

## Regulatory Announcement

**Company** Accsys Technologies PLC  
**TIDM** AXS  
**Headline** Interim Management Statement  
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**14 February 2013**

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

#### **Interim Management Statement**

Accsys today issues its Interim Management Statement. Key highlights include:

- Revenue increased by 36% to €13.4m for the nine months ended December 2012 (2011: €9.8m);
- Revenue from sales to Accoya® customers increased by 42% for the nine months ended December 2012 to €11.6m (2011: €8.2m);
- Tricoya Technologies Limited ('TTL'), the newly formed joint venture with Ineos, has made a positive start, developing both new and existing Tricoya® licence opportunities;
- Continued progress with Rhodia towards fully effective licence agreement;
- Granted Accoya® product and process patents in New Zealand and Singapore, further to the UK product patent announced in July 2012, with further product patent applications filed covering seven patent families;
- Total of 39 Accoya® distributor and agency agreements now in place covering most of Europe, Australia, Canada, Chile, China, India, Mexico, Morocco, New Zealand, parts of South-East Asia and the USA;
- Accoya® and Tricoya® continue to gain market recognition, winning prestigious awards:
  - Accoya® and Tricoya® named the Best Wood Innovation in Holland's Houtwereld 2012 Top Suppliers Awards; and
  - Accoya® Alder received a gold standard in MBDC's Cradle to Cradle® Certification program.
- Cash balance of €21.2m at 31 December 2012 (September 2012: €20.7m); and
- €1.7m received in February 2013 on successful completion of the second part of sale and leaseback of land in Arnhem.

#### **Trading update**

Accsys has made further progress towards achieving its long term objectives.

We have continued to work closely with Rhodia since the signing of an Accoya® licence in June 2012. Following the first stages of the Process Design Package which were completed in November 2012, Accsys and Rhodia have continued to work towards completing the full Process Design Package which will enable the detailed engineering to be completed. The respective sales teams have continued to develop the Accoya® market (including market trials and detailed prototype testing) with new and

existing customers resulting in positive interest from large prospects in Rhodia's target territories. We continue to expect the licence agreement to become unconditional following the approval of Rhodia's board of directors which is due in the second half of 2013.

Revenue from Accoya® customers increased by 42% in the nine months to December 2012 compared to the same period last year reflecting continuing growth in demand. Continued increases in sales volume, together with the resulting improvement in profitability, are expected to enable the Arnhem manufacturing facility to achieve an EBITDA positive level at only 50% of its current capacity; a level which also demonstrates the potential returns a prospective licensee may be able to generate.

Accsys and TTL have continued to develop a number of new and existing potential Accoya® and Tricoya® licence opportunities respectively, with counterparties whose combined existing total wood product manufacturing or processing capacity is in excess of 10 million m<sup>3</sup> per annum. These discussions remain ongoing and due to the complex nature and investment required, mean that the timing and certainty of their completion remains difficult to predict.

### **Tricoya Technologies Limited**

INEOS and Accsys Technologies joint venture, TTL, has made strong progress since its formation in October 2012 with work progressing in all areas including engineering, product development, marketing and business development.

Medite, our joint development partner, has continued to grow sales of Medite Tricoya Extreme Durable MDF since its launch at the end of 2011, with panels now being sold in five European countries. Heads of Terms relating to a Tricoya licence were entered into between Medite, Accsys and TTL in December 2012. This Heads of Terms sets out the key elements for inclusion in a licence agreement and covers the different stages involved in the commissioning of a Tricoya plant and takes into account the level of work carried out to date by Accsys, TTL and Medite.

The Latin American licence option holder is undertaking market and product development work ahead of deciding whether to proceed with a licence.

### **Intellectual Property**

We received confirmation from the Intellectual Property Office in New Zealand and Singapore of the grant of Accoya® product and process patent claims which successfully secure monopoly rights for Accoya® in those territories for 20 years from the patent filing date. These recent granted patents are in addition to those recently obtained in the United Kingdom and South Africa, and further strengthens Accsys' patent portfolio, securing protection for Accsys, its licensees and distributors across the globe.

Accsys has continued to file further patent applications in the recent period and now currently owns seven different Accoya® patent families, with 26 granted patents and 20 further applications filed across 24 countries world-wide.

### **Financial results**

Total revenue for the nine months ended 31 December 2012 increased by 36% to €13.4m (2011: €9.8m). In the same period, Accoya® revenue increased by 42%, excluding sales to Medite for the manufacture of Tricoya, to €11.6m (2011: €8.2m).

Cash balance as at 31 December 2012 of €21.2m represents a decrease of €0.5m since 30 September 2012. The decrease is after taking account of €4m received from INEOS following their subscription for 24 million shares in Accsys (at €0.17 per share) and also reflects an increase in working capital.

€1.7m of proceeds were received in February 2013 following the completion of the second part of the sale and leaseback of the land in Arnhem.

Commenting on the Interim Management Statement released today, Paul Clegg, CEO of Accsys Technologies PLC said: *"We have made solid progress in all areas. Our joint venture with INEOS has started well, developing both existing and new opportunities. The progression made with the Rhodia licence agreement and the continuing success experienced by Accoya<sup>®</sup>, including sales growth, further industry awards and new distributors, provides confidence concerning our longer term objective of achieving profitability and increasing revenues from licensing our technologies worldwide."*

## Ends

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### Notes to editors:

**Accsys Technologies PLC** ([www.accsysplc.com](http://www.accsysplc.com)) is an environmental science and technology company whose primary focus is on the production of Accoya<sup>®</sup> wood and technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in Windsor, United Kingdom, and an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc). All group subsidiaries are ultimately 100% owned by Accsys and trade as Accsys Technologies. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the London Stock Exchange AIM market and on Euronext Amsterdam by NYSE Euronext, under the symbols 'AXS'. Accsys' operations comprise three principal business units: (i) Accoya<sup>®</sup> wood production; (ii) technology development, focused on a programme of continuous development of and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iii) the licensing of technology for the production of Accoya<sup>®</sup> wood and Tricoya<sup>®</sup> wood elements across the globe.

**Accoya<sup>®</sup> wood** ([www.accoya.com](http://www.accoya.com)) is produced using Accsys' proprietary patented acetylation technology, that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya<sup>®</sup> wood 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, the Accoya<sup>®</sup> wood production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya<sup>®</sup> wood offers a wealth of new opportunities to architects, designers and specifiers. For marine uses where weight is also important, Accoya<sup>®</sup> wood for the first time provides boat builders with a wood that is strong, lightweight, durable and retains its natural beauty for far longer. For a full archive of Accoya<sup>®</sup> news, visit [www.accoya.com/news.asp](http://www.accoya.com/news.asp).

**Tricoya® Wood Elements** ([www.tricoya.com](http://www.tricoya.com)) are produced using Accsys' proprietary technology for the acetylation of wood chips, and particles for use in the fabrication of wood based composites, including panel products. These composites demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya® Wood Elements is carried out through Tricoya Technologies Limited, a joint venture between Accsys and INEOS Industries Holdings Limited. Tricoya® Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

**Wood Acetylation** is a process which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. When carried out to a sufficient level throughout the wood, this process protects wood from rot by making it "inedible" to most micro-organisms and fungi, 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.

**INEOS** (<http://www.ineos.com>) is one of the world's leading chemicals companies; a global manufacturer of petrochemicals, specialty chemicals and oil products. Comprising 15 businesses, with a production network spanning 51 manufacturing facilities in 11 countries. The company produces more than 40 million tonnes of petrochemicals. INEOS employs 15,000 people and had sales in 2011 of \$42bn. Through its Joint Venture with PetroChina (petroineos) it produces 20 million tonnes per annum of crude oil refined products (fuels). It also operates joint ventures with BASF, PQ Corp and Total. The investment in the new joint venture is being made by INEOS Industries Limited.

**INEOS Technologies** (<http://www.ineos.com>) is a leading developer and licensor of technologies for the global petrochemicals industry. It offers the broadest range of petrochemical technologies on the market today and also supplies catalysts, additives and coatings that our customers require to obtain the best possible performance from their investments.

Accsys Technologies is the trading name of Titan Wood Limited. ACCOYA®, TRICOYA® and the Trimarque Device are registered trademarks owned by Titan Wood Limited ("TWL"), a wholly owned subsidiary of Accsys Technologies PLC, and may not be used or reproduced without written permission from TWL, or in the case of the Tricoya® registered trademark, from Tricoya Technologies Limited, a joint venture between TWL and INEOS Industries Holdings Limited with exclusive rights to exploit the Tricoya® brand.