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Accsys Technologies PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE 12 MONTHS ENDED 31 MARCH 2009

Accsys Technologies PLC (www.accsysplc.com) is an environmental science and technology company whose primary focus is on the production of Accoya® acetylated wood and technology licensing via its wholly owned subsidiary, Titan Wood Limited.

Financial Highlights

- Revenue of €31.2 million (2008: €27.3 million)
- Significant further investment in the business to prepare for growth and future opportunities reflected in pre-tax profit of €1.8 million (2008: €5.4 million)
- Net profit of €5.4 million (2008: €4.1 million)
- Earnings per share of €0.035 (2008: €0.027)

Operational Highlights

- Development of Arnhem facility increasing capacity by 33%
- Tricoya® wood elements brand launched
- Joint Development Agreement with Medite Limited for Medium Density Fibreboard
- Current License Agreements for 650,000m^3 and License Option Agreements for 420,000m^3
- Expectations of additional license options and agreements in 2009/2010
- Expansion of trading agreements including into North America
- Paul Clegg appointed as non-executive director
- Appointed Matrix Corporate Capital, Nominated Adviser and Broker

Executive Chairman, Willy Paterson-Brown, said, "In challenging economic circumstances we have made good progress in many areas this year. Our Accoya® wood product continues to gain strong brand recognition on a growing international stage and we have successfully launched Tricoya®, our second brand. We continue to work on developing new territories and partnerships and have invested in the business to prepare for this growth. We have established ourselves as a leading 'sustainable' business and are positioning ourselves to take advantage of the significant changes facing the wood industry as environmental legislation starts to impact historic practices. This is an exciting time for us."

The audited financial statements for the year ended 31 March 2009 follow.

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Chairman's statement

Introduction

I am pleased to report another successful year for the Group. We have continued to make good progress despite the impact of the global economic recession and the particularly challenging market conditions.

We have continued to develop our Accoya® wood technology and have made significant capacity improvements to our Arnhem plant. The breadth of distribution for our Accoya® wood has increased significantly, with sales being made to our first licensee, Diamond Wood China Limited ("Diamond Wood") in China, and distribution agreements put in place for the key North American market.

I am particularly pleased with the progress we have made in developing our technology for the wood based composites market. The technology, which we have branded Tricoya®, is based on the acetylation of wood elements to make high performance panels. In June 2009 we signed a Joint Development Agreement with Medite (Europe) Limited to develop and build the first medium density fibreboard (MDF) plant, incorporating Tricoya® wood elements, to supply markets in the UK and Ireland.

Whilst progress with licensing has been slower than anticipated due to the economic climate, progress continues to be made by Diamond Wood for the construction of a plant in China and by Al Rajhi for a plant in the Middle East. We also signed additional licence options for 370,000m^3 during the year. Diamond Wood extended their commitment to China with an additional option for 250,000m^3. In addition, an option agreement for 120,000m^3 for Safwood SpA in Italy, Austria and Switzerland was signed, although revenue will be recognised in the future.

Summary of financial results

We report revenue of €31.2m (2008: €27.3m), up 14% from last year. Net profit increased to €5.4m (2008: €4.1m), up 32%, which includes the recognition of deferred tax assets that had previously not been recognised, with Group profit before tax of €1.8m (2008: €5.4m). Other income of €8.3m (2008: €nil) was generated from the early settlement of a licensing agency agreement during the year. Administrative costs increased by 60% compared to 2008 as we increased our engineering and technical resources to develop our technology and to work with existing and potential licensees. We also expanded our sales and marketing team on a global basis to develop the Accoya® wood and Tricoya® wood elements brands. As a consequence of this investment in the development of the business and increase in the cost base, profit from operations fell to €1.0m (2008: €4.1m).

Our cash balance at 31 March 2009 was €17.5m (2008: €46.2m) which has decreased due to capital expenditure on our Arnhem plant and a significant increase in working capital to support the development of the business (see Financial Review). The Group has no debt and an available equity line of credit for up to €20m over three years. In addition, the Company has also signed an agreement with an institutional investor to issue shares to a value of €4m in two equal tranches during July 2009 and September 2009.

Share price and market listings

The movement in our share price over the last year has been very disappointing, although this movement has been broadly in line with stock markets generally.

During the year we were selected by the Cleantech Group to join its prestigious Cleantech index - www.cleantech.com. This index, which comprises 75 publicly traded companies, offers investors an effective way to track and invest in the leading companies from sectors including advanced materials, agriculture, manufacturing, renewables and water.

In July 2008, we were also included in the Sustainable Business 20 (SB20) - www.sustainablebusiness.com, list of the world's top sustainable stocks, where we were listed as the world's sixth most sustainable business.

We welcome Matrix Corporate Capital LLP as our new Nomad and Brokers for our AIM listing and look forward to working closely with them. We continue to work with Fortis for our Euronext listing.

Board and management

I am pleased to announce the appointment of Paul Clegg to the Board as a non-executive director, with effect from 29 April 2009. Paul was previously Managing Director and Chief Executive of Cowen International Limited and has over twenty years of senior investment banking experience.

We now have a team of 126 staff in the Group. Their commitment and dedication to the growth of the Company continues to be a key factor in our success, and I would like to thank them for their contribution and support.

Dividend

In 2008, shareholders received a dividend of €0.01 per share. Payment of a dividend is not proposed for 2009. The Board deems it prudent for the Company to protect as strong a balance sheet as possible during the economic downturn. The Board will consider dividend payments again in the future as appropriate.

Prospects

We have made excellent progress during the past year in developing our technology and building a team with the skills needed to license our Accoya® wood and Tricoya® wood elements technology on a global basis.

One of the keys to our short term success is the completion of the fundraising needed by Diamond Wood to allow them to complete the construction of their Accoya® wood plant in China and we will continue to support these efforts.

In this current global economic environment the Board deems it prudent to continually review and focus on controlling costs, evaluating business development strategy and recognising strategic opportunities so as to strengthen the future prospects of the business. With that in mind we intend to reduce costs and will continue to work on improving efficiencies in all departments.

We continue to develop strong relationships with potential licensees and, whilst the current business environment has delayed the realisation of these prospects, I remain confident that we will achieve our targets and deliver the expected results.

It is a pleasure to serve as your Chairman and I would like to thank you for your continuing support.

Willy Paterson-Brown
Executive Chairman
1 July 2009

Chief Executive's report

Technology development

We have made excellent progress during the year in improving and optimising the performance of our Arnhem facility. The commercial scale Accoya® wood production facility was designed and built with a maximum capacity of 30,000m^3 on an annual basis. Through the efforts of our engineering, research and development, and operations teams we have implemented fundamental process changes, for relatively low capital cost, which have resulted in the production capacity increasing to over 40,000m^3 on an annual basis. This increased production ability will further increase the potential financial returns for licensees of our technology. We will continue to identify and develop ways to improve our process and plant capacity.

Our panel products team has had a very successful year. In March, we announced the development of this technology, which we have branded Tricoya®, and which is based on the acetylation of wood elements to produce high performance panels. We have subsequently signed a Joint Development Agreement with Medite(Europe) Limited to build the first medium density fibreboard (MDF) plant incorporating Tricoya® wood elements, to supply the UK and Ireland.

Considerable time and resource has been devoted to carrying out an extensive testing programme on alternative wood species for acetylation. Several species have been identified where acetylation results have been positive, and we consider this work to be very important for those prospective licensees that want to use indigenous wood species. The staff at our Arnhem facility have not only worked hard on the production of Accoya® wood, implemented improvements to the production processes and tested alternative wood species, but have also welcomed existing and various potential licensees to demonstrate the capabilities of our technology. Consequently, the Arnhem facility does not operate at optimal performance levels, something we continue to emphasise, as it is primarily a demonstration facility.

Increasing distribution of Accoya® wood

The volume of sales of Accoya® wood produced at our Arnhem facility increased by 122% year on year. Whilst this increase was lower than we had planned, given the economic climate and downturn in the construction industry, we consider it to be a creditable result.

In order to build a strong brand in the form of Accoya® wood and license on a global basis, it is necessary to establish sales and distribution channels on a global basis. The first step of this process is to obtain the appropriate certifications and testing protocols for each country. Our key focus this year has been on establishing the Accoya® wood brand in the USA. One of the significant tests in the USA is against attack from termites, which is a severe problem throughout the world, and which in the USA alone results in an annual cost of approximately $5 billion, due to crippled structures, infested homes and the need for costly repairs. We were pleased to announce that Accoya® wood produced very favourable results against standard termite testing in the USA, having more than 20 times the resilience of untreated wood.

During the year we established several distribution agreements for North America, which include UCS Forest Products, Bella Vista and East Teak.

A number of high profile projects have been carried out during the year using Accoya® wood. In particular, the construction of the first heavy traffic bridge in Sneek in the Netherlands. The Dutch government specifies that all bridges must last for at least 80 years, and Accoya® wood was selected after a thorough testing and verification process. Accoya® wood represents a new era in building technology due to its superior durability and dimensional stability.

Progress with licensing activity

The first licence we signed was for the China market with Diamond Wood in respect of an annual production capacity of 500,000m^3. During the year Diamond Wood acquired an option for an additional 250,000m^3 of production capacity and extended its exclusivity for the Chinese market to 2015 and potentially beyond. Planning and engineering design for the first phase of construction of the Diamond Wood plant, which will have an annual capacity of 300,000m^3 has been completed, and government approval has been obtained for the first stage of 120,000m^3. The securing of the necessary funding to build this first phase of the plant was delayed due to the world financial crisis and economic recession. After making enquiries, the Directors expect that this funding will be secured before the end of 2009. We began shipping Accoya® wood to China during the year as Diamond Wood builds and establish the market for Accoya® wood in advance of the construction of its own facility, which, subject to the successful raising of funding, is currently expected to come on stream in early 2011.

Our second licence agreement is with a large Saudi financial group, Al Rajhi Holdings WLL. Al Rajhi has a licence for 150,000m^3 annual capacity and exclusive rights for the territories of Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. The project is currently at the detailed planning and engineering design phase and we are working with Al Rajhi to confirm their site selection and establish appropriate partners for operating and distribution activities.

In March we signed an option with Safwood SpA for an annual capacity of 120,000m^3 and rights for Italy, Austria and Switzerland.

Discussions with additional potential licensees are continuing, albeit the appetite for large capital projects has reduced over the last six months. However, we are now starting to see renewed interest and enthusiasm as there are signs that we are emerging from the recent economic turbulence and uncertainty. We remain confident about the long term prospects for our Accoya® wood technology.

Management and people

Our success is totally reliant on the people who work in our business. During the year we have continued to build the team to meet the challenges ahead, with headcount increasing from 83 at the start of the year to 126 at the end of the year. The increases have predominantly been in the technical and engineering departments and in sales and marketing on a global basis. This increase in manpower is reflected in rising administration overheads.

Outlook

During the coming year we look forward to further developing our technology, increasing sales of our Accoya® wood and delivering additional licensing agreements. We will also be focusing on ensuring our cost base is appropriate for the challenges ahead.

Finlay Morrison
Chief Executive Officer
1 July 2009

Financial Review

Income statement

Revenue

The Group had revenue of €31.2m (2008: €27.3m). Revenue from licencing was broadly the same as last year, with the increase in revenue being generated from increased sales of Accoya® wood produced at our Arnhem facility.

Cost of sales

Cost of sales has increased to €20.2m (2008: €11.8m). On the licensing side, costs have increased due to engineering and design costs for licensee projects. The costs in Arnhem have increased partly due to additional Accoya® wood volumes, but also due to significant technology development, the testing of alternative wood species and other testing for potential licensees.

Administrative expenses

Administrative costs increased significantly during the year to €18.3m (2008: €11.5m) as we increased our staff numbers to an average of 112 in the year to 31 March 2009 (2008: 58), to drive sales and licensing activities on a global basis, and to further develop our technology to meet the needs of existing and potential licensees.

Other income

Other income of €8.3m (2008: €Nil) represents the profit generated from the early settlement of a licensing agency agreement during the year.

Profit from operations

Profit from operations fell to €1.0m (2008: €4.1m) as a result of the increase in administrative costs, which was not matched by an equivalent increase in turnover due to the general economic environment.

Finance income

Finance income of €0.9m (2008: €1.3m) represents interest receivable on bank deposits. The reduction compared to 2008 is due to lower bank deposits and the reduction in interest rates.

Finance expense

The finance expense is the costs attributed to the issue of 3,120,000 warrants under the equity line of credit agreement with GEM Global Yield Fund Limited. The cost of issue of the warrants has been calculated using a Black-Scholes model.

Taxation

There is no UK corporation tax liability for the year (2008: €1.4m) due to the availability of losses within the Group.
There is a tax credit for the year as a result of the recognition of a deferred tax asset of €2.6m and the release of an overprovision for corporation tax of €1.0m relating to previous years.

Dividends

In 2008, shareholders received a dividend of €0.01 per share. Payment of a dividend is not proposed for 2009.
The Board deems it prudent for the Company to protect as strong a balance sheet as possible during the economic downturn.

Earnings per share

Basic earnings per share were €0.03 (2008: €0.03). Diluted earnings per share were €0.03 (2008: €0.03).

Balance sheet

Fixed assets

Fixed assets additions of €2.6m predominantly relate to technology improvement at our Arnhem production facility. The cost and accumulated depreciation were both reduced by €7m as the prototype anhydride cracker which was fully impaired in the year ended 31 March 2007, was dismantled and disposed of.

Available for sale investments

The Company holds 13,333,400 Ordinary shares in Diamond Wood China Limited, at a cost of €6m (€0.45 per share).

Cash and bank

At 31 March 2009, the Group had cash and bank deposits of €17.5m (2008: €46.2m). The reduction of €28.7m in the year includes payments for capital expenditure of €7.7m, which included €5.3m in respect of additional land in Arnhem, which was purchased in March 2008 but paid for in the current year, and a dividend payment of €1.6m in respect of the year ended 31 March 2008. Cash generated from operations, before changes in working capital, was €3.4m but associated working capital increased by €23.9m. The increase in working capital is a function of revenue recognition under licence agreements being made in line with the proportion of work done, in accordance with IAS 18, but cash receipts from licensees linked to project approvals and contractual payment terms. Interest received was €0.9m with proceeds from the issue of share capital of €0.1m.

New equity

On 31 March 2009, the Company secured a €20m equity line of credit with GEM Global Yield Fund Limited. This will provide the Company with the ability to draw up to €20m over the next three years, although the timing of the drawing of this facility is controlled by the Company and the Company is not obliged to draw the funds. On drawdown, the Company will issue shares to GEM Global Yield Fund Limited at a price per share which represents a 10% discount to the average closing price over a 15 trading day period prior to drawdown. The Company has also issued 3,120,000 warrants. The warrants will be exercisable for a period of three years from the issue date at a price of €1.00 each. The first drawdown on this facility was completed on 30 June 2009.
In addition, the Company has also signed an agreement with an institutional investor to issue shares to a value of €4,000,000 in two equal tranches during July 2009 and September 2009.

Trade and other receivables

Trade and other receivables have increased to €48.6m (2008: €5.1m) as the terms of the licensing agreements results in the full amount of the income under the contract becoming receivable, whilst the timing of cash receipts is over the term of the contract. Where licensing income is receivable, but has not been earned due to the stage of completion of the contract, then the income is not recognised in the income statement, but is recorded as deferred income in the balance sheet.

Trade and other payables

Trade and other payables have increased to €23.0m (2008: €8.7m). The increase of €14.3m is due to an increase in trade payables of €1.1m due to the increase in the level of production at our Arnhem plant, whilst accruals and deferred income increased by €13.4m due to licensing income received and receivable that has not been reflected in the profit and loss account due to the degree of completion of the projects.

Capital structure / deferred shares

A total of 254,640 Ordinary shares were issued during the year as a consequence of option holders exercising share options. At 31 March 2009, the Company had 155,590,302 Ordinary shares in issue.
The Company also had 1,000,000 Deferred shares that were bought back by the Company for 0.1p per share during the year.

Risks and uncertainties

The balance sheet at 31 March 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 31 March 2009 were €92,339,000, of which €35,016,000 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 in the Diamond Wood project. After making enquiries, the Directors expect 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 €35,016,000 would be in doubt and may be impaired.

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 the year end, the Group had amounts owing to it from trade debtors of €21,683,000 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 and equity investments arranged since the balance sheet date.

The directors have considered the financial status of the most significant debtors and the new institutional investor and their access to funds and while the directors believe the amounts owing from those debtors are recoverable and that the investment will be forthcoming, 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 alternate 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, and, therefore, that it may be unable to realise its assets and liabilities in the normal course of business.

Kevin Wood
Chief Financial Officer
1 July 2009

Directors Report for the year ended 31 March 2009

The Directors present their report together with the audited financial statements for the year ended 31 March 2009.

Results and dividends

The consolidated income statement for the year is set out on page 21.

A dividend of €0.01 per share was paid during the year in respect of the year ended 31 March 2008. The Directors do not recommend the proposal of a dividend in respect of the current year.

Principal activities and review of the business

The principal activity of the Group is the development and commercialisation of its proprietary technology for the manufacture of Accoya® branded acetylated wood. The Group is also engaged in the development of other related process technologies with potential applications in the wood and chemicals industries. A review of the business is set out in the Chairman's statement and the Chief Executive's report on pages 1 to 4.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are set out in Note 23 of the financial statements.

Share issues and buy backs

An aggregate of 254,640 additional new ordinary shares were issued during the year at a price of €0.46 each as a consequence of option-holders exercising share options.
The Company also had 1,000,000 deferred shares that were bought back by the Company for 0.1p per share during the year. This resulted in a total cost of €1,480 to buy back the shares, which had a nominal value of €148,000, which were then cancelled.

Principal risks and uncertainties

The business, financial condition or results of operations of the Group could be adversely affected by any of the risks set out below. The Group's systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them.

The Directors consider that the principal risks to achieving the Group's objectives are those set out below.

(a) Economic and market conditions

The Group's operations comprise the manufacture of Accoya® wood and licensing the technology to do so to third parties. The cost and availability of key inputs affects the profitability of the Group's own manufacturing whilst also impacting the potential profitability of third parties interested in licensing the Group's technology. The price of key inputs and security of supply are managed by the Group, partly through the development of long term contractual supply agreements.

In the current economic climate, the potential to enter into additional licence agreements may be lower than originally anticipated.

The Group has an investment of €6m in its first licensee, Diamond Wood China Limited, together with substantial receivables due in respect of technology fees and sales of Accoya® wood. The carrying value of this investment and the recoverability of these receivables are dependant on the raising of funds by Diamond Wood to build their production plant and execute their business plan. See the Financial Review for more details.

(b) Regulatory, legislative and reputational risks

The Group's operations are subject to extensive regulatory requirements, particularly in relation to its manufacturing operations and employment policies. Changes in laws and regulations and their enforcement may adversely impact the Group's operations in terms of costs, changes to business practices and restrictions on activities which could damage the Group's reputation and brand.

(c) Employees

The Group's success depends on its ability to continue to attract, motivate and retain highly qualified employees. The highly qualified employees required by the Group in various capacities are sometimes in short supply in the labour market.

(d) Intellectual property

The Group's strategy of licensing technology depends upon maintaining effective protection of its intellectual properties. Protection is afforded by a combination of trademarks, patents, secrecy, confidentiality agreements and the structuring of legal contracts relating to key engineering and supply arrangements. Unauthorised use of the Group's intellectual property may adversely impact its ability to license the technology and lead to additional expenditures to enforce legal rights.

Key performance indicators

The Directors consider the following to be key performance indicators by which progress in the development of the business may be assessed:

- Sales values of Accoya® wood and the geographic spread of these sales - see segmental analysis in note 2 for more information.
- Annual nameplate capacity of the Accoya® wood production facility in Arnhem - see the Chief Executive's report for more information.
- Process improvements to reduce progressively the direct cost per m^3 to produce Accoya® wood, optimising the utilisation of direct materials, utilities and capacity utilised in the wood modification process.
- The volume in m^3 of licence options granted and exercised - currently the Group has 1,070,000m^3 of licence options granted and 650,000m^3 exercised.

Future developments

The Directors' priorities for the Group's future development include:

- Certification and testing of Accoya® wood in major markets to drive sales and licensing efforts.
- Continual testing of alternative indigenous wood species for acetylation.
- Exploiting global demand for licensing Accoya® wood technology.
- Developing the market for Tricoya® wood elements and developing the first commercial scale manufacturing plant for the production of acetylated wood fibre products in MDF with Medite Europe Limited.
- Constant review and focus on costs to ensure the cost base is appropriate to meet the objectives of the Group.
- Evaluation of business development strategy.

Directors

The Directors of the Company during the year were:

Willy Paterson-Brown	
Finlay Morrison	
Glyn Thomas	resigned 18 June 2008
Kevin Wood	appointed 18 June 2008
Stefan Allesch-Taylor	resigned 9 May 2008
Gordon Campbell	
Tim Paterson-Brown	
The Rt. Hon. Lord Sanderson of Bowden, Kb, D.L.	
Thomas Priday	appointed 18 June 2008

Paul Clegg was appointed as a director on 29 April 2009.

Directors' interests in the Ordinary shares of the Company

The Directors' interests in the Ordinary shares at the yearend were as follows:

	Direct holdings		Beneficial interests	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Willy Paterson-Brown	2,000,000	2,000,000	3,000,000	*20,000,000
Gordon Campbell	100,000	100,000	-	-
Finlay Morrison	-	-	-	-
Tim Paterson-Brown	-	-	2,500,000	*20,000,000
Lord Sanderson	11,095	11,095	-	-
Kevin Wood	-	-	-	-
Thomas Priday	-	-	-	-

Note * At 31 March 2008, 20,000,000 Ordinary shares were registered in the name of MacNiven and Cameron Equity Holdings Limited. Messrs W Paterson-Brown and T Paterson-Brown had beneficial interests in those shares as they were two of the discretionary beneficiaries of a trust which owned the majority of the issued share capital of MacNiven and Cameron Equity Holdings Limited. Neither of these persons could exercise, nor influence the exercise of, the voting rights of the Ordinary and Deferred shares held by MacNiven and Cameron Equity Holdings Limited. On 8 May 2008, the Company was advised that the trust had been dissolved and the directors' previously disclosed beneficial interest fell away. On the same date, T Paterson-Brown disclosed he held a beneficial interest in 2,500,000 Ordinary shares and W Paterson-Brown disclosed he held a beneficial interest in 3,000,000 Ordinary shares.

Directors' share options

	At 1 April 2008	Granted during year	Vested during year	Exercised during year	At 31 March 2009
Willy Paterson-Brown					
Vested at €0.46	1,440,000	-	-	-	1,440,000
Vested at €2.59	333,333	-	-	-	333,333
Unvested at €2.59	666,667	-	-	-	666,667
Vested at €3.84	333,333	-	-	-	333,333
Unvested at €3.84	666,667	-	-	-	666,667
Total	**3,440,000**	-	-	-	**3,440,000**
Finlay Morrison					
Vested at €3.80	333,333	-	-	-	333,333
Unvested at €3.80	666,667	-	-	-	666,667
Unvested at €1.38	-	250,000	-	-	250,000
Total	**1,000,000**	**250,000**	-	-	**1,250,000**
Kevin Wood					
Unvested at €1.38	-	150,000	-	-	150,000
Total	**-**	**150,000**	**-**	**-**	**150,000**

Details of the share option awards are set out in Note 12.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors.

Charitable donations

Charitable donations of €1,480 (2008: €Nil) were made during the year.

Employment policies

The Group operates an equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status or sexual orientation. All decisions relating to employment practises will be objective, free from bias and based solely upon work criteria and individual merit.

Health and safety

Group companies have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The avoidance of occupational accidents and illnesses is given a high priority. Detailed policies and procedures are in place to minimise risks and ensure appropriate action is understood in the event of an incident. A dedicated health and safety officer is retained at the Group's manufacturing facility.

Creditor payment policy

The Group's policy, in relation to all of its suppliers, is to negotiate terms of payment when agreeing the terms of transactions, to ensure that those suppliers are made aware of the terms of payment and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not follow any universal code or standard on payment practice but subsidiary companies are expected to establish and adhere to payment terms consistent with local procedures, custom and practice. For the year ended 31 March 2009, the average payment period for trade creditors for the Group was 42 days (2008: 61 days) and for the Company was 18 days (2008: 23 days).

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Further details are set out in note 1 to these financial statements.

Disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re□appoint them will be proposed at the annual general meeting.

By order of the Board

A Wyn-Griffiths
Company Secretary
1 July 2009

Corporate and Social Responsibility

Introduction

"Advancing technologies for a better world"

We are an environmental science and technology company, focused on the licensing and production of environmentally friendly and sustainable acetylated wood products. Corporate and social responsibility lies at the very core of our business.

Our technologies not only enable us to manufacture wood products that offer 'best in class' durability, dimensional stability and a wide spectrum of environmental advantages over alternative products, but also provide attractive opportunities for licensees and our other stakeholders.

We want to ensure that our business is not only a commercial success, but that we continue to advance technologies for a better world.

Our Product and the Environment

The main environmental benefit of our Accoya® and Tricoya® acetylated wood products, is their use as a substitute for other environmentally damaging products including chemically treated wood that uses toxic preservatives, unsustainably sourced tropical timber and materials produced from non renewable resources such as metals (for example steel and aluminium) and plastics (such as PVC).

Carbon footprint

During their growth, trees convert carbon dioxide (CO_2) through photosynthesis into cellulose and lignin, and emit oxygen in the process. As a result, during their lifespan trees act as carbon sinks, since CO_2 is captured from the atmosphere and makes up approximately half of the dry weight stored in the wood of the tree. The carbon is stored in the living tree, but will also remain stored once the tree is felled and the wood of the tree is used for products such as Accoya® and Tricoya®. As a consequence CO_2 is locked out of the natural carbon cycle during the lifespan of the wood or wood product.

Through decay or incineration, the carbon will eventually be released again into the atmosphere in the form of CO_2. This means that the use of renewable materials such as wood can be perceived as CO_2 neutral (if CO_2 emitted during production and transport is not taken into account).

In producing Accoya® wood, we exploit this carbon capture mechanism in two ways. Firstly, by using fast growing softwood species such as Radiata Pine as input for our acetylation process. Per hectare, more cubic metres of Radiata Pine can be grown (20-28m^3/ha/yr) compared to slower growing wood species such as Teak (6m^3/ha/yr). Consequently, a larger amount of carbon is sequestered compared to slow growing wood species.

Secondly, through the acetylation process, the dimensional stability and durability (durability class 1 according to EN 350-1) of a wood species are improved considerably. Accoya® wood may be applied both in applications above ground (user classes 1, 2 and 3 according to EN 335-1) and in direct ground contact (user class 4 according to EN 335-1). As a result, Accoya® wood is guaranteed for 50 years above ground and 25 years below ground and so rather than being a short term carbon store, it acts as a long term carbon sink.

We have recently commissioned Camco, a leading environmental consultancy group, to report on the carbon footprint of Accoya® wood so that we can better understand our product, its impact on the environment and identify where further efficiencies are possible. Camco's report resoundingly supports Accoya® wood's carbon sequestration credentials and contrasts Accoya® wood with other man made construction materials that Accoya® can replace, such as aluminium, PVC and steel. These materials do not sequester carbon and during production emit a considerably higher amount of carbon dioxide. Camco report that, for example, in the production of aluminium over 140 times more CO_2 is released into the atmosphere per cubic metre than in the production of Accoya® wood. Copies of Camco's report our available on request from our offices.

It can be concluded that Accoya® wood is one of the very few man-made construction materials on the planet verified by an independent environmental consultancy group to sequester carbon.

By understanding this, one can begin to appreciate the impact that Accoya® wood and Tricoya® wood elements can have in slowing the accumulation of CO_2 in the atmosphere that contributes to climate change.

Life cycle assessment

Besides having a low carbon footprint, Accoya® wood provides additional environmental advantages in the use phase, such as lower maintenance requirements due to the higher dimensional stability, a longer lifespan and a high value for thermal insulation. This was also shown in a Life Cycle Analysis (LCA) carried out by the Swiss research institute EMPA in 2007. EMPA confirmed that the application of Accoya® wood in window frames over a life span of 60 years has an environmental performance which is 19 to 26% better compared to window frame material alternatives such as wood, PVC and aluminium. A new LCA calculation based on our latest production figures is currently being undertaken by Imperial College, London.

Non toxic

In contrast to many of our competitors, who produce wood products that derive durability from using chemical treatment processes (such as chromate copper arsenate (CCA) or alkaline copper quat (ACQ) treatments), our product is 100% non-toxic and does not leach harmful substances. Due to Accoya® wood's outstanding durability, there is no need to apply chemicals such as CCA or ACQ as is necessary with unmodified or envelope treated woods. We offer a real alternative to these types of products.

Sustainable forestry

Wood sourced from sustainably managed forests and plantations is an environmentally responsible resource, which in theory is inexhaustible. Nevertheless, the demand for wood from certified forests is higher than the supply, as Greenpeace International (2007) confirms: "Support for the FSC label is high among major purchasers and retailers of forest products, but the tens of billions of dollars in market demand for FSC products still far exceeds supply".

Our products therefore offer an "in demand" sustainable alternative to tropical hardwoods. The fast growing renewable softwoods used in producing Accoya® wood can be grown and harvested in twenty five years, unlike tropical hardwoods that take over a hundred years to mature. This means that in Accoya® wood we have developed a solution to the global problem of deforestation and destruction of our ancient rainforests, often carried out illegally to the detriment of the local communities, wildlife, flora and fauna.

The wood we use is harvested from FSC, PEFC and other certified sources giving ourselves, our customers and our investors comfort that our supply forests are managed in a sustainable way and sensitive to the needs of the local environment. We oblige all our licensees to adhere to our requirements in this regard.

We are proud to support Rainforest Concern, a UK registered charity established to protect threatened natural habitats, the biodiversity they contain, together with the people who depend on the rainforests for survival.

Engaging with local communities
We actively engage with local community projects as far as possible on a pro-bono basis. By so doing we hope to:

1. showcase the high performance of our products;
2. draw attention to the viability of "green" products; and
3. assist local communities in reaching their goals.

Examples of these efforts include construction of Sneek Bridge (described above), and the Green Life Smart Life Project, a green home building project in the US.

Continuing research
Through our research and development group we are continually looking for ways to develop our technologies and products to make them more energy efficient and to reduce as far as possible any adverse impact on the environment. To that end, we are currently engaged in comprehensive species testing with the end goal of being able to commercially acetylate the softwood species that are most local to any of our current and potential licensees, wherever they may be in the world. That means reducing the need for transporting raw wood and therefore reducing our carbon footprint still further.

Our Employees and Office

Our employees are vital to achieving our corporate vision. We strive to build real collaborative team spirit, where each employee feels valued and their individual needs are listened to.

We are committed to upholding the basic principles of human rights by treating all of our employees with respect and doing our best to ensure that all of our business partners adhere to the same code. We do not tolerate the harassment or intimidation of any of our employees, and all employees are encouraged to bring any such issues to the attention of senior management.

We will seek out and employ the best qualified personnel regardless of race, religion, ethnic background, age, sex or disability. We believe that diversity should be encouraged and inclusion should be the norm.

Each of our group's offices in the United Kingdom, the Netherlands and the United States promote an environmentally friendly policy. We believe even small actions contribute to our overall goals. For example, we use either 100% recycled paper or paper produced from wood pulp harvested from sustainable forests and encourage a policy of recycling by providing recycling bins in the office. Our employees are expected to switch off computers, lights and other electrical goods when not in use to conserve energy. Our offices are also being fitted with energy efficient light bulbs.

Our Health and Safety

Accsys Technologies is committed to maintaining a healthy and safe environment for all its group employees, licensees, business partners, customers and the communities where we operate.

Our demonstration plant in Arnhem, the Netherlands uses acetic anhydride in the production of Accoya® wood and generates acetic acid as a bi-product of acetylation.

We mitigate any marginal health and safety risk associated with these low impact chemicals and the production process as a whole by ensuring our plant is at all times fully compliant with legal and regulatory health and safety requirements. Our wholly owned subsidiary company, Titan Wood BV employs a manager responsible for ensuring that the facility operates to the highest health and safety standards and in accordance with our bespoke Titan Wood Health and Safety Policy. The Health and Safety Policy provides for:

- regular monthly staff meetings to discuss health and safety matters;
- the promotion of knowledge of our employees and their input in the field of health and safety;
- the promotion of a safety conscious attitude amongst employees;
- reducing as far as possible the use and exposure of employees to harmful substances;
- encouraging the development of better, safer and healthier working methods and equipment to prevent distress and/or material damage arising from work and work related accidents;
- addressing the root causes of potential dangers;
- preventing situations that may otherwise lead to accidents;
- the proper design of our production facility;
- regular maintenance and inspection of our facility; and
- selecting suppliers according to our requirements for health and safety in addition to quality and environmental concerns.

The health and safety measures taken by Titan Wood BV have helped ensure there have been no material health and safety issues in any part of the business.

Our Business Partners

We want our own activities and also those of our licensees, suppliers and other business partners to be socially and environmentally responsible. We are committed to a policy of minimising any negative social and environmental impact that may flow from our activities and expect the same high standards from our business partners.

In particular, we expect our business partners:

- not to engage in or support the use of child labour;
- not to use forced labour (for example prison, indentured, bonded) and subject to local legislation, allow all employees the right to free assembly and collective bargaining;
- to provide a healthy and safe environment for their staff, customers and visitors, and to comply with all applicable local environmental, safety and health regulations;
- to provide an equality of opportunity and not discriminate against any worker on any grounds of age, sex, marital status, disability, colour, race, religion, nationality or ethnic origin;
- not to engage in harassment or intimidation of employees or support the use of corporal punishment, mental, physical, sexual or verbal abuse; and
- to comply with all applicable wage and hour laws and regulations in their relevant jurisdiction, including minimum wage, overtime and maximum hours.

Our Awards and Achievements

Many of the above factors have resulted in Accsys Technologies PLC being listed in the Cleantech Index - the leading global stock exchange index of clean technology companies - and the Sustainable Business Index, SB20. The SB20 showcases the most innovative, model companies that have the potential to most positively impact the goal of reaching a sustainable society.

Titan Wood is also delighted to have received the overall Dutch National Award for Sustainability Innovation, "The Columbus Egg", and the Award for Sustainable Production Technology for Accoya® wood in 2008. These awards are granted by the Dutch Government and are designed to reward sustainability innovation within businesses operating in the Netherlands.

Corporate Governance

Details of the Company's corporate governance arrangements are set out below. The Board of Directors acknowledges the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance. The Combined Code is not compulsory for AIM listed companies. The Board has applied the principles as far as practicable and appropriate for a relatively small public company.

The Board of Directors

Throughout the period, the Board comprised a Chairman, two executive Directors and a minimum of three non-executive directors.

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

During the year, all serving Directors attended the quarterly Board meetings that were held. In addition to the scheduled meetings there is frequent contact between all the Directors in connection with the Company's business including audit and nomination & remuneration committee meetings which are held as required, but as a minimum twice per annum.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board submit to re-election at intervals of three years.

Audit Committee

The Audit Committee consists of Gordon Campbell (Chairman), Tim Paterson-Brown and Lord Sanderson. The Audit Committee meets at least twice a year and is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Committee also discusses the scope of the audit and its findings and considers the appointment and fees of the external auditors. The Audit Committee believes that it is not currently appropriate for the company to maintain an internal audit function due to its size.

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The non-audit fees are considered by the Board not to affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the period, ensuring that the value of non-audit service does not increase to a level where it could affect the auditors' objectivity and independence. The Board also receives an annual confirmation of independence from the auditors.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of Lord Sanderson (Chairman), Tim Paterson-Brown and G Campbell. The Committee's role is to consider and approve the nomination of directors and the remuneration and benefits of the executive Directors, including the award of share options. In framing the Company's remuneration policy, the Nomination & Remuneration Committee has given full consideration to Section B of The Combined Code.

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Company's organisational structure has clear lines of responsibility.
- The Company prepares a comprehensive annual budget that is approved by the Board. Monthly results are reported against the budget and variances are closely monitored by the Directors.
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The Directors have initiated an internal process to undertake annual reviews of the effectiveness of the system of internal financial control operating across the Group.

Relations with shareholders

Communications with shareholders are given high priority.

There is regular dialogue with shareholders including presentations after the Company's preliminary announcement of the year end results. The board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions.

Directors' attendance record

The attendance of individual directors at meetings of the Board and its committees in the year under review was as follows:

	Board		Audit Committee		Nominations & Remuneration Committee	
Number of meetings	Attended	Serving	Attended	Serving	Attended	Serving
Willy Paterson-Brown	5	5	3	-	2	-
Finlay Morrison	5	5	3	-	1	-
Glyn Thomas (1)	1	1	1	-	2	-
Kevin Wood (2)	4	4	2	-	1	-
Gordon Campbell	5	5	3	3	2	2
Tim Paterson-Brown	5	5	3	3	2	2
Lord Sanderson	5	5	3	3	2	2
Thomas Priday (3)	4	4	2	-	1	-
Stefan Allesch-Taylor (4)	-	-	-	-	-	-

Whilst all Directors are not members of the Board Committees they attend by invitation.

Figures in the left hand column denote the number of meetings attended and figures in the right hand column denote the number of meetings held whilst the individual held office.

Notes

1. resigned from the Board on 18 June 2008
2. appointed to the Board on 18 June 2008
3. appointed to the Board on 18 June 2008
4. resigned from the Board on 9 May 2008

Statement of Director's Responsibilities

Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors' report

Independent auditor's report to the shareholders of Accsys Technologies PLC

We have audited the Group and parent company financial statements (the "financial statements") of Accsys Technologies PLC for the year ended 31 March 2009 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's statement, the Chief Executive's report, the Financial Review, the Directors' Report, Corporate and Social Responsibility report, Corporate Governance and the Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 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 the Companies Act 1985 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group has significant amounts owing to it from trade debtors. The Group is dependent on the recovery of these amounts in a timely manner, and the new equity investments arranged since the balance sheet date, in order to continue as a going concern. While the Directors are confident that the amounts are recoverable, and that the investment will be forthcoming, 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 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 financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
1 July 2009

Consolidated income statement for the year ended 31 March 2009

	Note	2009 €'000	2008 €'000
Revenue		31,191	27,328
Cost of sales		(20,209)	(11,761)
Gross profit		10,982	15,567
Administrative expenses		(18,292)	(11,450)
Other income	5	8,290	-
Profit from operations	6	980	4,117
Finance income	7	923	1,328
Finance expense	8	(82)	-
Profit before taxation		1,821	5,445
Tax credit/(expense)	9	3,608	(1,364)
Profit attributable to equity holders of the parent		5,429	4,081
Basic earnings per ordinary share	10	€0.03	€0.03
Diluted earnings per ordinary share	10	€0.03	€0.03

The notes on pages 25 to 44 form part of these financial statements.

Consolidated balance sheet at 31 March 2009

		€'000	€'000
Non-current assets			
Intangible assets	13	7,852	8,116
Property, plant and equipment	14	28,013	27,169
Available for sale investments	15	6,000	6,000
Deferred tax	16	2,630	-
Trade receivables	19	6,400	-
		50,895	41,285
Current assets			
Inventories	18	4,888	4,932
Trade and other receivables	19	42,185	5,100
Cash and cash equivalents		17,503	46,239
		64,576	56,271
Current liabilities			
Trade and other payables	20	23,004	8,731
Corporation tax		128	1,364
		23,132	10,095
Net current assets		41,444	46,176

	Note		
Total net assets		92,339	87,461
Equity and reserves			
Share capital - Ordinary shares	21	1,556	1,553
Share capital - Deferred shares	21	-	148
Share premium account		78,191	78,076
Capital redemption reserve		148	-
Warrants reserve		82	-
Merger relief reserve		106,707	106,707
Retained earnings		(94,345)	(99,023)
Equity attributable to equity holders of the parent		92,339	87,461

The financial statements were approved by the Board and authorised for issue on 1 July 2009

Willy Paterson-Brown)
) **Directors**
Kevin Wood)

The notes on pages 25 to 44 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2009

	Share capital Ordinary €000	**Share capital Deferred €000**	**Share premium €000**	**Capital redemption reserve €000**
Balance at 1 April 2007	1,406	148	35,689	-
Profit and total recognised income and expense for the period	-	-	-	-
Share based payments	-	-	-	-
Shares issued in the period	131	-	-	-
Share options exercised	16	-	-	-
Premium on shares issued	-	-	43,152	-
Share issue costs	-	-	(765)	-
Balance at 31 March 2008	1,553	148	78,076	-
Profit and total recognised income and expense for the period	-	-	-	-
Share based payments	-	-	-	-
Share Warrants issued	-	-	-	-
Share options exercised	3	-	-	-
Premium on shares issued	-	-	115	-

Buyback of deferred shares	-	(148)	-	148
Dividends Paid	-	-	-	-
Balance at 31 March 2009	1,556	-	78,191	148

	Warrant reserve €000	**Merger relief reserve €000**	**Retained earnings €000**	**Total €000**
Balance at 1 April 2007	-	106,707	(104,241)	39,709
Profit and total recognised income and expense for the period	-	-	4,081	4,081
Share based payments	-	-	1,137	1,137
Shares issued in the period	-	-	-	131
Share options exercised	-	-	-	16
Premium on shares issued	-	-	-	43,152
Share issue costs	-	-	-	(765)
Balance at 31 March 2008	-	106,707	(99,023)	87,461
Profit and total recognised income and expense for the period	-	-	5,429	5,429
Share based payments	-	-	804	804
Share Warrants issued	82	-	-	82
Share options exercised	-	-	-	3
Premium on shares issued	-	-	-	115
Buyback of deferred shares	-	-	(2)	(2)
Dividends Paid	-	-	(1,553)	(1,553)
Balance at 31 March 2009	82	106,707	(94,345)	92,339

Share capital, both ordinary and deferred, is the amount subscribed for shares at nominal value (note 21).

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares, net of share issue expenses. Share issue expenses comprise the costs in respect of the issue by the company of new shares.

Capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares.

Warrant reserve represents the costs associated with the issue of warrants, calculated using a Black-Scholes model.

Merger relief reserve arose prior to transition to IFRS when merger accounting was adopted, and it represents the difference between the nominal value of the shares issued by the acquirer and the nominal value of the shares and share premium of the company acquired.

Retained earnings represent the cumulative loss of the group attributable to the equity shareholders of the parent.

Consolidated cash flow statement for the year ended 31 March 2009

	2009 €'000	2008 €'000
Profit before taxation	1,821	5,445
Adjustments for:		
Amortisation of intangible assets	264	264
Depreciation of property, plant and equipment	1,572	1,447
Finance income	(923)	(1,328)
Equity-settled share-based payment expenses	804	1,137
Equity-settled warrant expenses	82	-
Cash flows from operating activities before changes in working capital	3,620	6,965
Increase in trade and other receivables	(43,485)	(4,015)
Decrease/(Increase) in inventories	44	(4,022)
Increase in trade and other payables	19,533	369
Cash generated by operating activities	(20,288)	(703)
Tax Paid	(258)	-
Net cashflows from operating activities	20,546)	(703)
Cash flows from investing activities		
Interest received	923	1,328
Purchase of available for sale investments	-	(6,000)
Purchase of property, plant and equipment (see note below)	(7,676)	(1,745)
Net cashflows from investing activities	(6,753)	(6,417)
Cashflows from financing activities		
Dividends Paid	(1,553)	-
Proceeds from issue of share capital	118	43,299
Share issue costs	-	(765)
Buyback cost for deferred shares	(2)	-
Net cashflows from financing activities	(1,437)	42,534
Net (decrease) / increase in cash and cash equivalents	28,736)	35,414
Opening cash and cash equivalents	46,239	10,825
Closing cash and cash equivalents	17,503	46,239

Note: Purchase of property, plant and equipment includes land in Arnhem that was purchased in March 2008, but paid for in April 2008. The amount payable of €5,260,000 was included in other creditors at 31 March 2008.

The notes on pages 25 to 44 form part of these financial statements.

Notes to the financial statements for the year ending 31 March 2009

1. Accounting Policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on page 45.

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 the year end, the Group had amounts owing to it from trade debtors of €21,683,000 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 and equity investments arranged since the balance sheet date.

The Directors have considered the financial status of the most significant debtors and the new investor and their access to funds and while the Directors believe the amounts owing from those debtors are recoverable and that the investment will be forthcoming, 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 alternate 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, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Risks and uncertainties

The balance sheet at 31 March 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 31 March 2009 were €92,339,000, of which €35,016,000 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 are required. However, if sufficient funds are not obtained to construct the manufacturing plant, then the carrying value of the related net assets of €35,016,000 would be in doubt and may be impaired.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquirer's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

As allowed under IFRS 1, some business combinations effected prior to transition to IFRS, were accounted for using the merger method of accounting. Under this method, assets and liabilities are included in the consolidation at their book values, not fair values, and any differences between the cost of investment and net assets acquired were taken to the merger reserve.

Revenue recognition

Revenue is measured at the fair value of the consideration receivable. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Licence fee income
Licence fee income is recognised over the period of the relevant agreements according to the specific terms of each agreement or the quantities and/or values of the licensed product sold. Initial "up front" income received, which is non-refundable, is recognised on a straight line basis over the period of the agreement or pro-rata to the volume or value of sales according to the specific terms of the agreement. The amount of income not recognised is included in the financial statements as deferred income and shown as a liability.

The accounting policy for the recognition of technology licence fees is based upon an assessment of the work required before the licence is signed and subsequently during the design, construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion.

Similarly, when an "up front" non refundable agency premium is received from an agent, this is recognised upon signing of a technology licence negotiated by the agent, pro rata to the capacity signed and the capacity under the agency agreement. Where a negotiated licensee signs a licence option agreement in advance of the technology licence, an assessment of the work completed is undertaken to determine the proportion of the agency premium that may be recognised in respect of such licence options. Currently, the proportion of the agency premium assessed as recognisable upon signing a licence option is up to 20 per cent.

Interest income

Interest accrues using the effective interest method, i.e. the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Finance expense

Finance expense represents the costs associated with the issue of warrants, calculated using a Black-Scholes model. Costs are charged to the profit and loss account in the period that the obligation to issue the warrants becomes binding.

Share based payments

The Company awards share options to certain directors and employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is charged to the income statement over the vesting period during which the employees become unconditionally entitled to the options.

The fair value of the options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

The Group contributes to certain defined contribution pension and employee benefit schemes on behalf of its employees. These costs are charged to the income statement on an accruals basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:-

- the initial recognition of goodwill,
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Foreign currency translation

The consolidated financial statements are presented in Euro, which is also the functional currency of all group companies. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised, and is subject to annual impairment reviews by the directors. Any impairment arising is charged to the income statement.

Intangible assets

Intellectual property rights, including patents, which cover a portfolio of novel chemical processes and products, are shown in the financial statements at cost less any amounts by which the carrying value is assessed during an annual review to have been impaired. At present, the useful economic life of the intellectual property is considered to be 20 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any impairment charged. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, except freehold land, over its expected useful life on a straight line basis, as follows:

Property, plant and equipment - These assets comprise pilot plants and production facilities. These facilities are depreciated from the date they become available for use at rates applicable to the asset lives expected for each class of asset, with rates between 5% and 20%.

Office equipment - Between 20% and 50%.

Impairment

The carrying amount of the non-current assets of the Group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets are determined by applying a discount rate to the anticipated pre-tax future cash flows. An impairment is recognised in the income statement to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with Group accounting policies. A previously recognised impairment loss, other than on goodwill, is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of assets.

Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Inventories

Raw materials, which consist of unprocessed timber, chemicals and various materials used in manufacturing operations are valued at the lower of cost and net realisable value. The basis on which cost is derived is a first-in, first-out basis.

Finished goods, comprising processed timber, are stated at the lower of weighted average cost of production or net realisable value. Costs include direct materials, direct labour costs and production overheads (including the depreciation/depletion of relevant property and plant and equipment) absorbed at an appropriate level of capacity utilisation. Net realisable value represents the estimated selling price less all expected costs to completion and costs to be incurred in selling and distribution.

Financial assets

Financial assets are classified as available for sale investments and loans and receivables, depending on the purpose for which the asset was acquired. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Unlisted shares held by the group are classified as available for sale investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investment revaluation reserve, with the exception of impairment losses which are recognised directly in profit or loss. Where investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss in the year.

Loans and receivables, which comprise non-derivative financial assets with fixed and determinable payments that are not quoted on an active market are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise principally from the provision of goods and services to customers.

Trade receivables are initially recognised at fair value less an allowance for any uncollectible amounts. A provision for impairment is made when there is objective evidence that the group will not be able to collect debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Other financial liabilities
Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital
Financial instruments issued by the group are treated as equity only to the extent that they do not meet the definition of a financial liability. The group's shares are classified as equity instruments.

Accounting estimates and judgments

In preparing the Consolidated Financial Statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgments that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of estimation and uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Revenue recognition
The Group has considered the criteria for the recognition of licence fee income over the period of the agreement and is satisfied that the recognition of such revenue in the current year is appropriate. The recognition of technology licence fees is based upon an assessment of the work required before the licence is signed and subsequently during the construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion. The Group also considers the recoverability of amounts before recognising them as income.

Goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of judgments in relation to discount rates and future forecasts. There is such significant headroom in the value in use calculations that only a significant change in estimates would result in the value of goodwill being impaired. This is not considered likely.

Intellectual property rights and property, plant and equipment

The Group tests the carrying amount of the intellectual property rights and property, plant and equipment whenever events or changes in circumstances indicate that the net book value may not be recoverable. These calculations require the use of estimates in respect of future cashflows from the assets by applying a discount rate to the anticipated pre-tax future cashflows. The Group also reviews the estimated useful lives at the end of each annual reporting period. There is such significant headroom in the value in use calculations that only a significant change in estimates would result in the value of other intangibles and property, plant and equipment being impaired. This is not considered likely.

Inventories

The Group reviews the net realisable value of, and demand for, its inventory on a monthly basis to provide assurance that recorded inventory is stated at the lower of cost and net realisable value.

New standards and interpretations in issue but not yet effective at the date of authorisation of these financial statements:

- IAS 1 - Amendments to presentation of financial statements (effective for periods beginning on or after 1 January 2009).
- IAS 23 - Amendments to borrowing costs (effective for periods beginning on or after 1 January 2009).
- IAS 27 - Amendments to consolidated and separate financial statements (effective for periods beginning on or after 1 July 2009).
- IAS 32 - Amendments to financial instruments: Presentation (effective for periods beginning on or after 1 January 2009).
- IAS 32 and IAS 1 - Amendments to puttable financial instruments and obligations arising on liquidation (effective for periods beginning on or after 1 January 2009).
- IFRS 1 and IAS 27 - Amendments to cost of an investment in a subsidiary, jointly controlled entity or associate (effective for periods beginning on or after 1 January 2009).
- IFRS 1 revised - First time application of International Financial Reporting Standards (effective for periods beginning on or after 1 January 2009).
- IFRS 2 - Amendments to share based payments: vesting conditions and cancellations (effective for periods beginning on or after 1 January 2009).
- IFRS 3 - Business combinations: Revised (effective for periods beginning on or after 1 July 2009).
- IFRS 7 - Improving disclosures about financial instruments (effective for periods beginning on or after 1 January 2009).
- IFRIC 9 and IAS 1 - Amendments to embedded derivatives (effective for periods ending on or after 30 June 2009).
- IFRIC 13 - Customer loyalty programmes (effective for periods beginning on or after 1 July 2008).
- IFRIC 15 - Agreements for the construction of real estate (effective for periods beginning on or after 1 January 2009).
- IFRIC 16 - Hedges of a net investment in a foreign operation (effective for periods beginning on or after 1 October 2008).
- IFRIC 17 - Distributions of non-cash assets to owners (effective for periods beginning on or after 1 July 2009).
- IFRIC 18 - Transfer of assets from customers (effective for transfers of assets from customers received on or after 1 July 2009).
- Improvements to IFRS's (2009) (effective for periods beginning on or after 1 January 2009).
- Improvements to IFRS's (2010) (effective for accounting periods beginning on or after 1 January 2010 generally).
- Group cash-settled share based payment transactions (Amendments to IFRS 2) (effective for periods beginning on or after 1 January 2010)

Entities in EU Member States can only apply IFRSs or IFRICs that have been endorsed by the European Union. Of the standards and interpretations listed above parts of IAS 39, IFRS 2, IFRIC 9, IFRIC 12, IFRIC 14, IFRIC 15, IFRIC 7, IFRIC 18, Improvements to IFRS's (2010), and Improved Disclosures About Financial Instruments had not yet been endorsed by the European Union at the date these financial statements were authorised for issue. They are expected to be endorsed during 2009.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group.

2. 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.

	Licence fees		Manufacturing		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Revenue	22,705	23,118	8,486	4,210	31,191	27,328
Cost of sales	(6,092)	(2,500)	(14,117)	(9,261)	(20,209)	(11,761)
Gross profit	16,613	20,618	(5,631)	(5,051)	10,982	15,567
Administrative expenses	(11,515)	(7,793)	(6,777)	(3,657)	(18,292)	(11,450)
Other income	8,290	-	-	-	8,290	-
Profit from operations	13,388	12,825	(12,408)	(8,708)	980	4,117
Finance income					923	1,328
Finance expense					(82)	-
Profit before taxation					1,821	5,445

The segmental assets in the current year and the previous year were predominantly held in Europe. Additions to property, plant, equipment and intangible assets in the current year and the previous year were predominantly incurred in Europe.

3. Employees

	2009	**2008**
	€'000	**€'000**
Staff costs (including directors) consist of:		
Wages and salaries	6,793	4,195

Social security costs	627	916
Other pension costs	354	206
Share based payments	804	1,137
	8,578	6,454

The average number of employees, including executive directors, during the year was as follows:	**Number**	**Number**
Administration	75	29
Operating	37	29
	112	58

4. Directors' remuneration

	2009 €'000	2008 €'000
Directors' remuneration consists of:		
Directors' emoluments	587	1,113
Gains on exercise of share options	-	1,736
Company contributions to money purchase pension schemes	35	62
Amounts paid to third parties in respect of directors' services	341	712
	963	3,623
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	345	65
Gains on exercise of share options	-	1,736
Company contributions to money purchase pension schemes	-	5

The group makes contributions to 3 (2008: 3) directors' personal pension plans.
Out of the share based payments charge (note 11) €476,000 (2008: €570,000) relates to the directors.

5. Other income

Other income of €8,290,000 (2008: €Nil) represents the profit generated from the early settlement of a licensing agency agreement during the year.

6. Profit from operations

	2009 €'000	2008 €'000
This has been arrived at after charging:		
Staff costs	8,578	6,454
Depreciation of property, plant and equipment	1,572	1,447
Amortisation of intangible assets	264	264
Operating lease rentals	382	327
Fees payable to the company's auditors for the audit of the company's annual accounts	54	53
Fees payable to the company's auditors and its associates for other services:		
- audit of the company's subsidiaries	84	65
- other services pursuant to legislation	148	-
- tax services	105	1
Euronext Amsterdam listing expenses	-	1,252
Foreign exchange costs	99	72
Research & Development	584	693

7. Finance income

	2009 €'000	2008 €'000
Interest receivable on bank and other deposits	923	1,328

8. Finance Expense

	2009 €'000	2008 €'000
Warrants issue costs	82	-

9. Tax expense

	2009 €'000	2008 €'000
(a) Tax recognised in the income statement comprises:		
Current tax expense		
UK Corporation tax on profits for the year	-	1,364
Over provision in respect of prior years	(1,045)	-
	(1,045)	1,364
Overseas tax at rate of 34%	67	-
Deferred Tax Credit		
Recognition of deferred tax asset on trading losses - prior year	(2,630)	-
Total tax (credit)/expense reported in the income statement	(3,608)	1,364

	2009 €'000	2008 €'000
(b) The tax charge for the period is lower than the standard rate of corporation tax in the UK (2009: 28%, 2008: 30%) due to:		
Profit before tax	1,821	5,445
Expected tax charge at 28% (2008 - 30%)	510	1,634
Expenses not deductible for tax purposes	336	820
Relief for gain on employee share options	-	(1,358)
Overseas Taxation	67	-
Over provision in respect of prior years	(1,045)	-
Increase in tax losses in overseas subsidiaries	-	2,226
Recognition of deferred tax asset on trading losses	(2,630)	-
Utilisation of previously unrecognised losses at local tax rate	(846)	(1,965)
Other differences	-	7
Total tax (credit)/expense reported in the income statement	(3,608)	1,364

10. Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

To calculate the diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all potentially dilutive ordinary shares. Potential dilutive ordinary shares comprise share options granted to employees and warrants.

Basic earnings per share	**2009**	**2008**
Weighted average number of Ordinary shares in issue ('000)	155,463	151,112
Earnings for the year (€'000)	5,429	4,081
Basic earnings per share	€ 0.03	€0.03

Diluted earnings per share	**2009**	**2008**
Weighted average number of Ordinary shares in issue ('000)	157,505	155,070
Earnings for the year (€'000)	5,429	4,081
Diluted earnings per share	€ 0.03	€0.03

The earnings used in the calculation of diluted earnings per share are the same as those for the equivalent basic earnings per share calculation.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2009	**2008**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	155,463	51,112
Share options and warrants	2,042	3,958
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	157,505	155,070

11. Dividends Paid

	2009 €'000	**2008 €'000**
Final Dividend of €0.01 (2008: €NIL) per ordinary share proposed and paid during year relating to the previous year's results	1,553	-

12. Share based payments

Options granted on 1 March 2005 at an exercise price of €0.46 per Ordinary share fully vested during the year. These options may be exercised until 30 March 2015. At 31 March 2009, 2,184,000 of these options were outstanding.

Options granted on 14 June 2006 at an exercise price of €1.20 per Ordinary share vested immediately but are not exercisable before 14 June 2009. These options may be exercised until 14 June 2016. At 31 March 2009, 431,000 of these options were outstanding.

Options granted on 28 March 2007 at an exercise price of €2.59 per Ordinary share vest to one third of the options granted upon achievement of each of the following:

- Cumulative €5 million licence income recognised under group accounting policies
- Cumulative €20 million revenue from sales of Accoya
- Announcement of annual group distributable earnings exceeding €5 million

Once vested, these options may be exercised until 31 March 2017. At 31 March 2009, 5,057,000 of these options were outstanding.

Options granted on 15 May 2007 at an exercise price of €3.84 per ordinary share vest to one third of the options granted upon achievement of each of the following:

- Cumulative €5 million licence income recognised under group accounting policies
- Cumulative €20 million revenue from sales of Accoya
- Announcement of annual group distributable earnings exceeding €5 million

Once vested, these options may be exercised until 15 May 2017. At 31 March 2009, 1,000,000 of these options were outstanding.

Options granted on 11 October 2007 at an exercise price of €3.80 per ordinary share vest to one third of the options granted upon achievement of each of the following:

- Cumulative €15 million revenue from sales of Accoya
- Announcement of annual group distributable earnings exceeding €15 million
- Cumulative €75 million gross licence revenue recognised under group accounting policies

Once vested these options may be exercised until 11 October 2017. At 31 March 2009, 1,000,000 of these options were outstanding.

Options granted on 20 November 2007 at an exercise price of €3.65 per ordinary share vest to one third of the options granted upon achievement of each of the following:

- Annual Accoya production exceeds 23,000m^3 in a financial year
- Annual Accoya sales revenue exceeds €26 million in financial year
- The second pair of reactor in the wood modification plant are processing more than 25 batches per month

Once vested these options may be exercised until 20 November 2017. At 31 March 2009, 376,000 of these options were outstanding.

Options granted on 18 June 2008 at an exercise price of €2.80 per ordinary share vest to one third of the options granted upon achievement of each of the following:

- Announcement of audited Annual Accoya sales revenue exceeds €20 million in financial year
- Announcement of audited annual group distributable earnings exceeding €15 million
- Announcement of audited Cumulative €75 million gross licence revenue recognised under group accounting policies

Once vested these options may be exercised until 18 June 2018. At 31 March 2009, 305,000 of these options were outstanding.

Options granted on 8 December 2008 at an exercise price of €1.38 per ordinary share vest to one third of the options granted upon achievement of each of the following:

- Announcement of audited Annual Accoya sales revenue exceeds €20 million in financial year
- Announcement of audited annual group distributable earnings exceeding €15 million
- Announcement of audited Cumulative €75 million gross licence revenue recognised under group accounting policies

Once vested these options may be exercised until 8 December 2018. At 31 March 2009, 1,383,000 of these options were outstanding.

Unless discretion is exercised by the Nomination & Remuneration Committee, all options are forfeit following an optionholder's termination of contract.

Outstanding options granted under the share option scheme are as follows:

	Number of outstanding options at 31 March		**Weighted average remaining contractual life, in years**		**Option price**
Date of grant	**2009**	**2008**	**2009**	**2008**	
1 March 2005	2,184,000	2,438,640	5.9	6.9	€ 0.46
14 June 2006	431,000	438,500	7.2	8.2	€ 1.20
28 March 2007	5,057,000	5,072,000	8.0	9.0	€ 2.59
15 May 2007	1,000,000	1,250,000	8.1	9.1	€ 3.84
11 October 2007	1,000,000	1,000,000	8.5	9.5	€ 3.80
20 November 2007	376,000	376,000	8.6	9.6	€ 3.65
18 June 2008	305,000	-	9.3	-	€ 2.80
8 December 2008	1,383,000	-	9.7	-	€ 1.38

Movements in the weighted average values are as follows:

	2009 Weighted average exercise price	**2009 Number**	**2008 Weighted average exercise price**	**2008 Number**
Outstanding at 1 April	€ 2.34	10,575,140	€ 1.62	9,660,500
Granted during the year	€ 1.64	1,688,000	€ 3.79	2,626,000
Exercised during the year	€ 0.46	(254,640)	€ 0.46	(1,574,160)
Expired during the year	€ 2.55	(272,500)	€ 0.78	(137,200)

Outstanding at 31 March	€ 2.27	11,736,000	€ 2.34	10,575,140

The exercise price of options outstanding at the end of the year ranged between €0.46 and €3.84 (2008: €0.46 and €3.84) and their weighted average contractual life was 7.9 years (2008: 8.6 years).

Of the total number of options outstanding at the year end, 4,203,000 (2008: 4,545,973) had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) of options exercised during the year was €2.20 (2008: €3.84).

The weighted average fair value of each option granted during the year was €0.42 (2008: €0.45).

The fair value of executive share options granted during the year is calculated based on a modified Black-Scholes model assuming inputs shown below:

Grant date	**08-Dec-08**	**18-Jun-08**	**20 Nov 07**	**10 Oct 07**
Share price at grant date	€ 1.38	€ 2.80	€ 3.65	€ 3.80
Exercise price	€ 1.38	€ 2.80	€ 3.65	€ 3.80
Expected life	3	3	3	3
Contractual life	10	10	10	10
Risk free rate	2.50%	5.00%	4.68%	5.11%
Expected volatility	38%	30%	28%	15%
Expected dividend yield	1.3%	1.3%	1.3%	1.3%
Fair value of option	**€ 0.361**	**€ 0.679**	**€ 0.427**	**€ 0.467**
Grant date	**15 May 07**	**28 Mar 07**	**14 Jun 06**	**1 Mar 05**
Share price at grant date	€ 3.84	€ 2.59	€ 1.20	€ 0.46
Exercise price	€ 3.84	€ 2.59	€ 1.20	€ 0.46
Expected life	3	3	3	3
Contractual life	10	10	10	10
Risk free rate	5.40%	4.92%	4.63%	4.37%
Expected volatility	15%	15%	15%	15%
Expected dividend yield	1.3%	0.0%	0.0%	0.0%
Fair value of option	**€ 0.454**	**€ 0.290**	**€ 0.098**	**€ 0.036**

Volatility has been estimated by reference to the historic volatility since October 2005 when the Company's shares were listed on AIM. The resulting fair value is expensed over the vesting period of the options on the assumption that a proportion of options will lapse over the service period as employees leave the Group.

13. Intangible assets

	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost			
At 31 March 2007	73,200	4,231	77,431
Additions	-	-	-
At 31 March 2008	73,200	4,231	77,431
Movements	-	-	-
At 31 March 2009	73,200	4,231	77,431
Amortisation			
At 31 March 2007	69,051	-	69,051
Amortisation	264	-	264
At 31 March 2008	69,315	-	69,315
Amortisation	264	-	264
At 31 March 2009	69,579	-	69,579
Net book value			
At 31 March 2009	3,621	4,231	7,852
At 31 March 2008	3,885	4,231	8,116

The carrying value of intellectual property rights and goodwill on consolidation have been allocated for impairment testing purposes to one cash generating unit being the Group's licensing operations. The recoverable amount of intellectual property rights and goodwill relating to this operation is determined based on a value in use calculation which uses cashflow projections based on financial budgets approved by management covering a three year period and a post tax discount rate of 10% per annum. The key assumption used in the value in use calculations are the level of future licence fees estimated by management over the budget period. These have been based on past experience and expected future revenues based on contracted amounts.

14. Property, plant and equipment

	Freehold land €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2007	1,279	28,130	153	29,562
Additions	5,486	1,411	108	7,005
At 31 March 2008	6,765	29,541	261	36,567
Additions	50	2,441	115	2,606
Disposals	-	(7,274)	(3)	(7,277)
At 31 March 2009	6,815	24,708	373	31,896
Depreciation				
At 31 March 2007	-	7,886	65	7,951

Charge for the year	-	1,359	88	1,447
At 31 March 2008	-	9,245	153	9,398
Charge for the year	-	1,455	117	1,572
Disposals	-	(7,086)	(1)	(7,087)
At 31 March 2009	-	3,614	269	3,883
Net book value				
At 31 March 2009	6,815	21,093	104	28,013
At 31 March 2008	6,765	20,296	108	27,169

15. Other financial assets

	2009 €'000	2008 €'000
Available for sale investments carried at fair value	6,000	6,000

On 11 December 2007, Accsys Technologies PLC purchased 133,334 unlisted ordinary shares in Diamond Wood China Limited for €45 each.

During the year a share split took place resulting in the Company's holding changing to 13,333,400 Ordinary shares at €0.45 each.

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.

16. Deferred Taxation

The Group has a deferred tax asset of €2,630,000 (2008: €Nil) relating to trading losses brought forward.
The Group also has an unrecognised deferred tax asset of €3,199,000 (2008: €8,460,000) which is largely in respect of trading losses in overseas subsidiaries.

17. Subsidiaries

A list of subsidiary investments, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the company's separate financial statements.

18. Inventories

	2009 €'000	2008 €'000
Materials and work in progress	1,341	2,399
Finished goods	3,547	2,533
	4,888	4,932

The amount of inventories recognised as an expense during the year was €6,242,000 (2008: €3,413,000). The cost of inventories recognised as an expense includes €976,000 (2008: €207,000) in respect of write down of inventories to net realisable value.

19. Trade and other receivables

	2009 €'000	2008 €'000
Trade receivables - short term	15,283	4,448
Trade receivables - long term	6,400	-
Other receivables	344	147
Prepayments	16,108	505
Accrued income	10,450	-
	48,585	5,100

All trade and other receivables are short-term debt with the exception of €6.4m of trade receivables. These relate to the licence for the plant being developed in China for Diamond Wood for which some payments are not scheduled to be paid in the next 12 months.

The difference between the carrying value and fair value of all receivables is not considered to be material. All trade and other receivables have been reviewed for indicators of impairment but no provision is considered necessary. The age of receivables past due but not impaired is as follows:

	2009 €'000	2008 €'000
Up to 30 days overdue	1,419	240
Over 30 days and up to 60 days overdue	1,131	177
Over 60 days and up to 90 days overdue	369	72
Over 90 days overdue	766	2
	3,685	491

20. Trade and other payables

	2009 €'000	2008 €'000
Trade payables	3,060	1,980
Other taxes and social security payable	206	163
Other Creditors	5,000	5,260
Accruals and deferred income	14,738	1,328
	23,004	8,731

21. Share capital

	2009 €'000	2008 €'000
Authorised		
Equity share capital		
250,000,000 (2008: 200,000,000) ordinary shares of €0.01 each	2,500	2,000
1,000,000 deferred shares of 10p	148	148

each

	2,648	2,148

Allotted
Equity share capital

155,590,302 (2008: 155,335,662) ordinary shares of €0.01 each	1,556	1,553
1,000,000 deferred shares of 10p each	-	148
	1,556	1,701

The deferred shares were bought back by the company on 30 September 2009 for 0.1p per share.

Options over 254,640 ordinary shares were exercised during the year at a price of €0.46 each. Details of outstanding options granted over ordinary shares in the Company are set out in Note 12.

As a condition of the equity line of credit agreement with GEM Global Equity Yield Fund Limited, the company has issued 3,120,000 warrants. The warrants are exercisable for a period of three years from the issue date at an exercise price of €1.00 each.

22. Commitments under operating leases

The Group leases land and buildings under non-cancellable operating lease agreements. The total future value of the minimum lease payments that are due is as follows:

	2009 €'000	2008 €'000
Operating lease payments		
Within one year	358	315
Greater than one year	-	315
	358	630

23. Financial instruments

Equity line of credit and warrants

The company secured an equity line of credit for up to €20m, with GEM Global Equity Yield Fund Limited, on 31 March 2009. This is a three year agreement, which allows the Company to issue shares at a price per share which represents a 10% discount to the average closing price over a 15 day period prior to the draw down. Each draw down is based on the share price over a 15 day period, with GEM having the option to subscribe for between 50% and 200% of the number of shares requested by the company. The Company controls the timing of any draw down under this credit line and is not obliged to draw on the equity line.

The company also issued 3,120,000 warrants, and the warrants will be exercisable for a period of three years from the issue date at an exercise price of €1.00 each.

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

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital, reserves and retained earnings.

The Board reviews the capital structure on a regular basis. As part of that review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group will balance its overall capital structure through new share issues and the raising of debt if required.

Categories of financial instruments	**2009**	**2008**
	€'000	**€'000**
Available for Sale investments	6,000	6,000
Loans and receivables		
Trade receivables	21,683	4,448
Money market deposits in Euro	9,887	39,417
Money market deposits in Sterling	3,240	-
Money at call in Euro	3,484	6,684
Money at call in US dollars	450	69
Money at call in Sterling	442	69
Financial liabilities		
Trade payables	(3,060)	(1,980)
	42,126	54,707

Money market deposits have interest rates fixed for less than nine months at a weighted average rate of 0.90% (2008: 4.28%).

At the balance sheet date, the Group has financial liabilities of €3,060,000 (2008: €1,980,000) comprising trade payables.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There is also a risk associated with the available for sale investment.

Financial risk management objectives

The Group's treasury policy is structured to ensure that adequate financial resources are available for the development of its business whilst managing its currency, interest rate and counterparty credit risks. The Group's treasury strategy and policy are developed centrally and approved by the Board.

Foreign currency risk management

Currency exposures are limited as the Group's functional currency is the Euro. A minor proportion of expenditure is incurred in US dollars and pounds sterling.

Interest rate risk management

The Group has no borrowings therefore it is not exposed to interest rate risk in relation to financial liabilities. Surplus funds are invested in short term interest rate deposits to reduce exposure to changes in interest rates. The Group does not enter into any hedging arrangements.

Credit risk management

The Group is exposed to credit risk due to its trade receivables due from customers and cash deposits with financial institutions. The Group's exposure to credit risk is limited to their carrying amount recognised at the balance sheet date.

The Group ensures that sales are made to customers with an appropriate credit history to reduce the risk where this is considered necessary. The directors consider the trade receivables to be of good credit quality including those that are past due (note 19). The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

The Group has no significant concentrations of credit risk from financial institutions. Cash deposits are placed with a group of financial institutions with suitable credit ratings in order to manage credit risk with any one financial institution. The Group also has access to an equity line of credit for up to €20m, provided by GEM Global Equity Yield Fund Limited.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.
Also see note 1 which discusses the uncertainty around the timing of receipts from Diamond Wood.

Fair value of financial instruments

In the opinion of the directors, there is no material difference between the book value and the fair value of other financial assets and financial liabilities.

24. Related party transactions

Mr William Paterson-Brown is a director of Khalidiya Investments SA. During the year the Group recorded expenses from Khalidiya Investments SA consisting of €340,800 (2008: €712,118) in respect of directors services, €941,516 (2008: €223,722) in respect of travel expenses for a number of employees, and €170,220 (2008: €Nil) in respect of office and related costs in Geneva. In addition, Mr William Paterson-Brown is a director of Zica SA. During the year the Group recorded expenses from Zica SA of €377,072 (2008:€ 247,737) in respect of office and related costs in Geneva and Dallas.

As at 31 March 2009 the group had outstanding payables due to Khalidiya Investments SA of €155,094 (2008: €13,724) and Zica SA of €Nil (2008: €29,946)

25. Post balance sheet events

On 9 April 2009, the Company subscribed for a further 8,333,334 ordinary shares in Diamond Wood China Limited for €0.48 each. This takes the company's total holding to 21,666,734 ordinary shares, which represents a holding of 15.4%.

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.

The Company also signed an agreement with an institutional investor to issue shares to a value of €4,000,000 in two equal tranches, during July 2009 and September 2009.

Company balance sheet at 31 March 2009

	Note	2009 €'000	2008 €'000
Fixed asset investments			
Investments in subsidiaries	4	8,941	8,137
Other investments	5	6,000	6,000
		14,941	14,137
Current assets			
Debtors	6	68,875	39,160
Cash at bank and in hand		13,635	44,766
		82,510	83,926
Creditors: amounts falling due within one year	7	3,676	3,527
Net current assets		78,834	80,399
Net assets		93,775	94,536
Capital and reserves			
Share capital - Ordinary shares	8	1,556	1,553
Share capital - Deferred shares	8	-	148
Share premium account	9	78,191	78,076
Capital Redemption Reserve	9	148	-
Warrant reserve	9	82	-
Retained earnings	9	13,798	14,759
Shareholders' funds		93,775	94,536

The financial statements were approved by the Board and authorised for issue on 1 July 2009

Willy Paterson-Brown)
) **Directors**
Kevin Wood)

The notes on pages 46 to 50 form part of these financial statements.

Notes to the company financial statements for the year ended 31 March 2009

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards. The following principal accounting policies have been applied:

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Share based payments

The company adopted UITF 44 in 2008. When the parent entity grants options over equity instruments directly to the employees of a subsidiary undertaking, then in the parent company financial statements the effect of the share based payment, as calculated in accordance with FRS 20, is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

The fair value of the options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Related party transactions

The company has taken advantage of the exemption available under FRS 8, "Related Party Disclosure", not to disclose transactions between group companies on the grounds that at least 90% of the voting rights are controlled within that group and that company is included in the consolidated financial statements

Cashflow statement

The company has taken advantage of the exemption in FRS 1, "Cashflow Statement", and has not produced a cashflow statement as it is a member of a group which prepares a consolidated cashflow statement.

2. Profit and loss account

A loss of €210,000 (2008: loss of €677,000) is dealt with in the company accounts of Accsys Technologies PLC. The Directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the Company above. Audit fees payable to the Group's auditors were €54,000 (2008: €53,000) and non audit fees payable were €128,000 (2008: NIL)

3. Employees

The company had no employees other than directors during the current or prior year. Non-executive directors received emoluments in respect of their services to the company of €110,000 (2008: €110,000). The company did not operate any pension schemes during the current or preceding year.

4. Investment in subsidiaries

	€'000
Cost	
At 31 March 2008	12,317
Share based payments	804
At 31 March 2009	13,121
Impairment	
At 1 April 2008 and at 31 March 2009	4,180
Net book value	
At 31 March 2009	8,941
At 31 March 2008	8,137

The following were the principal subsidiary undertakings at the end of the year and have all been included in the financial statements:

Subsidiary undertakings	Country of registration or incorporation	Class	2009 % shares & voting rights held	2008 % shares & voting rights held
International Cellulose Company Limited	Gibraltar	Ordinary	100	100
Titan Wood Technology BV	Netherlands	Ordinary	100	100
Titan Wood BV	Netherlands	Ordinary	100	100
Titan Wood Limited	England	Ordinary	100	100
Titan Wood Inc	United States	Ordinary	100	N/A

The shares in Titan Wood BV and Titan Wood Inc are held indirectly by the company.
No shares were held in Titan Wood Inc in 2008 as it was only incorporated in November 2008.
The principal activities of these companies were as follows:

International Cellulose Company Limited	The ownership and exploitation of patents and technical know how (collectively intellectual property rights), relating to the acetylation of cellulose and production of acetic anhydride.
Titan Wood Technology BV	The provision of technical and engineering services to

	licensees, and the technical development of fibre board opportunities.
Titan Wood BV	The manufacture of Accoya®, acetylated wood.
Titan Wood Inc	Provision of Sales, Marketing and Technical services.
Titan Wood Limited	Establishing global market penetration of Accoya® as the premium wood for external applications requiring durabily, stability and reliability through the licensing of the Group's proprietary process for wood acetylation.

5. Other investments

	2009 €'000	2008 €'000
Unlisted securities available for resale	6,000	6,000

On 11 December 2007, the Company purchased 133,334 Ordinary shares in Diamond Wood China Limited for €45 each. During the year a share split took place resulting in the Company's holding changing to 13,333,400 Ordinary shares at €0.45 each.

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.

6. Debtors

	2009 €'000	2008 €'000
Amounts owed by subsidiary undertakings	68,839	38,870
Prepayments and accrued income	36	290
	68,875	39,160

7. Creditors: amounts falling due within one year

	2009 €'000	2008 €'000
Trade creditors	159	19
Amounts owed to subsidiary undertakings	3,448	3,228
Corporation tax	-	258
Accruals and deferred income	69	22
	3,676	3,527

8. Share capital

	2009 €'000	2008 €'000
Authorised		
Equity share capital		
250,000,000 (2008: 200,000,000) ordinary shares of €0.01 each	2,500	2,000
1,000,000 deferred shares of 10p each	148	148

	2,648	2,148

Allotted
Equity share capital

155,590,302 (2008: 155,335,662) ordinary shares of €0.01 each	1,556	1,553
1,000,000 deferred shares of 10p each	-	148
	1,556	1,701

The deferred Shares were bought back by the company on 30 September 2009 for 0.1p per share.

Options over 254,640 ordinary shares were exercised during the year at a price of €0.46 each. Details of outstanding options granted over ordinary shares in the Company are set out in Note 11 of the group statements.

As a condition of the equity line of credit agreement with GEM Global Equity Fund Limited, the company agreed to issue 3,120,000 warrants and the warrants will be exercisable for a period of three years from the issue date at an exercise price of €1.00 each.

9. Reserves

	Capital redemption reserve account €'000	Warrant reserve account €'000	Share premium account €'000	Profit and loss account €'000
Balance at 1 April 2008	-	-	78,076	14,759
Share based payments charged to subsidiaries	-	-	-	804
Premium on shares issued	-	-	115	-
Buyback of deferred shares	148	-	-	(2)
Loss for the period	-	-	-	(210)
Dividend Paid	-	-	-	(1,553)
Warrants Issued	-	82	-	-
Balance at 31 March 2009	148	82	78,191	13,798

The profit and loss account includes €8,010,000 of non-distributable reserves arising from the liquidation of Accsys Chemicals PLC in the year ended 31 March 2007. The profit and loss account also includes €1,941,000 of non-distributable reserves relating to share based payments.

10. Reconciliation of movement in shareholders' funds

	2009 €'000	2008 €'000
Loss for the financial year	(210)	(677)
Share based payments charged to subsidiaries	804	1,137
Proceeds from issue of shares	118	42,534
Buyback of deferred shares	(2)	-
Dividends Paid	(1,553)	-
Warrant reserve movement	82	-
Net increase in shareholders funds	(761)	42,994

Opening shareholders funds	94,536	51,542
Closing shareholders funds	93,775	94,536

11. Dividends Paid

	2009 €'000	2008 €'000
Final Dividend of €0.01 (2008: €NIL) per ordinary share proposed and paid during year relating to the previous year's results	1,553	-

12. Related party transactions

The Company had no related party transactions that require disclosure.

13. Post balance sheet events

On 9 April 2009, the Company subscribed for a further 8,333,334 Ordinary shares in Diamond Wood China Limited for €0.48 each. This takes the company's total holding to 21,666,734 ordinary shares, which represents a holding of 15.4%.

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.

The Company also signed an agreement with an institutional investor to issue shares to a value of €4,000,000 in two equal tranches, during July 2009 and September 2009.

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