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INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2005

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

CHAIRMAN'S STATEMENT

Introduction

Following our successful admission to AIM on 26 October 2005, I am pleased to report the Group's first set of financial results as a public company.

Construction of wood acetylation plant

The past six months have seen considerable progress on the engineering and construction of the two major process facilities, with the acetyls processing unit substantially built for initial testing to commence in Q1 2006 and the longest lead-time equipment items ordered for the wood processing unit. Mechanical completion of the total facility is presently scheduled for Q3 2006, with commercial start-up shortly thereafter.

Strong interest from both customers and prospective licensees (see below) led to a decision to relocate part of production to an adjacent area in order to (a) allow easier future expansion and (b) release an existing building unit for the development of another production line. Two suitable areas have been identified and negotiations are in progress to secure an optimal arrangement. Although not yet completed, the planned move is not expected to affect the completion and start-up schedule.

Product and customer development

The transition from process development to product enhancement continued during the period, with pilot plant production for customer trials increasing to reflect high levels of interest from both end-users and potential licensees. Titan Wood responded to this interest by building its production team and increasing production of sample materials, accompanied by an investment programme to enhance the development and testing facility. Basic technical research was completed in all areas of product performance, with very encouraging results. Strong customer interest has led to a re-evaluation of future production volumes at the site and arrangements for future expansion are now being incorporated into the design and layout of the first generation full-sized plant.

Licensing

The primary goal of the business is to maximise returns through licensing the Group's production technology. The company wishes to exploit its "first mover" advantage and has been implementing an ambitious programme of international licensing for its wood acetylation technology. The past six months saw considerable success, with eight licensee testing programmes now underway with partners in four continents. Following the sale of an option on a licence in the previous financial period, negotiations for licences have progressed with several parties.

Dividends

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

The corporate restructure undertaken prior to the admission to AIM was intended to facilitate the future payment of dividends by removing the accumulated deficit on the profit and loss account of the parent company. This has been partly achieved through the creation of the new holding company. The consolidated deficit of €80m at 30 September 2005 relates almost wholly to subsidiary companies. The Company is now in the process of completing the restructure by taking direct ownership of the subsidiaries likely to generate future licence income and the former intermediate holding company will be liquidated.

Willy Paterson-Brown
Executive Chairman

FINANCIAL INFORMATION

Basis of Preparation

Accsys Technologies PLC was incorporated on 11 August 2005 and as at 30 September 2005, its balance sheet was represented by €0.02 in cash and €0.02 of share capital. The company had not earned any income or incurred any expenses to that date nor had it any other recognised gain or loss.

The acquisition of Accsys Chemicals PLC by the Company took effect after 30 September 2005, with Accsys Chemicals PLC becoming wholly owned on 22 November 2005 following a share for share exchange. Although this group reconstruction took place after 30 September 2005, the directors decided to present interim financial information based on the results of Accsys Chemicals PLC as they believed that this would give much more meaningful and useful information.

Accordingly, the consolidated results for the six months to 30 September 2005, six months to 30 September 2004 and the year to 31 March 2005 and the balance sheets as at those dates are those of Accsys Chemicals PLC. The comparative figures for the six months to 30 September 2004 and the balance sheet at that date were converted to euros at the period end rate. After that date the company reported in euros.

These proforma interim financial statements for Accsys Technologies PLC have therefore been prepared on a basis consistent with the accounting policies set out in the Accsys Chemicals PLC annual report and accounts for the year ended 31 March 2005 and in the AIM Admission document published on 20 October 2005.

The independent auditors' report on the 2005 Accsys Chemicals PLC accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985. The financial information in this document does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

INTERIM FINANCIAL STATEMENTS TO 30 SEPTEMBER 2005

Consolidated profit and loss account

	Unaudited 6 months ended 30 September 2005 €'000	Unaudited 6 months ended 30 September 2004 €'000	Audited Year ended 31 March 2005 €'000
Administrative expenses			
General administrative expenses	(2,327)	(1,478)	(2,965)
Impairment of intangible fixed assets	-	-	(24,514)
Administrative expenses and operating loss	(2,327)	(1,478)	(27,479)
Interest receivable and similar income	111	2	18
Loss on ordinary activities before and after taxation	(2,216)	(1,476)	(27,461)
Minority interest	-	527	841
Retained loss for the period/year	(2,216)	(949)	(26,620)
Basic and diluted loss per share	€(0.02)	€(0.02)	€(0.43)

All amounts relate to continuing activities

Consolidated statement of total recognised gains and losses

Loss for the period/year	(2,216)	(949)	(26,620)
Exchange translation differences on consolidation and conversion to euro	-	(776)	(1,095)
Total recognised gains and losses for the period/year	(2,216)	(1,725)	(27,715)

The notes set out on pages 7 to 11 form part of these interim financial statements

Consolidated Balance Sheet

	Notes	Unaudited 6 months ended 30 September 2005 €'000	Unaudited 6 months ended 30 September 2004 €'000	Audited Year ended 31 March 2005 €'000
Fixed assets				
Intangible assets		14,246	35,272	14,246
Tangible assets		4,655	1,665	2,842
		18,901	36,937	17,088
Current assets				
Debtors		562	332	608
Deposits		8,726	-	5,616
Cash at bank		921	1,355	4,564
		10,209	1,687	10,788
Creditors: amounts falling due within one year		(1,178)	(4,825)	(1,922)
Net current assets/(liabilities)		9,031	(3,138)	8,866
Net assets		27,932	33,799	25,954
Capital and reserves				
Called up share capital	1	49,575	35,888	47,295
Share premium account		18,203	6,963	16,288
Merger reserve		40,132	40,957	40,132
Profit and loss account		(79,978)	(53,457)	(77,761)
Shareholders' funds	2	27,932	30,351	25,954
Minority interests - equity		-	3,448	-
		27,932	33,799	25,954

Included within shareholders' funds is an amount of €23,209,000 (30 September 2004 €nil; 31 March 2005 €23,209,000) in respect of non-equity interests.

The notes set out on pages 7 to 11 form part of these interim financial statements

Consolidated cash flow statement

	Notes	Unaudited 6 months ended 30 September 2005 €'000	Unaudited 6 months ended 30 September 2004 €'000	Audited Year ended 31 March 2005 €'000
Net cash outflow from operating activities	**3**	(1,802)	(1,161)	(2,513)
Returns on investments and servicing of finance				
Interest received		111	2	18
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(1,842)	(525)	(2,210)
Cash outflow before use of liquid resources and financing		(3,533)	(1,647)	(4,705)
Management of liquid resources				
Increase in short term deposits		(3,110)	-	(5,616)
Financing				
Increase in loans		-	796	1,434
Issue of share capital		3,000	-	11,773
Expenses of issue of share capital		-	-	(565)
Shares issued by subsidiary to minority		-	800	800
(Decrease)/increase in cash		(3,643)	(88)	3,121

The notes set out on pages 7 to 11 form part of these interim financial statements

1. Share capital of Accsys Chemicals PLC

	6 months ended 30 September 2005 €'000	6 months ended 30 September 2004 €'000	Year ended 31 March 2005 €'000
Authorised			
Equity share capital			
493,700,000 ordinary shares of €0.25c each	123,425	-	123,425
200,000,000 ordinary shares of 50p each	-	150,000	-
Non-equity share capital			
48,700,000 deferred shares of 33p each	23,464	-	23,464
	146,889	150,000	146,889
Issued and fully paid			
Equity share capital			
Ordinary shares of €0.25c each:			
At 30 September 2005: 105,463,447	26,366	-	-
At 31 March 2005: 96,344,308	-	-	24,086
Ordinary shares of 50p each			
At 30 September 2004: 48,171,536	-	35,888	-
Non-equity share capital			
Deferred shares of 33p each, 48,171,536	23,209	-	23,209
	49,575	35,888	47,295

2. Reconciliation of movements in shareholders' funds

	6 months ended 30 September 2005 €'000	6 months ended 30 September 2004 €'000	Year ended 31 March 2005 €'000
Loss for the period/year	(2,216)	(949)	(26,620)
Other recognised gains/ (losses) relating to the period	-	(776)	1,155
Exchange difference on conversion to euro	-	-	(2,250)
Shares issued in the period/year	4,194	-	21,593
Net increase/(decrease) in shareholders' funds	1,978	(1,725)	(6,122)
Opening shareholders' funds	25,954	32,076	32,076
Closing shareholders' funds	27,932	30,351	25,954

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

	6 months ended 30 September 2005 €'000	6 months ended 30 September 2004 €'000	Year ended 31 March 2005 €'000
Operating loss	(2,327)	(1,478)	(27,479)
Depreciation of tangible fixed assets	29	374	838
Impairment of intangible fixed assets	-	-	24,514
Decrease/(increase) in debtors	46	(151)	(476)
Increase in creditors	450	94	90
Net cash flow from operating activities	(1,802)	(1,161)	(2,513)

Notes forming part of the interim financial statements for the period ended 30 September 2005

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

	6 months ended 30 September 2005 €'000	6 months ended 30 September 2004 €'000	Year ended 31 March 2005 €'000
(Decrease)/increase in cash in the period/year	(3,643)	(88)	3,121
Cash flow from increase in debt	-	(796)	(1,434)
Change in net debt resulting from cash flows	(3,643)	(884)	1,687
Shares issued in settlement of debt	1,195	-	3,000
Other non-cash movements	-	-	150
Exchange differences	-	21	115
Movement in net debt in the period/year	(2,448)	(863)	4,952
Opening net funds/(debt)	3,369	(1,583)	(1,583)
Closing net funds/(debt)	921	(2,446)	3,369

Notes forming part of the interim financial statements for the period ended 30 September 2005

5. Analysis of net debt

Other	**Opening balance** €'000	**Cash flow** €'000	**non-cash changes** €'000	**Closing balance** €'000
Period ended 30 September 2005				
Cash in hand and at bank	4,564	(3,643)	-	921
Debt due within one year	(1,195)	-	1,195	-
Total	3,369	(3,643)	1,195	921
Period ended 30 September 2004				
Cash in hand and at bank	1,443	(88)	-	1,355
Debt due within one year	(3,026)	(796)	21	(3,801)
Total	(1,583)	(884)	21	(2,446)
Year ended 31 March 2005				
Cash in hand and at bank	1,443	3,121	-	4,564
Debt due within one year	(3,026)	(1,434)	3,265	(1,195)
Total	(1,583)	1,687	3,265	3,369

6. Loss per Accsys Chemicals PLC share

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

	6 months ended 30 September 2005	6 months ended 30 September 2004	Year ended 31 March 2005
Weighted average number of Ordinary shares in issue	105,260,799	48,171,536	61,596,033
Loss for the period/year €'000	(1,716)	(949)	(26,620)
Loss per share	€(0.02)	€(0.02)	€(0.43)

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

7 Post balance sheet events

On 26 October 2005, the Company completed the placing of 27,000,000 new Ordinary shares at a price of €1.00 each raising approximately €25,850,000 after expenses and its Ordinary shares were admitted to AIM.

On 22 November 2005, the Company completed its acquisition of the Ordinary and Deferred shares of Accsys Chemicals PLC, which became wholly owned, and also completed the offer in respect of options over Ordinary shares in Accsys Chemicals PLC. As a result of the offers the total number of Accsys Technologies PLC shares in issue and options granted over shares at the date of this report is:

Issued and fully paid Ordinary shares of €1.00 each	132,463,447
Options granted over Ordinary shares of €1.00 each	5,788,000
Issued and fully paid Deferred shares of 10p each	100,000

INDEPENDENT REVIEW REPORT TO ACCSYS TECHNOLOGIES PLC

Introduction

We have been instructed by the company to review the financial information set out on pages 3 to 11 for the six months ended 30 September 2005 which has been prepared on the basis set out in "Basis of Preparation". We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

BDO STOY HAYWARD LLP

Chartered Accountants

London

Date: 16th December 2005