepayments of costs incurred in respect of this project. Clearly the Group has considerable amounts of working capital tied up with the Diamond Wood project. After making enquiries, the Directors expect Diamond Wood to raise the necessary funds to complete this project, and therefore have concluded that no impairment of this investment and working capital balances is required. However, if sufficient funds are not obtained to construct the manufacturing plant, then the carrying value of the related net assets of €38,764,000 would be in doubt and may be impaired.

2. Related party transactions

Mr William Paterson-Brown is a director of Khalidiya Investments SA. During the six months to 30 September 2009, the Group were charged by Khalidiya Investments SA €136,400 (September 2008: €151,200) in respect of director's services, €158,715 (September 2008: €518,634) in respect of travel expenses for a number of employees, and €210,947 (September 2008: €149,100) in respect of office and related costs. In addition, Mr William Paterson-Brown is a director of Zica SA. During the six months to 30 September 2009, the Group were charged by Zica SA €Nil (September 2008: €177,294) in respect of office and related costs in Geneva and Dallas.

At 30 September 2009 there were balances outstanding in respect of Khalidiya Investments SA of €86,122 (2008: €114,135) and Zica SA of €Nil (2008: €27,423).

3. Segmental reporting

The Group's business is the development, commercialisation and licensing of proprietary technology for the manufacture of Accoya® wood and related acetylation technologies. Segmental reporting is divided between licensing activities and the manufacturing and research and development activities. Revenue is allocated between licence fees and the product manufactured at the Group's Arnhem facility. All costs of sales are allocated against the manufacturing activities in Arnhem unless they can be directly attributable to a licensee. Administrative expenses incurred in the Netherlands are attributed to the manufacturing segment, with all other administrative costs allocated to licensing. Assets and liabilities cannot be readily allocated to the 2 segments and therefore no additional segmental information has been disclosed. Other income relates to licence fees. The Group has chosen to adopt IFRS 8 'Operating Segments' early.

Accsys Technologies PLC

Notes to the interim financial statements for the 6 months ended 30 September 2009 continued

	Licensing			Manufacturing		
	Unaudited 6 months ended 30 Sept 2009 €'000	**Unaudited 6 months ended 30 Sept 2008 €'000**	**Audited Year ended 31 March 2009 €'000**	**Unaudited 6 months ended 30 Sept 2009 €'000**	**Unaudited 6 months ended 30 Sept 2008 €'000**	**Audited Year ended 31 March 2009 €'000**
Revenue	5,367	13,673	22,705	3,963	4,195	8,486
Cost of sales	(1,434)	(3,885)	(6,092)	(5,858)	(7,017)	(14,117)
Gross profit / (loss)	3,933	9,788	16,613	(1,894)	(2,822)	(5,632)
Administrative expenses before restructuring costs	(4,789)	(5,061)	(11,515)	(4,167)	(2,359)	(6,776)
Restructuring costs	(792)	-	-	(86)	-	-
Total Administrative expenses	(5,581)	(5,061)	(11,515)	(4,253)	(2,359)	(6,776)
Other income	-	-	8,290	-	-	-
(Loss) / profit from operations	(1,649)	4,726	13,388	(6,147)	(5,181)	(12,408)

	Total		
	Unaudited 6 months ended 30 Sept 2009 €'000	**Unaudited 6 months ended 30 Sept 2008 €'000**	**Audited Year ended 31 March 2009 €'000**
Revenue	9,330	17,867	31,191
Cost of sales	(7,292)	(10,902)	(20,209)
Gross profit	2,038	6,965	10,982
Administrative expenses before restructuring costs	(8,956)	(7,420)	(18,292)
Restructuring costs	(878)	-	-
Total Administrative expenses	(9,834)	(7,420)	(18,292)
Other income	-	-	8,290
(Loss) / profit from operations	(7,796)	(455)	980
Finance income	14	690	923
Finance expense	(246)	-	(82)
(Loss) / profit before taxation	(8,028)	235	1,821

Analysis of Revenue by geographical area	**Unaudited 6 months ended 30 Sept 2009 €'000**	**Unaudited 6 months ended 30 Sept 2008 €'000**	**Audited Year ended 31 March 2009 €'000**
Europe	2,714	4,035	6,624
Asia	6,334	13,832	24,476
North America	282	-	91
	9,330	17,867	31,191

4. Restructuring costs

During the period headcount from was reduced from 126 to 102 as result of a restructuring of the Group's operations and the identification of areas where efficiency could be improved. This resulted in associated one off costs of €878,000 relating to redundancy payments. It is expected that administration costs will reduce during the second half as a result of the headcount reductions.

5. (Loss) / earnings per share

	Unaudited 6 months ended 30 Sept 2009	**Unaudited 6 months ended 30 Sept 2008**	**Audited Year ended 31 March 2009**
Basic (loss)/earnings per share			
Weighted average number of Ordinary shares in issue ('000)	155,993	155,378	155,463
(Loss)/earnings for the period (€'000)	(8,322)	129	5,429
Basic (loss)/earnings per share	€ (0.05)	€ 0.00	€0.03
Diluted (loss)/earnings per share			
Weighted average number of Ordinary shares in issue ('000)	156,868	157,543	157,505
(Loss)/earnings for the period (€'000)	(8,322)	129	5,429
Diluted (loss)/earnings per share	€ (0.05)	€ 0.00	€0.03

	Unaudited 6 months ended 30 Sept 2009	**Unaudited 6 months ended 30 Sept 2008**	**Audited Year ended 31 March 2009**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	155,993	155,378	155,463
Share options and warrants	874	2,165	2,042
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	156,868	157,543	157,505

6. Property, plant and equipment

	Freehold land €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2008	6,765	29,541	261	36,567
Additions	-	689	99	788
At 30 September 2008	6,765	30,230	360	37,355
Additions	50	1,752	16	1,818
Disposals	-	(7,274)	(3)	(7,276)
At 31 March 2009	6,815	24,708	373	31,896
Additions	-	1,378	8	1,386
Disposals	-	(751)	(1)	(752)
At 30 September 2009	6,815	25,335	380	32,530
Depreciation				
At 31 March 2008	-	9,245	153	9,398
Charge for the period	-	673	56	728
At 30 September 2008	-	9,918	209	10,126
Charge for the period	-	782	61	842
Disposals	-	(7,086)	(1)	(7,087)
At 31 March 2009	-	3,614	269	3,883
Charge for the period	-	688	52	740
Disposals	-	(90)	(1)	(91)
At 30 September 2009	-	4,212	321	4,532
Net book value				
At 30 September 2008	6,765	20,312	152	27,228
At 31 March 2009	6,815	21,093	104	28,013
At 30 September 2009	6,815	21,123	59	27,998

During the period there was a temporary shutdown of the plant, which was required to implement further process improvements and install an automated wood logistics system. This resulted in a €658,000 loss on disposal of fixed assets as old equipment was sold for scrap and the remaining net book value was written off.

7. Available for sale investments

During the period Accsys Technologies PLC purchased an additional 8,333,334 unlisted ordinary shares in Diamond Wood China Limited for €0.48 each. This investment brings Accsys Technologies PLC's holdings in Diamond Wood to 21,666,734 shares, which represents a holding of 15.4%.

There is no active market in respect of the unlisted shares, therefore the fair value of unlisted shares is based on recent arm's length market transactions between knowledgeable and willing parties.

8. New funding received

During the period an additional €0.5million was received from new investment and €4m was received initially as a loan, which has subsequently been agreed to be convertible into shares post the balance sheet date.

9. Share capital

Options over 80,000 ordinary shares were exercised during the period at a price of €0.46 each.

On 30 June 2009, the Company completed the first drawdown under the equity line of credit with Gem Global Yield Fund Limited, with the issue of 700,000 Ordinary shares at €0.753 per share, raising €527,100.

10. Post balance sheet events

On 4 November 2009, the Company signed a revision to the existing loan agreement with Veritas Investment Group SA. The revised terms stated that the existing €4m loan will be convertible into shares no later than 31 January 2010. Additionally the agreement grants Veritas the option to make available an additional €2m convertible loan before 31 January 2010 to be converted on the same terms.

INDEPENDENT REVIEW REPORT TO ACCSYS TECHNOLOGIES PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial statements for the six months ended 30 September 2009 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement and the related notes.

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

Directors' responsibilities

The interim financial statements, including the financial information contained therein, are the responsibility of and have been approved by the Directors. The Directors are responsible for preparing the interim financial statements in accordance with the rules of both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext which require that the interim financial statements 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial statements based on our review.

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 both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext 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.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial statements for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with the rules of both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext.

Emphasis of Matter – Going Concern

Without qualifying our conclusion, we draw your attention to the disclosures made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern. The Group has significant trade receivables. The Group is dependent on the recovery of these amounts in a timely manner in order to continue as a going concern. While the Directors are confident that the amounts are recoverable, there is a material uncertainty over the debtors' ability to pay their debts in line with the Group's funding requirements. A significant delay would result in the need for the Directors to raise additional funding. These conditions, along with the matters disclosed in note 1 to the interim 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 interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO LLP

Chartered Accountants and registered auditors

London, United Kingdom

16 November 2009

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