

Regulatory Announcement

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Company Accsys Technologies PLC
TIDM AXS
Headline PRELIMINARY RESULTS
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14th June 2006

Accsys Technologies PLC
("Accsys" or "the Company")

PRELIMINARY RESULTS
FOR THE 12 MONTHS ENDED 31 MARCH 2006 (audited)

Highlights

- • Establishment of Accsys Technologies and completion of the acquisition of Accsys Chemicals
- • Admission to AiM and completion of €27 million financing
- • First license option agreements signed in UK and Middle East, generating first license revenues ahead of expectations
- • Strong test results on 'Accoya', the Company's 'new wood species' brand, with product endorsements from the world's number one coatings supplier, Akzo Nobel Sikkens, who announced product guarantees for up to thirty years
- • Arnhem facility on track for completion in the fourth quarter of 2006
- • €27 million of financial resources
- • Business development progress in wood fibre and styrene applications

Willy Paterson-Brown, Chairman, said: "We are very pleased with the progress that we are making on all fronts. I am confident that Accsys will continue on its path to making a significant impact on the building materials industry worldwide, offering manufacturers and consumers better performing, more sustainable products through advancing technology."

For further information:

Accsys Technologies PLC

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CHAIRMAN'S STATEMENT

Accsys Technologies was successfully listed on the AiM market of the London Stock Exchange in October 2005, raising €27 million before expenses. This has provided the Company with an excellent foundation for the continued development of its technologies and our market launch prior to commercial start-up, which is expected this year. The response of the investment community and the stock market confirmed the validity of the Company's strategy and reflected the broad interest of corporations and individuals in technologies which offer cost and environmental benefits to basic industries.

The past year saw enormous strides in Accsys Technologies' development, with particular emphasis on its Titan Wood subsidiary as planned. A new product brand was created and launched, customer and licensee development proceeded apace, product and process development continued positively and plant construction, including the acquisition of a new, larger site, moved forward. The Company expects to complete its wood acetylation production facility in the fourth quarter of 2006, with revenue from initial sales anticipated soon after.

During the past year staffing levels were increased and management and reporting systems transformed in readiness for full commercial production. Development efforts for other applications, notably wood fibre and styrene also continued, with discussions presently underway with several of the leading global companies in each field about how best to exploit each technology. Considering these activities, together with the stock market flotation, it is fair to say that 2005-6 was a busy, productive and successful year for our Company.

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

The Company has completed the restructuring reported at the interim stage, and now has direct ownership of the subsidiaries likely to generate future licence income which should enable the distribution of future earnings.

Willy Paterson-Brown

Executive Chairman

FINANCIAL INFORMATION

Basis of Preparation

The consolidated financial statements incorporate the financial statements of Accsys Technologies PLC and all its subsidiary undertakings throughout the year ended 31 March 2006, using the merger method of accounting as the acquisition of Accsys Chemicals PLC meets the criteria of a group reconstruction.

In the Group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to a merger reserve.

The financial information set out below does not constitute the company's statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 31 March 2005 is derived from the statutory accounts of Accsys Chemicals PLC, the former parent company of the group, for the year then ended as the company has applied merger accounting in accounting for the business combination. The financial information for the year ended 31 March 2006 is extracted from the company's statutory accounts for the year then ended. The statutory accounts of Accsys Chemicals PLC for 2005 have been delivered to the Registrar of Companies and those for Accsys Technologies PLC for 2006 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under the Companies Act 1985, s 237(2) or (3).

Consolidated profit and loss account

	Note	2006 €000	2006 €000	2005 €000	2005 €000
Turnover			80		-
Administrative expenses					
General administrative expenses		(5,860)		(2,965)	
Impairment of tangible and intangible fixed assets		-		(24,514)	
			<u>(5,860)</u>	<u>(27,479)</u>	
Operating loss			(5,780)		(27,479)
Interest receivable and similar income			782		18

		_____	_____
Loss on ordinary activities before and after taxation		(4,998)	(27,461)
Minority interest		-	841
		_____	_____
Loss for the year		(4,998)	(26,620)
		=====	=====
Basic and diluted loss per share	6	€(0.04)	€(0.43)

Consolidated statement of total recognised gains and losses

	Note	2006 €000	2005 €000
Loss for the year		(4,998)	(26,620)
Exchange translation differences on consolidation and conversion to Euro		-	(1,095)
		_____	_____
Total recognised gains and losses for the year		(4,998)	(27,715)
		=====	=====

All amounts relate to continuing activities.

Consolidated Balance Sheets

	Note	Group 2006 €000	Group 2005 €000	Company 2006 €000
Fixed assets				
Intangible assets		13,715	14,246	-
Tangible assets		10,693	2,842	-
Investments		-	-	11,383
		_____	_____	_____
		24,408	17,088	11,383
Current assets				
Debtors		8,411	6,224	19,646

Other investments		15,513	-	15,513
Cash at bank		4,577	4,564	4,023
		<hr/>	<hr/>	<hr/>
		28,501	10,788	39,182
Creditors: amounts falling due within one year				
		1,984	1,922	23,666
		<hr/>	<hr/>	<hr/>
Net current assets		26,517	8,866	15,516
		<hr/>	<hr/>	<hr/>
Net assets		50,925	25,954	26,899
		=====	=====	=====
Capital and reserves				
Called up share capital	1	1,473	1,203	1,473
Share premium account		25,504	-	25,504
Merger reserve		106,707	102,512	-
Profit and loss account		(82,759)	(77,761)	(78)
		<hr/>	<hr/>	<hr/>
Shareholders' funds	2	50,925	25,954	26,899
		=====	=====	=====

The financial statements were approved by the Board and authorised for issue on 14 June 2006

Consolidated cash flow statement

	Note	2006 €000	2006 €000	2005 €000	2005 €000
Net cash outflow from operating activities	3		(4,468)		(2,513)
Returns on investments and servicing of finance					
Interest received		269		18	
Interest paid		-		-	
		<hr/>		<hr/>	
Net cash inflow from					

returns on investments and servicing of finance		269		18
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(7,925)		(2,210)	
Sale of tangible fixed assets	53		-	
	<u> </u>	(7,872)	<u> </u>	(2,210)
Cash outflow before use of liquid resources and financing		(12,071)		(4,705)
Management of liquid resources				
Increase in short term deposits	(1,690)		(5,616)	
Increase in other investments	(15,000)		-	
	<u> </u>	(16,690)	<u> </u>	(5,616)
Financing				
Increase in loans	-		1,434	
Issue of share capital	27,000		11,773	
Expenses of issue of share capital	(1,226)		(565)	
Shares issued by subsidiary	3,000		800	
	<u> </u>	28,774	<u> </u>	13,442
Increase in cash		<u> </u> 13		<u> </u> 3,121

Notes to the financial information

1 Share capital

	2006
	€000
<i>Authorised equity share capital</i>	
200,000,000 ordinary shares of €0.01 each	2,000
1,000,000 deferred shares of 10p each	148

	2,148
	=====
<i>Allotted, called up and fully paid equity share capital</i>	
132,463,447 ordinary shares of €0.01 each	1,325
1,000,000 deferred shares of 10p each	148

	1,473
	=====

2 Reconciliation of movements in shareholders' funds

	2006	2005
	€000	€000
Group		
Loss for the year	(4,998)	(26,620)
Exchange translation differences on consolidation and conversion to euro	-	(1,095)
Net proceeds from issue of shares	25,774	21,593
Shares issued by subsidiary	4,195	-
	-----	-----
Net increase/(decrease) in shareholders' funds	24,971	(6,122)
Opening shareholders' funds	25,954	32,076
	-----	-----
Closing shareholders' funds	50,925	25,954
	=====	=====

Notes to the financial information

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

	2006	2005
	€000	€000
Operating loss	(5,780)	(27,479)
Depreciation of tangible fixed assets	21	838
Amortisation of intangible fixed assets	531	-
Impairment of intangible fixed assets	-	24,514

(Increase) in debtors	(497)	(476)
Increase in creditors	1,257	90
	<u> </u>	<u> </u>
	(4,468)	(2,513)
	<u> </u>	<u> </u>

4 Reconciliation of net cash inflow to movement in net funds/(debt)

	2006	2005
	€000	€000
Increase in cash in the year	13	3,121
Cash inflow from increase in debt and lease financing	-	(1,434)
	<u> </u>	<u> </u>
Change in net funds resulting from cash flows	13	1,687
Shares issued in subsidiary in settlement of debt	1,195	3,000
Other non-cash movements	-	150
Exchange differences	-	115
	<u> </u>	<u> </u>
Movement in net funds/(debt) in the year	1,208	4,952
Opening net funds/(debt)	3,369	(1,583)
	<u> </u>	<u> </u>
Closing net funds	4,577	3,369
	<u> </u>	<u> </u>

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Notes to the financial information

5 Analysis of net funds

	At 1 April 2005 €000	Cash flow €000	Other non-cash changes €000	At 30 March 2006 €000
Cash in hand and at bank	4,564	13	-	4,577
Debt due within one year	(1,195)	-	1,195	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total	3,369	13	1,195	4,577
	=====	=====	=====	=====

**6 6 Loss per Accsys Technologies
PLC share**

The loss per share shown below is calculated based upon the weighted average number of Accsys Technologies PLC Ordinary shares in issue.

	2006	2005
Weighted average number of Ordinary Shares in issue	116,975,026	61,596,033
Loss for the year €000	(4,998)	(26,620)
Loss per share	€(0.04)	€(0.43)

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

END