

Regulatory Announcement

Company Accsys Technologies PLC
TIDM AXS
Headline Heads of Terms with INEOS
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ACCSYS TECHNOLOGIES PLC (“Accsys” or the “Company”)

Heads of Terms with INEOS for joint venture to develop and commercialise Tricoya® Technology

Accsys, the environmental science and wood technology company, is pleased to announce that it has signed a comprehensive heads of terms with INEOS Industries, part of the INEOS global chemical group (“INEOS”), concerning the formation of a 50:50 joint venture (JV) to exploit the intellectual property surrounding Accsys’ proprietary acetylation technology relating to Tricoya® wood elements.

Paul Clegg, Accsys’ Chief Executive Officer, commented: *“The heads of terms are an important step forward for the Company and represent a major commitment by INEOS to the development and licensing of Tricoya® wood elements technology. Through the JV INEOS will add significant resources, licensing and product development expertise and global reach to our efforts to drive the penetration by Tricoya® of the worldwide panel products market estimated to be worth more than EUR 60 billion annually.”*

INEOS is one of the world’s leading manufacturers of chemicals, and is a global leader in the field of technology development and licensing, having sold technology in more than 50 countries. Its global presence and expertise in development, commercialisation, licensing and technology transfer will play a key role in attracting new licensees and in opening up new and previously untapped markets for Tricoya®.

Scope of agreement

Under the terms agreed, which are not legally binding, Accsys will grant the JV an exclusive global license to exploit Accsys’ proprietary acetylation technology for the production of Tricoya® wood elements for use within MDF, particle board and wood plastic composites. Accoya® wood production and licensing and all other acetylation technology shall continue to be exploited by Accsys outside of the scope of the JV.

All future licensing agreements for Tricoya® wood elements will be entered into by the new JV. Revenue generated by the new JV is to be split to reflect the relative interests of the two parties taking into account the value that each brings to the venture, including the significant IP value contributed by Accsys. Precise details remain confidential at this time.

Once full agreements have been completed, INEOS will make a significant investment in the JV over the initial three years, and will in addition subscribe for new equity in Accsys. This equity will be used by Accsys to fund its share of the JV costs in the initial years. The heads of terms further provide INEOS with scope to increase their equity position in Accsys through the exercise of warrants.

Paul Clegg added: *"These heads of terms demonstrate the recognition by INEOS of the huge growth potential of Tricoya® and greatly improves the likelihood of the commercial success of this exciting new technology. The investment by INEOS in Accsys and in the development of the Tricoya® JV will greatly facilitate the roll-out of new licensing agreements and support the long-term revenue growth of the Company. These heads of terms have yet to be turned into legally binding agreements with INEOS, however we are already working hard to that end and expect to conclude full binding agreements in the near future which should bring significant value to Accsys' shareholders in the coming years."*

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.

Tricoya® Wood Elements (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. Tricoya® Wood Elements is 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. The 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.

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. For marine uses where weight is also important,

Accoya® 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® news, visit www.accoya.com/news.asp.

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