

Regulatory Story

Company	Accsys Technologies PLC
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ACCSYS TECHNOLOGIES PLC

("Accsys" or "the Company")

Statement re Licensee, publication of financial statements and Board changes

On 27 May 2010, Accsys announced that it had received a letter from the Chairman of Diamond Wood China Limited ("Diamond Wood") stating, inter alia, that Diamond Wood was "in advanced discussions with potential investors who are planning to invest sufficient funds to enable the construction of the first Accoya® manufacturing facility in Nanjing."

Accsys entered into a licence agreement with Diamond Wood on 17 November 2007 (as subsequently replaced and amended, the "Licence Agreement") granting Diamond Wood exclusive rights to manufacture Accoya® wood in China until November 2027 (subject to the satisfaction of certain conditions). Following recent discussions with Diamond Wood, Accsys entered into a deed of amendment on 18 June 2010, revising the terms of that Licence Agreement. The amendment reflects Diamond Wood's new business plan, which has been re-modelled to reflect its proposed funding arrangements. The new business plan is now based on a first phase of two reactors resulting in a significantly lower volume than that previously expected, with a view to then scaling upwards. Consequential adjustments to the Licence Agreement therefore include, inter alia, revised licence fee and royalty terms, with benefits for both parties.

An appropriate proportion of the technology fees payable to Accsys under the Licence Agreement have been accrued in the Company's financial statements. As at 31 March 2010 these accrued fees, together with other related assets and liabilities amounted to a net €25.5m. In addition, Accsys owns 21,666,734 shares in Diamond Wood, representing approximately 15.4% of Diamond Wood's existing issued share capital. This investment was recorded at a value of €10m in our 30 September 2009 interim financial statements.

In light of the amended Licence Agreement, and having consulted its auditors, BDO LLP, the Board of Accsys announces that it considers the net amount of €25.5m receivable relating to Diamond Wood may not be recoverable and that it should, therefore, be provided for. This provision reflects the expected change to Diamond Wood's business plan in respect of both the timing and the total capacity of the plant that Diamond Wood may now build compared to previously expected.

The provision will be charged through the statement of comprehensive income and will result in the Group recording a substantial impairment charge and a loss for the year ended 31 March 2010. It is emphasised that this write off will have no impact on the Company's cash resources.

In addition, pending conclusion of Diamond Wood finalising its funding arrangements, the Company announces that a provision for the impairment of the entire balance of €10m will be recorded in the 31 March 2010 financial statements. In the event Diamond Wood completes the fund raising, the balance may be revalued.

The Board of Accsys looks forward to Diamond Wood completing its funding and the opportunity to continue to work with Diamond Wood in the future.

As previously announced, Diamond Wood is holding its AGM on 29 June 2010 and Accsys looks forward to an update regarding its discussions with potential investors at that time.

Accsys also announces the intention of Willy Paterson-Brown to step down as Chairman of the Board of Directors and resign as a Director of the Company upon the planned completion of the Diamond Wood fund raising process.

The Board would like to thank Willy Paterson-Brown for his huge contribution to the Company since its formation including his roles as Chief Executive Office and then Chairman. The Board looks forward to announcing its new Chairman in the near future.

Ends

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