AIM: AXS
NYSE Euronext Amsterdam: AXS

21 November 2012

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

Highlights

- Revenue increased by 47% to €9.1m for the six months ended 30 September 2012 (2011: €6.2m) and included €553,000 of licence revenue (2011: €75,000);
- First stages of Process Design Package have been delivered to Rhodia following the signing of an Accoya® licence in June 2012 enabling the next stages of their engineering planning;
- Entered into a 50:50 JV with INEOS Technologies in October 2012 to exploit Accsys' intellectual property surrounding Tricoya® wood elements acetylation and processes globally;
- Sales of Medite Tricoya® Extreme Durable MDF are increasing steadily since its launch by our joint development partner, Medite at the end of 2011;
- Gross manufacturing margin increased by 24% to a positive 15% and the Arnhem manufacturing EBITDA margin improved from -36% to -6%;
- Total of 36 distribution or 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® continued to gain overall market recognition, for example by winning the Supreme Award for Innovation at the annual Timber Expo in the UK;
- Cash balance of €20.7m at 30 September 2012 (€24.6m at 31 March 2012), which excludes €4m received from INEOS after the period end following their subscription for 24 million new shares in Accsys; and
- Decrease in the loss before tax by 14% to €5.4m (2011: €6.3m).

Paul Clegg, Chief Executive commented: "We have had a strategically significant past six months, establishing the INEOS joint venture as a catalyst to developing and exploiting the Tricoya® technology, whilst continuing to build on our global market position in Accoya® in terms of revenue increases, a greater distribution network and progression with the Rhodia licence agreement. Most importantly, we have achieved these milestones whilst increasing revenues and margins within our core Arnhem manufacturing base, maintaining a strong balance sheet and winning industry awards endorsing the quality of our products. We enter the second half of the year with confidence that we have the building blocks in place to achieve our long term objectives of profitability and increased revenues from our technology licensing business model."

There will be a presentation relating to these results at 10:00 GMT on Wednesday 21 November 2012. The presentation will take the form of a web based conference call, details of which are below:

Webcast link:

Click here or copy and paste ALL of the following text into your browser:

http://www.media-server.com/m/p/uh72q86m

Conference call details for participants:

Participant Telephone Number: +44 (0)20 7136 2051 UK Toll
Confirmation Code: 7591485

Participants will have to quote the above code when dialling into the conference.

For further information, please contact:

Accsys Technologies PLC	Paul Clegg, CEO Hans Pauli, COO Will Rudge, FD	via Citigate Dewe Rogerson
Numis Securities	Oliver Cardigan Christopher Wilkinson Ben Stoop	+44 (0)20 7260 1000
Citigate Dewe Rogerson	Ginny Pulbrook Malcolm Robertson Suzanne Bakker	+44 (0)20 7282 2945 +44 (0)20 7282 2867 +31 20 575 4023

Introduction

I am happy to report we have made excellent progress in all areas and continue towards our objectives of licensing our technology worldwide and achieving profitability.

Revenue increased by 47% compared to last year while gross manufacturing margin increased by 24%, from minus 9% to a positive 15%. The Arnhem manufacturing facility EBITDA improved from -36% to -6% compared to the same period last year.

We have maintained a strong balance sheet with cash of €20.7m at 30 September (€24.6m at 31 March 2012). A further €4m was received from INEOS shortly after the period end following their subscription for 24 million new shares in Accsys at a subscription price of €0.17 at the same time as entering a new joint venture with us, as described below.

We have been working closely with Rhodia following the signing of an Accoya® licence in June 2012 and are making progress towards the agreement becoming fully effective later in 2013, after which construction of the 63,000m^3 initial plant is expected to commence.

The commercial deployment of Tricoya® has also progressed well, with sales of Medite Tricoya® Extreme Durable MDF increasing since its launch by our joint development partner, Medite at the end of 2011. We expect this momentum to continue as new product applications are being identified by distributors. In particular, following the formation of Tricoya Technologies Limited, our joint venture ('JV') with INEOS in October 2012, we now expect to accelerate the global deployment of Tricoya®.

Accoya® and Tricoya® continued to gain overall industry recognition in what remains a difficult market place given the economic conditions affecting the building and construction industry. This has been highlighted by recently winning the Supreme Award for Innovation at the annual Timber Expo in the UK and by being approved as a Durable Wood Preservation Product by the Japan Wood Protection Association and resulting in Accoya® being amongst a very select group of solid wood products to be recognised.

I was pleased to welcome Will Rudge to the board on 1 October 2012. Will was previously financial controller, working closely with Hans Pauli who previously held the joint roles of CFO and COO. As a result of the many developments summarised above, the operational work load has increased and Will's appointment enables Hans, who remains on the board as COO, to dedicate more time to the operations of the group including the plant in Arnhem.

Outlook

The last six months has proved particularly exciting and I have been delighted to have developed our relationships with Rhodia and INEOS.

The increase in both sales and profitability indicate that our manufacturing plant will achieve positive EBITDA level at approximately 50% of production capacity; a level which we expect to achieve within the next year. This also demonstrates the potential returns a prospective licensee can generate by manufacturing Accoya®. I expect Accoya® sales growth to continue; albeit the level of growth will be difficult to predict, however, we are well positioned in the event of an upturn in economic conditions.

The JV entered into with INEOS starts a new phase in the development of Tricoya, a product which I am confident will prove revolutionary in the panel products industry. Accsys' intellectual property and experience with acetylated wood complements INEOS's experience and skills in the field of technology development and licensing and I am looking forward to us accelerating the commercialisation of Tricoya® globally.

We continue to develop a number of licensing opportunities, which due to the complex nature and investment required, mean the timing of their completion are difficult to predict. I am, however, confident that our Accoya® manufacturing business, which has demonstrated revenue and margin growth, will enable us to achieve our long term objective of profitability as well as further global licensing technology revenue.

Gordon Campbell
Chairman
20 November 2012

Accoya® wood

Revenue from sales of Accoya® produced by our Arnhem plant increased by 40% to €7.7m in the first half of the year compared to the same six months in the previous year.

11 out of the top 15 geographies recorded revenue growth compared to the first half of last year as well as compared to the second half of last year. This included the UK, the Netherlands and Germany as well as less established geographies which showed significant growth and indicates a trend for continuing growth. While North American sales were disappointing, we have recently received orders relating to more significant manufacturing opportunities and are confident growth will resume.

Sales to Diamond Wood continue to be less than hoped for as it has still not completed its fund-raising. Consequently, sales during the period from them were less than last year. We will continue to work with Diamond Wood and other business partners to ensure that the significant number of opportunities which exist in the South-East Asia region will be developed. We are confident that this remains a key growth market for Accoya®.

Sales to Ireland in the second half of the previous financial year included a substantial volume sold to Medite to enable them to build up initial stocks of Medite Tricoya. Future deliveries to Medite are expected to resume in the near future, however due to the minimum volumes required for individual production runs of MDF panels, the timing and quantities are likely to remain difficult to predict.

We have signed additional distribution agreements adding Iceland, Mexico and Turkey to give us a total of 36 distribution or agency agreements covering most of Europe, Australia, Canada, Chile, China, India, Morocco, New Zealand, parts of South-East Asia and the USA.

We have continued to develop new wood species with the first sales of Accoya® Alder following its commercial launch at the end of last year. Significant progress has been made in developing Scots pine, a species which we expect will introduce additional end-product offerings, attract interest as a local species for European markets, as well as being an additional sourcing option. During the period we published the Accoya® Structural guide and launched an Accoya® product for use within structural projects, together which will open up new business opportunities as well as having already generated sales.

Progress with licensing activity

We have been working closely with Solvay-Rhodia ('Rhodia') following the signing of a licence agreement in June. The licence is for the exclusive rights for a 15 year period to produce and sell Accoya® within the Council of Europe, save for the Benelux countries, UK and Ireland. The first plant is expected to have an initial capacity of 63,000m^3.

An outline engineering plan was delivered to Rhodia soon after signature, and more recently the first stages of the Process Design Package have been delivered, which has enabled Rhodia to progress their detailed engineering planning. Further design work continues to progress as planned, including the sharing of a significant amount of technical knowledge.

Our respective sales teams have also been working closely and have developed relationships with our existing and new customers following Rhodia's commissioning of an extensive market assessment programme. Many customers have been encouraged by the expected increased production capacity that the licence will allow. The programme has also assessed the manufacturing, retail, distribution and tolling markets.

The contract is expected to become fully effective in the second half of 2013 following the approval of both Accsys and Rhodia's board of directors.

As described above, Diamond Wood has not yet completed its fund-raising. We understand that Diamond Wood is no longer expecting to be admitted to the junior market of the Malaysian Stock Exchange as they previously reported. However, we understand that plans are being developed to secure the necessary funding to complete the construction of their first Accoya® plant in Nanjing, China. We continue to work with Diamond Wood to ensure that additional Accoya® sales opportunities are secured prior to construction.

We have continued Research and Development in respect of new species, new applications for our existing products and process developments which we anticipate will result in improved efficiency and capacity of both our plant and that of our licensees.

Tricoya® Technologies Limited ('TTL')

In October 2012 we entered into a 50:50 JV with INEOS Industries Holdings Limited to exploit Accsys' intellectual property surrounding Tricoya® wood elements acetylation and processes globally. The new company, TTL, will exploit Accsys' Tricoya technology for the use within MDF, particle board and wood plastic composites; a worldwide market estimated at more than €60 billion annually.

INEOS will contribute its significant market reach, technology and licensing as well as intellectual property expertise. Accsys has granted TTL the rights to exploit the Tricoya® technology. All new and existing licence agreements concerning Tricoya® are expected to be transferred to or entered into directly by TTL, including the licence option agreement entered into in April 2012 with a leading MDF and Particle Board manufacturer in Latin America and Accsys' Joint Development Agreement with Medite.

TTL will carry out all activities relating to Tricoya including business development, marketing, further research and product and process development. The cost of these activities, which will be carried out by Accsys and INEOS staff and which were previously to be borne by Accsys, will now be borne by TTL.

TTL's profits will be shared between INEOS and Accsys in a way which reflects each party's interest. This includes a disproportionate profit share reflecting the contribution of Accsys' intellectual property which will create significant value for Accsys.

As mentioned above, Medite has continued to sell Medite Tricoya® Extreme Durable MDF since the end of 2011 and has increased the number of distributors and the volume sold as the year has progressed. These ultra-high performance medium density fibre boards with equivalent to class 1 durability, are quickly gaining industry recognition as a major innovative new product, for example, by winning the Supreme Award for Innovation at this year's Timber Expo in Coventry, UK.

We continue to work closely with our licence option holder in Latin America, with on-going activities concerning market evaluation and preliminary production planning in accordance with the agreement. To support the licensing proposition in this region we have continued to file various national patent applications across Latin America.

We expect sales of Medite Tricoya to continue to increase and TTL will work closely with Medite and the Latin American licence option holder to further develop the product and applications while further market testing takes place.

Discussions with a number of other potential new Accoya® and Tricoya® licensees continue, however, it remains important to note that any resulting agreements may require significant investment by the other party and as such we expect these negotiations will take time to complete.

The benefits

We expect to continue to grow sales and further increase industry acceptance as a result the superior properties of our products.

Accoya® and Tricoya® both exhibit class leading dimensional stability and durability properties. These properties mean that Accoya® is ideal for use in windows, doors, cladding, decking, structural and civil works and much more. Tricoya® panel products can be used in wet and humid environments where previously, wood based panel products were not suitable. The number of applications for Tricoya® based panels is growing as a greater number of potential uses are identified. These include cladding, window components, facia and soffit panels, wet interiors, including wall linings in swimming pools, bathrooms, wet rooms etc, speciality furniture (lockers, chairs etc), play frames, signages, automotive parts, sound barriers and potentially even sports equipment.

In addition, both Accoya® and Tricoya® boast superior green credentials. By significantly enhancing the durability and dimensional stability of fast-growing and abundantly available certified wood, our products provide compelling environmental advantages over slow-growing hardwoods (which are often unsustainably sourced), woods treated with toxic chemicals, and non-renewable carbon-intensive materials such as plastics, metals and concrete.

These properties, which result in lower lifetime costs compared to alternative materials, have also enabled Accoya® to hold a number of significant certifications, for example, the Cradle to Cradle Gold level certification.

Financial Review

Statement of comprehensive income

Group revenue increased by 47% to €9.1m for the six months ended 30 September 2012 (2011: €6.2m). Revenue from Accoya® (included within manufacturing revenue) increased by 40% to €7.7m, reflecting growth achieved in 11 out of 15 of the top geographies. €553,000 of licence income was recorded in the period (2011: €75,000) representing a licence option payment and revenue generated in the period from the licence with Rhodia.

Gross margin increased from -7% to 20.5% compared to the same period in the previous year. This was driven by the additional licence income and a significant improvement in the gross manufacturing margin which increased by 24% from minus 9% to a positive 15%. This margin is expected to improve further as our production volumes increase.

Other operating costs increased from €5.9m to €7.2m. The increase is partly attributable to the relative weakening of the Euro compared to the prior year which has impacted the costs incurred by the Windsor and Dallas offices. In addition, the increase is also attributable to non recurring items including legal and intellectual property costs incurred in relation to the agreements described above. Furthermore, an increase in sales and marketing costs in the period was attributable to the earlier timing of certain exhibitions as well as a general increase in activity, including support of both new and existing distributors.

The Group headcount reduced from 97 at 30 September 2011 to 96 at 31 March 2012 and then to 94 at 30 September 2012.

The decrease in the loss before tax by 14% to €5.4m (2011: €6.3m) can largely be attributed to the improvement in revenue and gross margin.

Cash flow and financial position

At 30 September 2012, the Group held cash balances of €20.7m. The €3.9m reduction in cash compared to 31 March 2012 is mainly attributable to the reported operating loss together with an increase in working capital of €0.3m, purchases of property plant and equipment of €0.2m and capitalised development costs of €0.4m. These have been offset by a €0.8m receipt of research and development tax credits.

After the period end, in addition to INEOS's joint investment programme with Accsys as described above, INEOS Industries Holdings Limited subscribed for 23,529,412 new ordinary shares in Accsys, at a price of €0.17 per share resulting in new equity of €4,000,000 and representing 5.4% of the issued share capital of Accsys. Accsys also issued a warrant instrument in favour of INEOS, allowing INEOS the opportunity to purchase up to a further 16,468,236 shares at a price of €0.21 per share at certain times during the course of the next four years.

Risks and uncertainties

The Group's principal risks and uncertainties are unchanged from those set out in its 2012 Annual Report.

Going concern

These condensed financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved.

As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on the achievement of certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

The Directors have considered the internally agreed budgets and performance measures and believe that appropriate controls and procedures are in place or will be in place to make sure that these are met. The Directors believe, while some uncertainty inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there are a sufficient number of alternative actions and measures that can be taken in order to achieve the Group's medium and long term objectives.

Therefore, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

Paul Clegg
Chief Executive
20 November 2012

Directors responsibility statement

The Directors confirm to the best of their knowledge:

- The condensed financial statements contained in the half year report have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;

- The interim results include a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- The interim Management Report (Narrative) include a fair review of the information required by DTR 4.28R being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

Angus Dodwell
Company Secretary
20 November 2012

Accsys Technologies PLC

Consolidated statement of comprehensive income for the six months ended 30 September 2012

	Note	Unaudited 6 months ended 30 September 2012 €'000	Unaudited 6 months ended 30 September 2011 €'000	Audited Year ended 31 March 2012 €'000
		Total	**Total**	**Total**
Accoya® wood revenue		7,690	5,517	13,574
Licence revenue		553	75	75
Other revenue		840	639	1,353
Total revenue	2	9,083	6,231	15,002
Total cost of sales		(7,219)	(6,695)	(15,050)
Gross profit/(loss)		1,864	(464)	(48)
Other operating costs	3	(7,224)	(5,852)	(12,497)
Impairment of licensee receivables	4	-	-	(2,281)
Loss from operations		(5,360)	(6,316)	(14,826)
Finance income		107	22	154
Finance expense		(124)	(33)	(240)
Loss before taxation		(5,377)	(6,327)	(14,912)
Tax (charge)/credit		(108)	(252)	536
Loss for the period		(5,485)	(6,579)	(14,376)
Gain arising on translation of foreign operations		17	23	35
Total comprehensive loss for the period		(5,468)	(6,556)	(14,341)
Basic and diluted loss per ordinary share	5	€(0.01)	€(0.02)	€(0.04)

The notes set out on pages 13 to 18 form part of these condensed financial statements.

Accsys Technologies PLC

Consolidated statement of financial position at 30 September 2012

	Note	Unaudited 6 months ended 30 Sept 2012 €'000	Unaudited 6 months ended 30 Sept 2011 €'000	Audited Year ended 31 March 2012 €'000
Non-current assets				
Intangible assets		7,814	7,580	7,579
Property, plant and equipment	6	24,799	26,251	25,614
Available for sale investments	7	-	-	-
Deferred tax		1,219	1,846	1,522
		33,832	35,677	34,715
Current assets				
Inventories		3,987	5,811	3,120
Trade and other receivables		3,031	7,879	3,576
Cash and cash equivalents		20,731	27,069	24,574
Corporation tax		516	5	1,117
		28,265	40,764	32,387
Current liabilities				
Trade and other payables		(3,402)	(5,122)	(3,385)
Obligation under finance lease		(280)	(280)	(264)
		(3,682)	(5,402)	(3,649)
Non-current liabilities				
Obligation under finance lease		(1,928)	(1,955)	(1,960)
		(1,928)	(1,955)	(1,960)
Net current assets		24,583	35,362	28,738
Total net assets		56,487	69,084	61,493
Equity and reserves				
Share capital - Ordinary shares	8	4,091	4,039	4,040
Share premium account		124,941	124,877	124,887
Capital redemption reserve		148	148	148
Warrants reserve		82	82	82
Merger reserve		106,707	106,707	106,707
Retained earnings		(179,504)	(166,776)	(174,415)
Own shares		(39)	(25)	-
Foreign currency translation reserve		61	32	44
Total equity		56,487	69,084	61,493

The notes set out on pages 13 to 18 form part of these condensed financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the six months ended 30 September 2012

	Share capital Ordinary €'000	Share premium €'000	Capital redemption reserve €'000	Warrant reserve €'000	Merger reserve €'000	Own Shares €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000
Balance at 31 March 2011	4,031	124,809	148	82	106,707	(25)	9	(160,387)	75,374
Total comprehensive loss for the period	-	-	-	-	-	-	23	(6,579)	(6,556)
Share based payments	-	-	-	-	-	-	-	190	190
Shares issued	8	-	-	-	-	-	-	-	8
Premium on shares issued	-	70	-	-	-	-	-	-	70
Share issue costs	-	(2)	-	-	-	-	-	-	(2)
Balance at 30 Sept 2011 (unaudited)	4,039	124,877	148	82	106,707	(25)	32	(166,776)	69,084
Total comprehensive loss for the period	-	-	-	-	-	-	12	(7,797)	(7,785)
Share based payments	-	-	-	-	-	-	-	158	158
Shares issued	1	-	-	-	-	25	-	-	26
Premium on shares issued	-	8	-	-	-	-	-	-	8
Share issue costs	-	2	-	-	-	-	-	-	2
Balance at 31 March 2012	4,040	124,887	148	82	106,707	-	44	(174,415)	61,493
Total comprehensive loss for the period	-	-	-	-	-	-	17	(5,485)	(5,468)
Share based payments	-	-	-	-	-	-	-	396	396
Shares issued	51	-	-	-	-	(39)	-	-	12
Premium on shares issued	-	54	-	-	-	-	-	-	54
Share issue costs	-	-	-	-	-	-	-	-	-
Balance at 30 Sept 2012 (unaudited)	4,091	124,941	148	82	106,707	(39)	61	(179,504)	56,487

The notes set out on pages 13 to 18 form part of these condensed financial statements.

783,283 of the shares issued in the period relate to the vesting of matching shares held in the Employee share scheme under which 28 employees subscribed in August 2011. A further 415,332 shares were issued in the period to the Employee share scheme under which 19 employees subscribed with the ability to receive a matching share after one year, if still employed by the Group.

Own shares represents 3,926,666 issued to an Employee Benefit Trust at nominal value on 6 July 2012.

Accsys Technologies PLC

Consolidated statement of cash flow for the six months ended 30 September 2012

	Unaudited 6 months 30 Sept 2012 €'000	Unaudited 6 months 30 Sept 2011 €'000	Audited Year End 31 March 2012 €'000
Profit before taxation	(5,377)	(6,327)	(14,912)
Adjustments for:			
Amortisation of intangible assets	145	137	280
Depreciation of property, plant and equipment	967	898	1,877
Finance expense/(income)	17	11	86
Reversal of impairment of receivables	-	-	2,281
Equity-settled share-based payment expenses	396	190	348
Cash flows from operating activities before changes in working capital	(3,852)	(5,091)	(10,040)
Decrease/(increase) in trade and other receivables	549	1,709	3,734
Decrease in deferred income	-	-	(2,550)
(Increase)/Decrease in inventories	(865)	2,609	5,300
Decrease in trade and other payables	23	(966)	(161)
Net cash absorbed by operating activities before tax	(4,145)	(1,739)	(3,717)
Tax received	796	-	-
Net cash flows from operating activities	(3,349)	(1,739)	(3,717)
Cash flows from investing activities			
Interest received	107	23	154
Expenditure on capitalised internal development	(381)	(142)	(283)
Purchase of property, plant and equipment	(152)	(723)	(1,065)
Net cash absorbed by investing activities	(426)	(842)	(1,194)
Cashflows from financing activities			
Proceeds from sale and lease back	-	2,236	2,236
Finance expenses	(17)	-	(12)
Interest Paid	(124)	-	(173)
Proceeds from issue of share capital	62	78	89
Share issue costs	-	(267)	(267)
Net cash from financing activities	(79)	2,047	1,873
Net decrease in cash and cash equivalents	(3,854)	(534)	(3,038)
Effect of exchange differences on restatement of non Euro functional currency	11	27	36
Opening cash and cash equivalents	24,574	27,576	27,576
Closing cash and cash equivalents	20,731	27,069	24,574

The notes set out on pages 13 to 18 form part of these interim financial statements.

1. Accounting policies

Basis of accounting

The Group's condensed financial statements in these interim results have been prepared in accordance with International Accounting Standard (IAS) 34 "interim financial reporting" as adopted for use in the European Union. The financial information for the six months ended 30 September 2012 and the six months ended 30 September 2011 is unaudited. The comparative financial information for the full year ended 31 March 2012 does not constitute the group's statutory financial statements for that period although it has been derived from the statutory financial statements for the year then ended. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Changes in accounting policies

No new accounting standards, amendments or interpretations have been adopted in the period which have any impact on these condensed financial statements, or are expected to affect the Group's 2013 Annual report. The accounting policies and methods of computation are consistent with those applied in the 31 March 2012 annual financial statements.

Going concern

These condensed financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved.

As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on the achievement of certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

The Directors have considered the internally agreed budgets and performance measures and believe that appropriate controls and procedures are in place or will be in place to make sure that these are met. The Directors believe, while some uncertainty inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there are a sufficient number of alternative actions and measures that can be taken in order to achieve the Group's medium and long term objectives.

Therefore, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

2. Segmental reporting

The Group's business is the development, commercialisation and licensing of proprietary technology for the manufacture of Accoya® wood, Tricoya® wood elements and related acetylation technologies. Segmental reporting is divided between licensing activities, the manufacturing and sale of Accoya® and research and development activities.

Result by Segment:	Unaudited 6 months ended 30 Sept 2012 €'000	Unaudited 6 months ended 30 Sept 2011 €'000	Audited Year Ended 31 March 2012 €'000
Licensing			
Revenue	553	75	75
Cost of sales	-	-	-
Gross profit/(loss)	553	75	75
Other operating costs	(3,758)	(2,672)	(5,834)
Impairment of licensee receivables	-	-	(2,281)
Loss from operations	(3,205)	(2,597)	(8,040)
Loss from Operations	(3,205)	(2,597)	(8,040)
Depreciation and amortisation	173	160	330
EBITDA	(3,032)	(2,437)	(7,710)
Manufacturing			
Revenue	8,530	6,156	14,927
Cost of sales	(7,219)	(6,695)	(15,050)
Gross profit/(loss)	1,311	(539)	(123)
Other operating costs	(2,747)	(2,495)	(5,247)
Loss from operations	(1,436)	(3,034)	(5,370)
Loss from Operations	(1,436)	(3,034)	(5,370)
Depreciation and amortisation	908	841	1,754
EBITDA	(528)	(2,193)	(3,616)
Research and Development			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit/(loss)	-	-	-
Other operating costs	(719)	(685)	(1,416)
Loss from operations	(719)	(685)	(1,416)
Loss from Operations	(719)	(685)	(1,416)
Depreciation and amortisation	32	36	74
EBITDA	(687)	(649)	(1,342)
Total			
Revenue	9,083	6,231	15,002
Cost of sales	(7,219)	(6,695)	(15,050)
Gross profit/(loss)	1,864	(464)	(48)
Other operating costs	(7,224)	(5,852)	(12,497)
Impairment of licensee receivables	-	-	(2,281)
Loss from operations	(5,360)	(6,316)	(14,826)
Finance income	107	22	154
Finance expense	(124)	(33)	(240)
Loss before taxation	(5,377)	(6,327)	(14,912)
Loss from Operations	(5,360)	(6,316)	(14,826)
Depreciation and amortisation	1,113	1,037	2,158
EBITDA	(4,247)	(5,279)	(12,668)

Licensing

Revenue is attributable to fees received or receivable in relation to the licensing of the Group's technology to third parties.

Other operating costs include all remaining costs unless they are directly attributable to Manufacturing or Research and Development. This includes the costs of the Dallas and Windsor offices, marketing, business development and the majority of the Group's administration costs.

Headcount = 19 (2011: 20)

Manufacturing

Revenue includes the sale of Accoya® and other revenue, principally relating to the sale of acetic acid.

All costs of sales are allocated against manufacturing activities in Arnhem unless they can be directly attributable to a licensee.

Other operating costs include depreciation of the Arnhem property, plant and equipment together will all other costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration costs.

Headcount = 61 (2011: 63)

Research and Development

Costs are associated with various R&D activities associated with Accoya® and Tricoya® products and processes. The costs are reported excluding €381,000 of costs which have been capitalised in accordance with international financial reporting standards. (2011: €142,000).

Headcount = 14 (2011: 14)

Assets and liabilities cannot be readily allocated to the three segments and therefore no additional segmental information has been disclosed.

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2012 €'000	Unaudited 6 months ended 30 Sept 2011 €'000	Audited Year ended 31 March 2012 €'000
Netherlands	3,060	2,521	5,264
United Kingdom	1,832	1,098	2,123
Germany	845	440	1,011
Switzerland	825	447	735
North America	487	529	1,006
Belgium	349	147	367
Norway	344	139	307
China	296	402	784
India	180	130	231
Italy	155	27	147
New Zealand	142	-	49
Australia	135	46	129
France	121	3	121
Ireland	94	146	2,442
Greece	92	99	174
Other	126	57	112
	9,083	6,231	15,002

The segmental assets in the current and previous periods were predominantly held in Europe. Additions to property, plant, equipment and intangible assets in the current and previous periods were predominantly incurred in Europe.

3. Other operating costs

Other operating costs consist of the operating costs, other than the cost of sales, associated with the operation of the plant in Arnhem and the offices in Dallas and Windsor.

	Unaudited 6 months ended 30 Sept 2012 €'000	Unaudited 6 months ended 30 Sept 2011 €'000	Audited Year ended 31 March 2012 €'000
Sales and marketing	1,559	1,163	2,264
Research and development	719	685	1,416
Depreciation and amortisation	1,113	1,035	2,159
Other operating costs	1,069	1,153	2,307
Administration costs	2,764	1,816	4,351
	7,224	5,852	12,497

Administrative costs include costs associated with the Human Resources, IT, Finance, Management, General Office, Business Development and Legal departments.

The Group headcount reduced from 97 at 30 September 2011 to 96 at 31 March 2012 and then to 94 at 30 September 2012.

During the period €381,000 of development costs were capitalised and are included within intangible fixed assets (2011:€142,000). This includes €140,000 in respect of the Accoya® licence Process Design Package.

4. Exceptional items – Impairment of assets

A net impairment of €2,281,000 recorded in the year ended March 2012 was attributable to Al Rajhi, representing a non-cash impairment of licensee net receivables (consisting of €5,402,000 prepaid commission costs net of €2,550,000 deferred income) recorded in previous years. The impairment was recorded as uncertainty remains as to whether the licence will proceed.

This was offset by the reversal of a previous impairment of €571,000 reflecting money received from Diamond Wood under the licence agreement subsequent to the year-end.

5. Loss per share

Basic and diluted loss per share	**Unaudited 6 months ended 30 Sept 2012**	**Unaudited 6 months ended 30 Sept 2011**	**Audited Year ended 31 March 2012**
Weighted average number of Ordinary shares in issue ('000)	406,310	403,364	403,657
Loss for the period (€'000)	(5,485)	(6,579)	(14,376)
Basic and diluted loss per share	€(0.01)	€(0.02)	€(0.04)

Basic and diluted losses per share are based upon the same figures. There are no dilutive share options as these would increase the loss per share.

6. Property, plant and equipment

	Freehold land €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2011	6,815	26,108	462	33,385
Additions	-	598	124	722
Foreign currency translation gain/(loss)	-	-	(3)	(3)
At 30 September 2011	6,815	26,706	583	34,104
Additions	65	253	30	348
Foreign currency translation gain/(loss)	-	-	(1)	(1)
At 31 March 2012	6,880	26,959	612	34,451
Additions	-	120	32	152
Foreign currency translation gain/(loss)	-	-	-	-
At 30 September 2012	6,880	27,079	644	34,603
Depreciation				
At 31 March 2011	-	6,560	398	6,958
Charge for the period	18	850	30	898
Foreign currency translation gain/(loss)	-	-	(3)	(3)
At 30 September 2011	18	7,410	425	7,853
Charge for the period	57	883	44	984
Foreign currency translation gain/(loss)	-	-	-	-
At 31 March 2012	75	8,293	469	8,837
Charge for the period	56	876	35	967
Foreign currency translation gain/(loss)	-	-	-	-
At 30 September 2012	131	9,169	504	9,804
Net book value				
At 31 March 2011	6,815	19,548	64	26,427
At 30 September 2011	6,797	19,296	158	26,251
At 31 March 2012	6,805	18,666	143	25,614
At 30 September 2012	6,749	17,910	140	24,799

Agreements were reached in August 2011 for the sale and leaseback of land and the buildings at Arnhem for a total of €4m. €2.2m was received in the financial year ending 31 March 2012 with the remaining amount to be received within the next financial year. Subject to the terms of the agreement, the buyer has committed to build new storage facilities which will also allow for an improvement in wood handling logistics. The transaction has resulted in a finance lease creditor of €2.2m, as at 30 September 2012.

7. Available for sale investments

Accsys Technologies PLC's investment in Diamond Wood of 21,666,734 shares represented a holding of 5.66% (2011: 5.66%) as at 30 September 2012. So far as we are aware, there has been no change in the investment since that date.

The carrying value of the investment is carried at cost less any provision for impairment, rather than at its fair value, as at 30 September 2012 there was no active market for these shares and there was uncertainty over the potential fundraising efforts of Diamond Wood, and as such a reliable fair value could not be calculated.

The Group does not currently have an intention to dispose of its investment in Diamond Wood in the foreseeable future.

The historical cost of the unlisted shares at 30 September 2012 is €10m (2011: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded, as at 30 September 2012 the conclusion of Diamond Wood finalising its funding arrangements was still pending. In the event that Diamond Wood completes the fund-raising, the balance may be re-valued.

8. Share capital

On 6 July 2012, the Company issued 3,926,666 new Ordinary shares to an Employee Benefit Trust at nominal value.

On 23 July 2012, the Company issued 415,332 new Ordinary shares for €0.15 each pursuant to the Company's Employee Share Scheme. Proceeds of €62,000 were received noting that €4,000 is held separately in respect of matching shares which will be issued after one year if the employee is still employed by the Group.

On 8 August 2012, the Company issued 783,283 new Ordinary shares in respect of the vesting of matching shares held in the Employee share scheme under which 28 employees subscribed in August 2011.

At 30 September 2012 the Company had 409,141,923 Ordinary shares in issue (31 March 2012: 404,016,642).

9. Related party transactions

There were no related party transactions in the six months ended 30 September 2012 (2011: nil).

10. Post balance sheet events

On 4 October 2012, Accsys entered a joint venture with INEOS to exploit Accsys' intellectual property surrounding its proprietary Tricoya® wood elements acetylation technology and processes, which is now expected to lead to the accelerated global deployment of Tricoya®. The new company is called Tricoya Technologies Limited ('TTL').

In addition to INEOS's joint investment programme with Accsys into the Tricoya business, INEOS Industries Holdings Limited subscribed for 23,529,412 new ordinary shares in Accsys, at a price of €0.17 per share. Admission of these shares onto the London Stock Exchange and Euronext Amsterdam markets took place on 19 October 2012 following receipt by Accsys of subscription monies totalling €4,000,000. The new ordinary shares issued to INEOS represent 5.4% of the issued share capital of Accsys. The Company also executed a warrant instrument in favour of INEOS, allowing INEOS the opportunity to purchase up to a further 16,468,236 shares at a price of €0.21 per share at certain times during the course of the next four years

Independent review report to Accsys Technologies PLC

Introduction

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 September 2012, which comprises the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity and the interim statement of cash flow and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the half year ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union, the AIM and Euronext Amsterdam by NYSE Euronext Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
London

20 November 2012

Notes:

a) The maintenance and integrity of the Accsys Technologies PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report since it was initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.