

Regulatory Announcement

Company Accsys Technologies PLC
TIDM AXS
Headline Option Agreement
Released 07:00 19-Dec-05



19 December 2005

AIM: AXS

Accsys to expand into the Middle East following agreement with Skanfore LLC

Accsys Technologies PLC ("Accsys" or "the Company") announces that its 100% owned subsidiary, Titan Wood Ltd., has entered into an option agreement with Skanfore LLC, of Abu Dhabi, to buy a wood acetylation licence for the United Arab Emirates (UAE). The agreement puts Accsys well ahead of schedule for its regional licensing expansion programme.

Terms of the agreement include up front payments as well as exclusivity to produce Accoya™ acetylated wood in the UAE, based on volume commitments, with an initial capacity of 50,000 cubic metres.

"We are delighted to enter into this agreement at a relatively early stage of our development. There is no question that the UAE is a tremendous potential market for Accoya and we are pleased to have an influential local partner who shares the same vision for our environmentally friendly wood modification business", said Willy Paterson-Brown, Executive Chairman of Accsys (www.accsysplc.com).

Howard Moss, General Manager of Skanfore said, "We are very happy to be associated with Accsys. Having followed its development for some time, we believe there is an exciting future for Accoya™ wood in the Emirates. We will be presenting Accoya™ at the Dubai International Wood Trade Show next April".

The agreement between Titan Wood (www.titanwood.com) and Skanfore (www.skanfore.com) is the first of what the Company anticipates will be a series of agreements leading to licences to produce Accoya™ during 2006, although the announcement of this agreement is ahead of the Company's expectations.

Accoya™ offers key performance attributes that are equivalent to or better than the best tropical hardwoods and superior to many artificial material alternatives. It is produced using a patented process that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a 'new wood species' by increasing the amount of acetyl molecules present in the wood. Since acetyl molecules are already present in all wood species, the process does not introduce anything that does not occur naturally in wood and Accoya™ is therefore completely non-toxic.

Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability in terms of consistency of supply and quality, Accoya™ is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet light. Moreover, because the production process does not compromise the wood's strength and Accoya™ has superior UV resistance to unmodified woods, Accoya™ offers a wealth of new opportunities to architects, designers and specifiers.

Wood acetylation will form the Company's focus in the short to medium term with the business plan forecasting strong growth in the next few years. Accsys operates a large-scale pilot plant in Arnhem, the Netherlands. This plant is presently being used to supply test material to customers and potential licensees across the world. A full scale plant is currently under construction and is scheduled to go into production in summer 2006.

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Notes to Editors

Accsys Technologies - owns the rights to a number of processes, including high temperature cracking and cellulose modification. Accsys' core technologies have either existing patent protection or pending patent applications. Accsys is focusing its energies on the launch of its Titan Wood business: once this business has been established, the Directors intend to pursue other technologies within its portfolio.

Skanfore LLC – Skanfore is a diversified trading company, based in Abu Dhabi, UAE, with interests in mining, engineering, construction, finance and environmental projects.

The introduction to Skanfore was made by the former Chairman of Accsys Chemicals.

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

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