

## Regulatory Announcement

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<b>Company</b>	<a href="#">Accsys Technologies PLC</a>
<b>TIDM</b>	AXS
<b>Headline</b>	Quarterly Performance Update
<b>Released</b>	07:00 12-Feb-08
<b>Number</b>	7751N



**12<sup>th</sup> February 2008**

**AIM: AXS**  
**NYSE Euronext Amsterdam: AXS**

### Quarterly Performance Update

Accsys Technologies PLC ("Accsys" or "the Company") announces its quarterly statement for the period to 31<sup>st</sup> December 2007.

The most significant event for the Group during the quarter was the signing of a license agreement with Diamond Wood China Limited ("Diamond Wood"), in respect of rights to manufacture Accoya® wood in The People's Republic of China for an annual nameplate capacity of 500,000 cubic metres of production. This provided for an initial payment of €9.5 million. This project will generate further license income of €90 million, phased over the construction and commissioning period, budgeted over a four year time frame by the Company.

The signing of the Diamond Wood license triggered the recognition for revenue purposes of the received but unrecognised €8.0 million balance in relation to a previously announced License Agency Agreement.

The Group also announced the signing of a Licence Option Agreement with Al Rahji Holdings WLL for an annual nameplate capacity of 150,000 cubic metres of production of Accoya®. This agreement provides conditional exclusivity in respect of the Kingdom of Saudi Arabia, United Arab Emirates, Bahrain, Oman, Qatar and Kuwait, collectively the Gulf Co-operation Committee ('GCC') states.

The Group's Accoya® production facilities in Arnhem, the Netherlands, which is a technology validation plant run as a commercial scale operation, continued an active development programme. Operations combined production for end use customers and prospective licensees, species testing and certain other product development activities. A highly reputable process certification agency has been selected to undertake detailed certification of the Group's acetylation process. This will provide validation for prospective licensees of materials and utilities consumption factors for specified wood species and wood specifications. Quarter on quarter production of Accoya® rose 65%, commercial sales volumes rose 36% and gross revenue rose 34%.

Willy Paterson-Brown, Executive Chairman of Accsys commented, "This last quarter of 2007 saw good progress made on a number of fronts, and the year ahead is full of promise. Approaching the Company's March 31<sup>st</sup> year end, the Directors believe that the Company remains broadly in line with their expectations".

**- ENDS -**

**For further information, please contact:**

<b>Accsys Technologies PLC</b> <a href="http://www.accsysplc.com">www.accsysplc.com</a>	William Paterson-Brown, Executive Chairman	+44 (0) 20 8150 8836
<b>Collins Stewart Europe Limited</b>	Tim Mickley / Michael O'Brien	+44 (0) 20 7523 8000
<b>Parkgreen Communications</b>	Justine Howarth / Bex Sanders-Hewett	+44 (0) 20 7851 7480
<b>Citigate First Financial B.V.</b>	Wouter van de Putte / Laurens Goverse	+ 31 (0) 20 575 4080

#### **Notes to Editors:**

**Titan Wood Limited** ([www.titanwood.com](http://www.titanwood.com)) is a wholly owned subsidiary of the Accsys Technologies PLC ([www.accsysplc.com](http://www.accsysplc.com)) group of companies. Accsys Technologies PLC is listed on the London Stock Exchange AIM market, and on Euronext Amsterdam by NYSE Euronext, under the symbols 'AXS'.

**Wood Acetylation** is a process, which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. The process protects wood from rot by making it "inedible" to most micro-organisms and insects, without – unlike conventional treatments – making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that when painted it requires dramatically reduced maintenance.

**Accoya®** wood ([www.accoya.info](http://www.accoya.info)) is produced using a patented process that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "new wood species". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya® wood is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet light. Moreover, the Accoya® wood production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers and

specifiers. For marine uses where weight is also important, Accoya® wood for the first time provides boat builders with a wood that is strong, lightweight, durable and which retains its natural beauty for far longer.

**ACCOYA is a registered trademark owned by Titan Wood Limited**