

Regulatory Announcement

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Company [Accsys Technologies PLC](#)
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Titan Wood acquires technology and signs exclusive agreement with Scion Research Institute in New Zealand

Accsys Technologies PLC ("Accsys" or "the Company", www.accsysplc.com) announces that its 100% owned subsidiary, Titan Wood BV, has purchased acetylation-related technology and signed an exclusive research agreement with Crown Research Institute Scion in Rotorua, New Zealand. The agreement demonstrates the Company's firm commitment to leadership in the commercial production of ultra-high performance acetylated timber which it markets under the brand name of Accoya™. As well as signalling the company's geographic expansion, the move also ensures that Titan Wood will provide the best technology to its international licensees at competitive prices.

Titan Wood specialises in the development of new wood technologies and is on track to begin commercial production of Accoya™ later this year.

The technology acquired from Scion will be tested in Titan Wood's large scale pilot plant over the coming months with the aim of adopting it for use in its new 30,000m³ production facility. Licensees will be offered the enhanced technology once full-scale trials are completed.

The exclusive agreement between Scion and Titan Wood cements a relationship that has been built over the past two years. Close collaboration has enabled Titan Wood to identify some improvements in the economics of its process by integrating Scion's technology into its own. The agreement includes a research and development programme which Scion will deliver through Ensis, its unincorporated joint venture with the Commonwealth Scientific and Research Organization in Australia.

Accoya™ is made through the acetylation of wood, a process which increases the amount of 'acetyl' molecules (which are present in all species of wood), delivering exceptional performance attributes. The process protects wood from rot by making it inedible to most micro-organisms and insects without making it toxic, unlike conventional treatments.

Accoya™ benefits from almost total dimensional stability: swelling and shrinkage are virtually eliminated and the wood is far less prone to cracking or warping. In addition, Accoya™ wood is more resistant to UV degradation, meaning that it retains its natural appearance longer and, when painted, requires less frequent maintenance.

Scion chief executive, Dr Tom Richardson, says "Titan Wood leads the world in bringing acetylated wood to market and will progress the technology and use our science skills to enhance this process."

"Titan Wood is specifically applying its technology to sustainably grown radiata pine, so uptake of this technology could open a new market for New Zealand pine in Europe and other countries, enabling its use in challenging external applications which have hitherto been the preserve of tropical hardwoods and artificial alternatives. This can only be good for New Zealand's radiata pine industry."

Dr Richardson says the potential value of the technology to industry is that it offers the opportunity to shorten process cycle times and increase throughput of wood undergoing the treatment, while potentially reducing costs.

"The technology appeals to industry because of the overall cost improvements it offers, as well as the fact that acetylated wood is an excellent substitute for CCA-treated wood, increasingly scarce and expensive tropical hardwoods and artificial alternatives."

Edward Pratt, CEO of Titan Wood, added: "Titan Wood's technology is the result of over 15 years of continuous process development. The company's large-scale pilot plant is the only one of its kind and has been in operation since 1999. In the last few years we have radically developed our technology and the possibility of the incremental improvements offered by Scion's technology is exciting."

"We are very close to completing the world's first full-scale commercial production plant for Accoya™. This plant will provide much needed supplies of high performance wood to our customers across Europe, as well as acting as a demonstration of the process for those companies wishing to add value to their products and create new market outlets. The agreement we have reached with Scion will enable us to further strengthen our market position and, in conjunction with our own scientific effort, to continuously enhance our technology offering for licensees around the world. It also demonstrates our absolute commitment to the business and to leadership in this field."

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Background

Scion is a New Zealand Crown Research Institute that has been recognised as a leader in forestry science since its beginnings as New Zealand Forest Research Institute in 1947. Through its Biomaterials Strategy, Scion has extended its research programmes to encompass the development of new biomaterials from renewable resources in order to meet growing consumer demand and increasing global needs.

Ensis is an unincorporated joint venture between Scion and Australia's CSIRO. It is made up of six business units providing science solutions for every part of the forestry value chain from sites in Rotorua and Christchurch in New Zealand, and seven sites across Australia.

Titan Wood Limited

Titan Wood was formed in April 2003 by Accsys Technologies PLC, a UK environmental science and technology company specialising in the development of a range of transformational technologies that offer the potential for substantial improvements in the cost and environmental impacts for a range of everyday materials.

Titan Wood owns intellectual property rights for a process, based upon acetylation, which transforms the properties of softwoods and low durability hardwoods, making them as durable as the best tropical hardwoods and delivering performance attributes superior to most artificial alternatives in climate exposed conditions.

Titan Wood believes that its technology will transform the use of wood in existing applications where durability and dimensional stability are valued, both halting the decline in the use of wood and substituting plastics and metals. Titan Wood also expects to create entirely new product opportunities for wood in applications which are presently entirely the preserve of unsustainable materials.

The wood modification process, which is ideally suited to sustainable, plantation-grown softwoods, is undertaken at Titan Wood's large-scale pilot plant in Arnhem, the Netherlands. Titan Wood's new full scale manufacturing plant is expected to go into operation in late 2006 and will supply local markets and act as a platform for technology licensing and international joint ventures with other wood growing and processing businesses, thus enabling production of Accoya™ around the world.

Accoya™ is a registered trademark of Titan Wood Limited.

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