

Regulatory Announcement

Company Accsys Technologies PLC
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ACCSYS TECHNOLOGIES PLC (‘Accsys’ or the ‘Company’)

Diamond Wood Licence Agreement (the “Licence Agreement”)

Accsys, the chemical technology group focussed on the development and commercialisation of a range of transformational technologies based upon the acetylation of solid wood (Accoya[®]) and wood elements (Tricoya[®]) for use as class leading, environmentally sustainable construction materials, today announces that the arbitration tribunal (the “Tribunal”) appointed in relation to the dispute between Accsys and Diamond Wood China Limited (“Diamond Wood”) has delivered a ‘First Partial Final Award’ (the “Award”).

In response to Diamond Wood’s claim against Accsys, namely for damages in excess of €100 million as previously published by Diamond Wood, and for the continuation of the Licence Agreement, the Tribunal has, in the Award, ruled that Diamond Wood can only claim for limited damages (if any) up to a maximum of €250,000.

However, Accsys is disappointed to announce that the Tribunal has ruled that the Licence Agreement is to continue in full force and effect.

As a result of the Award, and with immediate effect:

1. Diamond Wood has the responsibility for all Accoya[®] wood promotion marketing and selling to all customers within the licensed territories in the Far East (which excludes various countries including Japan and South Korea, for which Accsys retains rights); and
2. Diamond Wood is obliged to resume its endeavours towards the construction of an Accoya[®] manufacturing facility in the Far East.

Accsys is currently reviewing and taking advice in respect of the Award, including its rights of appeal.

Ends

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Notes to editors:

Accsys Technologies PLC (www.accsysplc.com) is an environmental science and technology company whose primary focus is on the production of Accoya® 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® 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® wood and Tricoya® wood elements across the globe.

Accoya® wood (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® 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® 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® wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Accoya® news, visit www.accoya.com/news.asp.

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.

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.