Regulatory Announcement

Company	Accsys Technologies PLC
TIDM	AXS
Headline	Preliminary results for the year ended 31 March 2013
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World leaders in wood technology

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25 June 2013

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

Preliminary results for the year ended 31 March 2013

Accsys, the environmental science and technology company whose primary focus is on the production and technology licensing of Accoya® wood and Tricoya® wood elements, today announces its preliminary results for the year ended 31 March 2013.

	2013	2012	
Total Group Revenue	**€18.8m**	€15.0m	+25%
Accoya® wood sales (excluding Medite)	**€16.4m**	€11.3m	+45%
Loss after tax	**€11.0m**	€14.4m	Improved 24%
Year-end cash balance	**€20.5m**	€24.6m	-17%

Operational Highlights

- Total of 42 (2012: 35) Accoya® distribution or agency agreements covering most of Europe, Australia, Canada, Chile, China, India, North America, New Zealand and parts of SE Asia;
- Significant progress on licence agreement with Solvay for the production and sale of Accoya®; continue to expect agreement to become unconditional this year:
  - Process Specification Package and Basic Process Design Package delivered to Solvay; work on-going in respect of full Process Design Package which is to be delivered on agreement becoming unconditional; and
  - Accsys and Solvay sales teams developing market; retail decking product trial launched in France and Germany.
- 50:50 joint venture with INEOS, Tricoya Technology Limited ('TTL'), to exploit Accsys' Tricoya® technology in a worldwide panels market worth more than €60bn, making encouraging progress:
  - working towards agreeing a full licence agreement with Medite for the manufacture of Tricoya® following the signing of a Heads of Terms in December 2012
- Further Intellectual Property development; Accoya® process patent will be granted in the USA (subject to payment of issuance fees). Accoya® has six patent families with 31 granted patents (including product patents in the UK, New Zealand and Singapore) and 20 further applications filed across 24 countries; and TTL benefits from a further five published Tricoya® patent families and 48 published applications filed;
- Substantial industry recognition and additional confirmation of sustainable benefits.

Financial Highlights

- Total revenue increased by 25% to €18.8m (2012: €15.0m);
- Total Accoya® wood sales increased by 22% to €16.6m (2012: €13.6m). Accoya® sales, excluding to Medite, increased by 45% to €16.4m (2012: €11.3m).
- Revenue in second half of financial year increased by 15% when compared to the first half of the financial year, demonstrating progressive momentum and increasing demand for Accoya®;
- Significant improvement in gross margin at group level; margin of 18% (2012: -0.3%);
- EBITDA loss at Arnhem manufacturing plant reduced by 75% to €0.9m (2012: €3.6m loss); continue to expect the Arnhem plant to achieve an EBITDA positive level at 50% production capacity in the current financial year;
- Loss after tax improved by 24% to €11.0m (2012: €14.4m);
- Maintained robust balance sheet with year-end cash balance of €20.5m (2012: €24.6m); and
- Strong progress in first quarter of current financial year – sales to Accoya® customers expected to have increased by in excess of 50% compared to the same period in the prior year.

Commenting, Paul Clegg, CEO of Accsys, said:

"It has been a year of encouraging strategic and operational progress for the Company. Group revenue has notably increased, a trend we expect to continue as Accoya® achieves further market penetration. We have moved closer to finalising licensing agreements on two fronts, with talks with a number of other parties advancing well.

"Our relationship with Solvay is strong and we remain confident that the Accoya licence agreement will become unconditional before the end of this calendar year.

"Sales in the first three months of this financial year show significant improvement on the corresponding period last year which, combined with licensing progress, bodes well for our future financial performance. I believe our truly outstanding, innovative products are beginning to gain serious traction in the global construction markets, which enables me to look to the future with confidence and optimism."

There will be a presentation for analysts and investors relating to these results at 10:00 BST today (25 June 2013). 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/wt35soac

Conference call details for participants:

Participant Telephone Number: +44 (0)20 3427 1914 (UK Toll)
Confirmation Code: 7791877

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 Blythe Weigh Communications
Numis Securities	Nominated Adviser: Oliver Cardigan Corporate Broking: Christopher Wilkinson Ben Stoop	+44 (0)20 7260 1000
Blythe Weigh Communications		+44 (0)20 7138 3204
	Paul Weigh	+44 (0) 7989 129658
	Tim Blythe	+44 (0) 7816 924626
	Rob Kellner	+44 (0) 7800 554377
SPJ Financial & Corporate Communication	Frank Neervoort	+31 681734236

Introduction

I am very pleased to report that Accsys has enjoyed a productive financial year, delivering notable revenue increases and making strong progress in licensing the Company's proprietary technologies. These achievements, combined with the positive start the Company has made to the new financial year, further support my confidence that the group is on the right path towards achieving its long term objective of delivering sustainable profitability.

Demand for Accoya® has continued to grow with a 45% increase in sales to Accoya® customers recorded in the year to March 2013 to €16.4m (2012: €11.3m). Encouragingly, this growth was widespread, with 12 out of 14 of our top geographies recording an increase. Total Group revenue increased by 25% to €18.8m for the year (2012: €15.0m). This trend has continued in the start of the new financial year and we are very pleased by our sales growth for the first quarter of the year.

The increased sales volume has helped generate a significant improvement in our profitability with our gross profit margin increasing from almost break-even to 18%. We expect this trend to continue due to a combination of increasing sales volumes, price increases implemented since the start of the current financial year and the economies of scale, given certain production costs are fixed or partially fixed, which we expect to achieve from our manufacturing plant in Arnhem. As a result, we continue to expect the Arnhem plant to reach 50% of its capacity within the current financial year, which in turn will generate an EBITDA positive level for the plant, helping to indicate the potential returns prospective licensees may be able to generate, in addition to seeding target markets.

Our balance sheet remains strong with a cash balance of €20.5m at the end of March 2013. This has been helped by the completion of the sale and leaseback of the second part of our land in Arnhem and the issue of shares to INEOS in October 2012 at the same time as we entered a joint venture with them, raising €1.7m and €4m respectively.

Our cash out-flow from operating activities (before changes to working capital) decreased by 24% to €7.6m (2012: €10.0m). We expect this cash-out flow to decrease in the next year, reflecting improved profitability and a continued focus on minimising our costs.

Our longer term objective of licensing our technologies has also progressed. We continue to work with Solvay (previously called Solvay-Rhodia) towards completing the full Process Design Package and continue to expect the licence agreement to become unconditional following the approval of Solvay's board of Directors later by the end of the year. The collaboration with Solvay has also continued in many other respects including developing the market with the launch of a retail decking trial being carried out in five retail chains in France and Germany.

Tricoya Technologies Limited ('TTL'), our joint venture with INEOS formed in October 2012 for the exploitation and development of Accsys' intellectual property surrounding Tricoya® wood elements, has made a positive start and is working towards agreeing a full unconditional licence agreement with Medite for the manufacture of Tricoya® following the signing of a Heads of Terms in December 2012.

Accsys and TTL continue 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^3 per annum. While these discussions remain on-going, the complex nature and investment required by a licensee, means that the timing and certainty of their completion remains difficult to predict.

Accoya® and Tricoya® continue to receive industry recognition and have won a number of high profile awards. For example Medite Tricoya won Product of the Year at the Sustain Magazine Awards for Sustainability; both Accoya® and Tricoya® were named the Best Wood Innovation in Holland's Houtwereld 2012, Top Suppliers Awards as well as jointly winning the Supreme Award for Innovation at the UK's Timber Expo in 2012.

Given the global construction industry's focus on delivering projects in an increasingly sustainable manner, hence reducing the environmental impact of construction projects throughout their lifetime, we have continued to promote the positive environmental and sustainable attributes of our products as we believe this has an important role to play in driving further sales growth and market penetration. Having recently been admitted as a founding member of the Social Stock Exchange, we have also confirmed that windows made from Accoya® have been found to be carbon negative over their lifetime and that Accoya®'s carbon footprint significantly outperforms most other building materials.

In March we announced the retirement and resignation from the Board of Directors of Lord Sanderson of Bowden. Lord Sanderson, who is 80, had served on the Board since 2007 and has been a tremendous asset for the Company. His support and commitment have been of great value and he will be much missed. We wish him the very best in his well-earned retirement from Accsys.

The start to the new financial year has added further support to my confidence in our future. Our on-going Accoya® sales growth, which is helping further seed markets, together with the continuing progress being made by all parts of the Accsys Group means that we are now in a strong position to achieve our objective of making the Group profitable and successfully licensing our technologies globally.

Gordon Campbell
Non-executive Chairman
24 June 2012

Accoya® wood and Tricoya® wood elements

Manufactured through Accsys' proprietary acetylation processes, Accoya® and Tricoya® wood elements exhibit superior dimensional stability, durability and other important benefits when compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

The attributes of Accoya® make it a highly effective solution for a wide range of external applications including doors, windows, cladding, decking, shutters, louvers, civil works, landscaping, outdoor furniture and more.

The possibilities for the use of Tricoya® are ever expanding but include facade cladding, fascia and soffit panels and other secondary exterior applications, window components; wet interiors, including wall linings in swimming pools, bathrooms, wet rooms, changing rooms; speciality furniture including lockers, cubicles, chairs and tables, play frames, tree houses and exterior composite furniture; signage; automotive parts and sports equipment.

Accoya® sales

We have continued to make strong progress in achieving the dual aim of seeding the market and improving the profitability of the Group by increasing sales of Accoya® manufactured from our plant in Arnhem. Sales to Accoya® customers increased by 45% in the year to March 2013 compared to the previous financial year. This increase, to €16.4m (2012: €11.3m), excluded €0.2m of sales to Medite for the manufacture of Tricoya, noting a substantial volume was sold to Medite in the second half of the previous financial year to enable them to build up initial stocks of Medite Tricoya. Sales to Medite have recently resumed as their initial stocks have become depleted. Total Accoya sales, including sales to Medite, increased by 22% to €16.6m (2012: €13.6m).

12 out of 14 of our top geographies recorded an increase in Accoya® revenue, demonstrating that we are increasing our sales through existing distributors as well as by the introduction of new distributors. We now have a total of 42 distribution and agency agreements in place, an increase of seven during the year, covering most of Europe, Australia, Canada, Chile, China, India, North America, New Zealand and parts of South-East Asia.

Sales in the first quarter of the new financial year have continued to show very positive growth compared to the same period last year. While we remain optimistic concerning future growth prospects, it remains likely that such sales growth may be lumpy, reflecting that some new opportunities may be more significant than others.

Arnhem plant

The increased activity levels have resulted in our Arnhem plant operating at higher consistent production levels than before. Total manufacturing revenue increased by 23% to €18.3m (2012: €14.9m) with the resulting gross manufacturing margin increasing from a 1% loss to a 15% profit (with total Group gross profit increasing from almost break even to 18%). This improvement is attributable to improved economies of scale, noting some of the production costs are fixed or partially fixed in nature, together with other process improvements which are made on an on-going basis. The manufacturing facility, which includes 65% of the Group's headcount, recorded an EBITDA loss of €0.9m for the year, a 75% improvement on the previous year, despite still operating at less than 50% capacity. (The difference between €16.4m of sales to Accoya customers and €18.3m manufacturing revenue is attributable to sales to Medite and other revenue, primarily the sale of acetic acid, a bi-product from our manufacturing process.)

We continue to expect the Arnhem manufacturing facility to achieve an EBITDA positive level at 50% of its current capacity (i.e. approximately 17,500m^3) in the current year; a level which also indicates the potential returns a prospective licensee may be able to generate.

Research and development has resulted in a number of improvements to the plant including improving reliability and reducing maintenance costs. On-going projects include targeting further reductions to production cycle time, improvements in quality and the development of preventative maintenance processes.

Licensing

In June 2012, Accsys entered into a licence agreement with Solvay for the production and sale of Accoya® wood. The licence provides for the grant of exclusive rights to Solvay for a 15 year period to produce and sell Accoya® within the Council of Europe, excluding Accsys' existing 'home' markets of Belgium, Ireland, Luxembourg, the Netherlands and the United Kingdom, in return for Solvay paying Accsys licence and royalty fees and meeting other performance obligations. The agreement allows for the construction of multiple Accoya® production plants, with the first having an initial capacity of approximately 63,000 m^3 of annual Accoya® output, although remains conditional on certain limited provisions being satisfied, including the formal approval of Solvay's board of directors, which is expected by the end of 2013.

Since signing the agreement, significant progress has been made with Accsys having delivered a Process Specification Package and a Basic Process Design Package to Solvay. Work has been on-going in respect of a full Process Design Package which will be delivered upon approval by the Solvay board later this year. These design packages enable Solvay to carry out the planning and engineering design required for them to be able to construct their plant.

The significant amount of work being undertaken by Accsys and Solvay also includes co-ordination between engineering teams, the completion of safety reviews required by local regulation and other operational planning matters such as wood handling, instrumentation and chemical recycling.

In addition, our respective sales teams have been working closely together to analyse and develop the market territories covered by their licence. This collaboration has included a recently launched Accoya® decking trial within retail stores in France and Germany in which a choice of a coated, ready to install product for consumers or a base coated version for contractors has been produced.

The situation with our other existing licensees in Asia and the Middle East, Diamond Wood and Al Rajhi, has not improved with Diamond Wood still not having yet secured funding. We continue to work with Diamond Wood to develop the market in their territory and remain confident that in the longer term this region offers substantial opportunities for generating revenue. We have recently granted an exclusive right to market, sell and distribute Accoya® in Japan to a third party from the second half of 2014, upon which Diamond Wood's licence rights in respect of Japan will cease.

Tricoya Technologies Limited

On 5 October 2012, Accsys entered into a 50:50 joint venture with INEOS Industries Holdings Limited ('INEOS') to exploit Accsys' intellectual property surrounding its proprietary Tricoya® wood elements acetylation technology and processes, which is expected to lead to the accelerated global deployment of Tricoya. The new company, Tricoya Technologies Limited ('TTL'), is now developing and exploiting Accsys' Tricoya technology for use within MDF, particle board and wood plastic composites in a worldwide panel products market estimated to be worth more than €60 billion annually.

As part of the transaction, TTL was granted rights to exploit Accsys' Tricoya® technology but will also benefit from the licencing of any intellectual property held by INEOS that may assist the joint venture in maximising the value of the Tricoya® proposition.

Profits generated by TTL are to be shared between Accsys and INEOS in a way that reflects each party's interest. The contribution of Accsys' Tricoya® intellectual property to the Joint Venture will be reflected through a disproportionate future profit share which will create significant value for Accsys. This future profit share reflects that Accsys had made a significant investment in Tricoya® over a number of years prior to the formation of the joint venture. This included research and development expenditure concerning the Tricoya process and product design, the joint development agreement with Medite and the resulting product launch of Medite Tricoya Extreme Durable MDF in 2011 together with significant investment in building the Tricoya brand and market.

TTL has already made progress and is working towards agreeing a full unconditional licence agreement with Medite for the manufacture of Tricoya® following the signing of a Heads of Terms in December 2012.

During the period, Medite has been continuing to sell Medite Tricoya manufactured using Accoya® purchased from Accsys' plant in Arnhem. Unlike the new, continuous production acetylation process which is the subject of the expected licence between TTL and Medite, the method currently employed by Medite is not commercially viable in the longer term. However, this method is enabling Medite to seed the market ahead of the construction of their own plant, with Medite now successfully selling to distributors including in the UK, Ireland, Benelux and Germany, enabling the seeding of the market place for Medite and other potential licensees.

TTL continues to work closely with the licence option holder in Latin America, with on-going activities concerning market evaluation and preliminary production planning in accordance with the agreement.

Financial Summary

Total revenue for the year ended 31 March 2013 increased by 25% to €18.8m (2012: €15.0). In the same period, Accoya® revenue, excluding sales to Medite for the manufacture of Tricoya, increased by 45% to €16.4m (2012: €11.3m). Total revenue also included €0.6m of licence income which had been recorded in the first half of the year.

Gross operating margin for the Group improved from almost break-even to 18% profit, resulting from increased Accoya® sales, the recording of licence income and improved operating efficiencies.

Other operating costs increased by 8% to €13.5m due in part to an increase in staff costs and to the relative weakening of the Euro, in particular in the first half of the financial year. The increase is also attributable to non-recurring items legal and intellectual property costs incurred in relation to the agreements made in the year. In addition, the group continued to invest in sales and marketing, which increased by 28% to €2.9m.

However, other operating costs decreased by 13% to €6.3m in the second half of the financial year compared to the first half year costs of €7.2m. This reduction was partly attributable to the lack of the non-recurring items described above, an improvement in the exchange rate in the second half of the year and to certain costs being recharged to TTL.

The loss from operations decreased by 31% from €14.8m to €10.2m due to the improvement in gross margin described above and the impact of a charge recorded in the previous year for the impairment of licence related assets. Excluding the impairment charge, the loss from operations decreased by 19% from €12.5m to €10.2m.

The decrease in cash balance to €20.5m as at 31 March 2013 is the result of €7.6m of cash out-flows from operating activities before changes in working capital, which represented a 24% decrease compared to the previous year. Further cash out-flows were attributable to a €1.4m increase in working capital, largely due to the increase in inventory balances as explained above and €0.9m expenditure in respect of capitalised development costs. The cash out-flow was offset by €4.1m received in respect of the issue of new shares and €1.7m arising from the completion of the second part of the sale and leaseback of the land in Arnhem.

Intellectual Property

During the period we received confirmation from the Patent 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 application filing date. These 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. In addition, Accsys has recently received confirmation from various other Patent Offices, importantly including the United States of America, that various acetylated solid wood process patent claims will be granted, subject to payment of issuance fees. These additional grants will act to further strengthen Accsys' patent portfolio in key global markets.

Accsys has continued to file new patent applications in the recent period and now currently owns six different Accoya® patent families, with 31 patents granted or accepted for grant and 20 further applications filed across 24 countries world-wide.

In respect of Tricoya®, TTL now benefits from a further five published patent families with a total of 48 published product and process patent applications filed in key territories across the world.

Our principal brands, Accoya, Accsys, Tricoya and the Trimarque Device, including Arabic, Chinese and Japanese transliterations, are protected by trademark registration in 55 countries throughout the world with pending applications in a further two countries. These registrations and applications cover our corporate identity and the products we sell as well as those to be sold by our licensees and distributors.

Other developments

Accsys has invested a significant amount in developing and marketing our product brands. This has included working closely with our distributors and, where appropriate, their customers by producing, for example, co-branded websites and marketing collateral. We are expanding our successful Joinery Certification Programme; a free of charge education process involving a presentation with a Q&A session aimed at key production staff at the joiners' premises. This has already proved very effective in driving end customer demand in the UK.

Research and development focuses on improvements to the plant and processes as described above. In addition, we have continued researching and developing a number of new species of wood to be acetylated. Following on from the introduction of Accoya® Alder last year, we have made progress in developing a number of other species. The ability to commercially acetylate species other than Radiata pine will enable Accsys to increase its product offering, with other species offering different characteristics allowing new applications as well as introducing alternative raw material sourcing options for Accsys and licensees, which has the potential to reduce input costs, particularly transportation costs.

Environmental credentials

Accoya® and Tricoya® boast superior green credentials. By significantly enhancing the durability and dimensional stability of 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.

Recently, an updated analysis by leading climate change consultancy Verco, has shown that Accoya's carbon footprint significantly outperforms most other building materials, including a wide range of sustainably sourced hardwoods. Further analysis by the Delft University of Technology following independent protocols revealed that Accoya® window frames are now classified as carbon negative over their lifetime cycle. Medite Tricoya® won Product of the Year at the Sustain Magazine Awards for Sustainability, Business and the Built Environment based on its combined innovation and sustainability.

As a result of these matters and our prior track record, we were pleased to recently be admitted as a founding member to the Social Stock Exchange, (http://www.socialstockexchange.com/members/accsys-technologies).

Outlook

We are now beginning to see the benefits of our significant investment in sales and marketing over the last two years. This activity, together with the increase in the number of our distributors, leaves us well positioned to deliver continued Accoya® sales growth. We have recorded a strong start to the new financial year and, while our sales growth remains difficult to predict and is likely to remain lumpy, I am confident that our growth will enable us to achieve profitability; with the Arnhem plant achieving an EBITDA positive level in the current year and with the Group as a whole thereafter.

The progress we have made with developing the Solvay licence, together with the advances TTL has made in a short period in respect of Tricoya®, allow me to remain confident that we will be able to extract significant value from our technologies in the longer term. In this respect we continue to develop a number of new and existing potential Accoya® and Tricoya® licence opportunities, with counterparties whose combined existing total wood product manufacturing or processing capacity is in excess of 10 million m^3 per annum. While these discussions remain on-going, the complex nature and investment required by a licensee means that the timing and certainty of their completion remains difficult to predict.

Paul Clegg
Chief Executive Officer
24 June 2013

Income statement

Revenue

Total revenue for the year ended 31 March 2013 increased by 25% to €18.8m (2012: €15.0). In the same period, Accoya® revenue increased by 45%, excluding sales to Medite for the manufacture of Tricoya, to €16.4m (2012: €11.3m), noting a substantial volume was sold to Medite in the second half of the previous financial year to enable them to build up initial stocks of Medite Tricoya Extreme Durable MDF. Total revenue also included €0.6m of licence income which had been recorded in the first half of the year. Other revenue, which includes the sale of acetic acid, increased by 21% to €1.7m (2012: €1.4m).

Cost of sales

Cost of sales increased by 3% to €15.5m (2012: €15.1m). Gross operating margin improved from a 0.3% loss to 18% profit, resulting from increased Accoya® sales, the recording of licence income and improved operating efficiencies. The gross manufacturing margin increased from a 1% loss to a 15% profit.

Impairment of licence related assets

In the previous year, a €2.3m net impairment of licensee receivables was recorded. This consisted of €2.9m attributable to Al Rajhi, representing a non-cash impairment of licensee net receivables recorded in previous years. The impairment was recorded as uncertainty remained as to whether the licence will proceed. This was off-set by €0.6m reversal of a previously recorded impairment booked in respect of Diamond Wood. The impairment was reversed as a result of Diamond Wood paying contractually due technology fees subsequent to the previous year-end.

Other operating costs

Other operating costs increased by 8% to €13.5m (2012: €12.5m). This increase was attributable to an increase in staff costs and to the relative weakening of the Euro, in particular in the first half of the financial year, which impacted the costs incurred by the Windsor and Dallas offices. The increase was also attributable to non-recurring items including legal and intellectual property costs incurred in relation to the agreements made in the year. In addition, the Group continued to invest in sales and marketing, which increased by 28% to €2.9m.

Headcount remained consistent with an average of 96 employees during the year (2012: 96). However, staff costs increased by 20% to €8.3m (2012: €6.9m). This was attributable to the prior year including the reversal of a provision for pension costs recorded in an earlier period for €324,000. In addition, the share based payments charge increased by 166% to €927,000 (2012: €348,000) which is attributable to the timing of share bonus awards and share options together with the inclusion in the prior year of the effect of earlier staff terminations and the resulting lapse in their share options.

Other operating costs decreased by 13% to €6.3m in the second half of the financial year compared to the first half year costs of €7.2m. This reduction was partly attributable to the lack of the non-recurring items described above, the improvement in the exchange rate and partly due to certain costs being recharged to Tricoya Technologies Limited.

Loss from operations

The loss from operations decreased by 31% to €10.2m (2012: loss of €14.8m) due to the improvement in gross margin described above and the impact of a charge recorded in the previous year for the impairment of licence related assets. Excluding the impairment charge, the loss from operations decreased by 18% from €12.5m to €10.2m.

Finance income

Finance income of €206,000 (2012: €154,000) represents interest receivable on bank deposits.

Finance expense

The finance expense of €244,000 (2012: €240,000) is due to interest element arising on the payments attributable to the sale and leaseback of part of the Group's Arnhem land and buildings in Arnhem which was completed part way through the previous financial year. The prior year also included €66,000 of costs attributable to an equity line of credit which expired on 31 March 2012.

Share of joint venture loss

On 5 October 2012, Accsys entered into a new 50:50 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, Tricoya Technologies Limited ('TTL'), will develop and exploit Accsys' Tricoya technology for use within MDF, particle board and wood plastic composites in a worldwide panel products market estimated to be worth more than €60 billion annually.

As part of the transaction, TTL has been granted rights to exploit Accsys' Tricoya® technology and will also benefit from a licence of any intellectual property held by INEOS that may assist the joint venture in maximising the value of the Tricoya® proposition. Profits generated by TTL are to be shared between Accsys and INEOS in a way that reflects each party's interest. The contribution of Accsys' Tricoya®

intellectual property to the Joint Venture will be reflected through a disproportionate future profit share which will create significant value for Accsys.

This future profit share reflects that Accsys had made a significant investment in Tricoya over a number of years prior to the formation of the joint venture. This included research and development expenditure concerning the Tricoya process and product design, the joint development agreement with Medite and the resulting product launch of Medite Tricoya Extreme Durable MDF in 2011 together with significant investment in building the Tricoya brand and market.

TTL has been accounted in the Accsys Group accounts using the equity method. During the period, TTL recorded nil revenue and total costs of €860,000 resulting in Accsys' share of €430,000. (See note 8 for further details.)

Taxation

The net tax charge of €355,000 (2012: €536,000 credit) primarily represents a tax charge arising from the utilisation of tax losses of €656,000 offset by research and development tax credits of €312,000 attributable to activities carried out in the current year.

Dividends

No final dividend is proposed in 2013 (2012 final dividend: €Nil). The Board deems it prudent for the Company to maintain as strong a balance sheet as possible during the current phase of the Company's growth strategy.

Earnings per share

Basic and diluted loss per share was €0.03 (2012 basic and diluted loss per share was €0.04).

Balance sheet

Intangible assets

Intangible asset additions of €953,000 (2012: €283,000) predominantly relate to capitalised internal development costs including €456,000 in respect of the Accoya® licence Process Design Package.

Property, plant and equipment

Property, plant and equipment additions of €0.3m (2012: €1.1m) predominantly relate to technology improvements and items of maintenance equipment at our Arnhem production facility. During the period the Group entered into a sale and leaseback agreement for part of the Arnhem land which has been accounted for as a operating lease and has resulted in the disposal of €1.7m of land in the period. See note 25.

Available for sale investments

Accsys Technologies PLC has previously purchased a total of 21,666,734 unlisted ordinary shares in Diamond Wood China Limited. The historical cost of the unlisted shares held at 31 March 2013 is €10m (2012: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded, as at 31 March 2013 the conclusion of Diamond Wood finalising its funding arrangements was still pending. In the event Diamond Wood completes the fund-raising, the balance may be re-valued.

Inventory

The Group had total inventory balances of €4.9m (2012: €3.1m). Finished goods consisting of Accoya® represented €3.0m (2012: €2.1m) and raw materials consisting of unprocessed lumber represented €1.5m (2012: €0.8m) with the remainder of the balance being work in progress. The increase is attributable to increased sales in the period and the expected increase in sales in the start of the next financial year.

Cash and cash equivalents

The Group had cash and bank deposits of €20.5m at the end of the period (2012: €24.6m). The decrease in the year is mainly the result of €7.6m of cash out-flows from operating activities before changes in working capital, which represented a 24% decrease compared to the previous year (2012: 10.0m). Further cash out-flows were attributable to €1.4m increase in working capital, largely due to the increase in inventory balances as explained above and €0.9m expenditure in respect of capitalised development costs.

The cash out-flow was offset by €4.1m received in respect of the issue of new shares and €1.7m arising from the completion of the second part of the sale and leaseback of the land in Arnhem, which has been accounted for as an operating lease.

New equity

1,698,869 shares were issued under the terms of the Employee Share Participation Plan resulting in proceeds of €114,019 being received in the period. (See note 14 for further details.)

On 5 July 2012, a total of 3,926,666 shares were issued to an Employment Benefit Trust, the beneficiaries of which are the Executive Directors and Senior Managers (see note 14).

23,529,412 shares were issued to INEOS following the receipt of subscription monies totalling €4,000,000 in October 2012, following the formation of Tricoya Technologies Limited, the joint venture between Accsys and INEOS (see note 8).

Trade and other receivables

Trade and other receivables have increased to €3.7m (2012: €3.6m). Within this, trade receivables increased from €2.1m to €2.3m, reflecting increased activity levels. This was offset by a lower other receivables balance which was attributable to VAT.

Trade and other payables

Trade and other payables have decreased marginally to €3.4m (2012: €3.4m).

Finance lease creditor

During the previous period the Group entered into a sale and leaseback agreement for part of the Arnhem land and buildings. The first phase was completed in the previous year resulting in proceeds of €2.2m which has been accounted for as a finance lease. At 31 March 2013 there are €3.7m of payments committed to over the remaining life of the lease (2012: €4.0m) (see note 25). The second part of the sale and leaseback of the land in Arnhem was completed in February 2013, however this has been accounted for as an operating lease (see note 24).

Capital structure

Details of the issued share capital, together with the details of the movements in the Company's issued share capital in the year are included in note 23. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in Note 14. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Risks and uncertainties

The net assets as at 31 March 2013 of €56m contain balances in relation to the Group's goodwill and intellectual property rights of €8.2m. The recoverability of these balances is dependent upon the Group's existing licensees progressing with the completion of their manufacturing facilities or the signing of other new licence agreements. While the scope and timing of the production facilities to be built by the Group's existing licensees remains uncertain, the Directors continue to remain confident that revenue from either existing licensees or new licensees will be generated, demonstrating the recoverability of these balances.

In addition, the carrying value of the €22.3m of property, plant and equipment, which primarily relate to the Arnhem plant, are largely dependent upon the future profitable sales of Accoya® wood made there. The price of the Accoya® wood and the raw materials and other inputs vary according to market conditions outside of our control. Should the price of the raw materials increase by more than the sales price or in a way which no longer makes Accoya® wood as competitive, then the carrying value of the property, plant and equipment may be in doubt and become impaired. The Directors are comfortable that the current market, best estimates of future prices and increasing supply alternatives means that this risk is limited.

Going concern

The 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 financial statements are 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.

William Rudge
Finance Director
24 June 2013

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2013.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 18, and shows the loss for the year.

The Directors do not recommend the proposal of a final dividend in respect of the current year, consistent with the prior year.

Principal activities and review of the business

The principal activity of the Group is the production and sale of Accoya® solid wood and licensing of technology for the production and sale of Accoya® wood and Tricoya® wood elements via the Company's 100% owned subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V. and Titan Wood Inc (collectively the 'Group') and its newly formed joint-venture with INEOS, Tricoya Technologies Limited. Manufactured through the Group's proprietary acetylation processes, these products exhibit superior dimensional stability and durability compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials. A review of the business is set out in the Chairman's statement and the Chief Executive's report on pages 5 to 7.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are set out in Note 26 of the financial statements.

Share issues

On 5 July 2012, a total of 3,926,666 shares were issued to an Employment Benefit Trust (the 'Trust'), the beneficiaries of which are the Executive Directors and Senior Managers (see note 14).

On 8 August 2012, a total of 783,283 of Ordinary shares were issued and released to employees together with the 783,283 of Ordinary shares issued to trust on 2 August 2011. (See note 14).

On 7 September 2012, a total of 415,332 of Ordinary shares were issued to the trust under the terms of the Employee Share Participation Plan. (See note 14).

On 19 October 2012, a total of 23,529,412 of Ordinary shares were issued to INEOS following the receipt of subscription monies totalling €4,000,000.

On 18 January 2013, a total of 369,423 of Ordinary shares were issued to the trust under the terms of the Employee Share Participation Plan. (See note 14).

On 23 January 2013, a total of 130,831 of Ordinary shares were issued and released to employees together with the 130,831 of Ordinary shares issued to the trust on 23 January 2012. (See note 14).

Principal risks and uncertainties

The business, financial condition or results of operations of the Group could be adversely affected by any of the risks set out below. The Group's systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them.

The Directors consider that the principal risks to achieving the Group's objectives are those set out below.

(a) Economic and market conditions

The Group's operations comprise the manufacture of Accoya® wood and licensing the technology to manufacture Accoya® and Tricoya® wood elements to third parties. The cost and availability of key inputs affects the profitability of the Group's own manufacturing whilst also impacting the potential profitability of third parties interested in licensing the Group's technology. The price of key inputs and security of supply are managed by the Group, partly through the development of long term contractual supply agreements.

In the current economic climate, the potential to enter into additional licence agreements may be lower than originally anticipated.

An element of the Group's strategy for growth envisages the Group selling new or existing products and services into other countries or into new markets. However, there can be no assurance that the Group will successfully execute this strategy for growth. The development of a mass market for a new product or process is affected by many factors, many of which are beyond the control of the Group, including the emergence of newer and more competitive products or processes and the future price of raw materials. If a mass market fails to develop or develops more slowly than anticipated, the Group may fail to achieve profitability.

The Group has intangible assets amounting to €8.2m. The carrying values of these assets are dependent on new or existing licensees building their production plants and executing their business plans. See the Financial Review for more details.

(b) Regulatory, legislative and reputational risks

The Group's operations are subject to extensive regulatory requirements, particularly in relation to its manufacturing operations and employment policies. Changes in laws and regulations and their enforcement may adversely impact the Group's operations in terms of costs, changes to business practices and restrictions on activities which could damage the Group's reputation and brand.

(c) Employees

The Group's success depends on its ability to continue to attract, motivate and retain highly qualified employees. The highly qualified employees required by the Group in various capacities are sometimes in short supply in the labour market.

(d) Intellectual property

The Group's strategy of licensing technology depends upon maintaining effective protection of its intellectual properties worldwide. Protection is afforded by a combination of trademarks, patents, secrecy, confidentiality agreements and the structuring of legal contracts relating to key licensing, engineering and supply arrangements. Unauthorised use of the Group's intellectual property may adversely impact its ability to license the technology and lead to additional expenditure to enforce legal rights. The wide geographical spread of our products increases this risk due to the increasingly varied and complex laws and regulations in which we seek to protect the Group's intellectual property.

Key performance indicators

The Directors consider the following to be key performance indicators by which progress in the development of the business may be assessed:

- Sales values of Accoya® wood and the geographic spread of these sales;
- Break-even of the Arnhem plant;
- Annual nameplate capacity of the Accoya® wood production facility in Arnhem - see the Chief Executive's report for more information;
- The volume of Accoya® (in m^3) and Tricoya® (in metric tonnes) of licensee production facilities either committed to by third parties, or in use. There are currently no licensee production facilities in use;
- Process improvements to reduce progressively the direct cost per m^3 to produce Accoya® wood, optimising the utilisation of direct materials, utilities and capacity utilised in the wood modification process.

Future developments

The Directors' priorities for the Group's future development include:

- Creating a worldwide user community – licensing our products and building a global network to sell, support and provide feedback;
- Product excellence – perfecting our engineering process to increase efficiencies, maximise product quality and demonstrate the operating platform to future potential licensees;
- Protecting our knowledge – developing and promoting the Accoya® Technology Centre;
- Building the Accoya® and Tricoya® brands – marketing the many superior benefits of Accoya® and Tricoya® internationally; and
- Being first and maintaining leadership – continual development of new species testing and creation of new products.

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were:

Paul Clegg	
Hans Pauli	
Gordon Campbell	
The Rt. Hon. Lord Sanderson of Bowden, Kb, D.L.	Retired effective from 31 March 2013
Patrick Shanley	
Montague John 'Nick' Meyer	
William Rudge	Appointed 1 October 2012

Directors' interests in the Ordinary shares of the Company

The Directors' interests in the Ordinary shares at the year-end were as follows:

	Legal holdings		Beneficial interests	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Gordon Campbell	173,333	173,333	-	-
Paul Clegg[1]	407,810	690,910	1,833,500	436,563
Hans Pauli	446,043	400,590	684,523	22,727
Lord Sanderson[2]	50,761	15,761	35,000	-
Patrick Shanley	166,666	166,666	-	-
Montague John 'Nick' Meyer	75,000	75,000	-	-
William Rudge	169,686	132,197	200,000	36,363

1 Beneficial interests at 31 March 2013 and 31 March 2012 include 333,500 shares held directly or indirectly by other members of Paul Clegg's immediate family.
2 Beneficial interests at 31 March 2013 include 35,000 shares held directly by Lord Sanderson's wife.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its Directors.

Charitable donations

Charitable donations of €nil (2012: €nil) were made during the year.

Employment policies

The Group operates an equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status or sexual orientation. All decisions relating to employment practises will be objective, free from bias and based solely upon work criteria and individual merit.

Health and safety

Group companies have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The avoidance of occupational accidents and illnesses is given a high priority. Detailed policies and procedures are in place to minimise risks and ensure appropriate action is understood in the event of an incident. A dedicated health and safety officer is retained at the Group's manufacturing facility.

Creditor payment policy

The Group's policy, in relation to all of its suppliers, is to negotiate terms of payment when agreeing the terms of transactions, to ensure that those suppliers are made aware of the terms of payment and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not follow any universal code or standard on payment practice but subsidiary companies are expected to establish and adhere to payment terms consistent with local procedures, custom and practice. For the year ended 31 March 2012, the average payment period for trade creditors for the Group was 26 days (2012: 26 days) and for the Company was 90 days (2012: 90 days).

Significant shareholdings

So far as the Company is aware (further to formal notification), the following shareholders held legal or beneficial interests in ordinary shares of the Company exceeding 3% as at 31 March 2013:

- Royal Bank of Canada 5.73%
- OP-Pohjola Group Central Cooperative 5.55%
- INEOS 5.43%
- The London & Amsterdam Trust Company Limited 5.13%
- FIL Limited (formerly known as Fidelity International Limited) 4.93%
- Invesco Limited 4.87%
- Saad Investments Company Limited 3.92%
- Legal & General Group Plc (L&G) 3.88%
- Zurab Lysov 3.71%
- Ignis Investment Services Limited 3.15%

There are no restrictions in respect of voting rights.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Further details are set out in Note 1 to these financial statements.

Disclosure of information to auditors

Each of the persons who is a Director at the date of the approval of the Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the annual general meeting.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the parent Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

William Rudge
Director
24 June 2013

Details of the Company's corporate governance arrangements are set out below. The Board of Directors acknowledges the importance of the Principles set out in The UK Corporate Governance Code issued by the Financial Reporting Council. Neither the 2010 or 2012 UK Corporate Governance Code are compulsory for AIM listed or Euronext listed companies. The Board has applied the principles as far as practicable and appropriate for a relatively small public company.

The Board of Directors

During the period, the Board comprised a Non-executive Chairman, three Non-executive Directors (with one retiring on 31 March 2013) and two Executive Directors, with a third joining on 1 October 2012.

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

During the year, all serving Directors attended the quarterly Board meetings that were held. In addition to the scheduled meetings there is frequent contact between all the Directors in connection with the Company's business including Audit and Nomination and Remuneration committee meetings which are held as required, but as a minimum twice per annum. Additional board meetings were held during the year in connection with certain specific matters such as the formation of Tricoya Technologies Limited, the joint venture with INEOS.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board submit to re-election at intervals of three years.

Day to day operating decisions are made by the Senior Management Team of which the Chief Executive Officer, the Chief Operating Officer and Finance Director are members.

Audit Committee

The Audit Committee consists of Patrick Shanley (Chairman), Gordon Campbell, Nick Meyer and, until 31 March 2013, Lord Sanderson. The Audit Committee meets at least twice a year and is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Committee also discusses the scope of the audit and its findings and considers the appointment and fees of the external auditors. The Audit Committee continues to believe that it is not currently appropriate for the Company to maintain a dedicated internal audit function due to its size.

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The non-audit fees are considered by the Board not to affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the period, ensuring that the value of non-audit service does not increase to a level where it could affect the auditors' objectivity and independence. The Board also receives an annual confirmation of independence from the auditors.

Nominations & Remuneration Committee

The Nominations and Remuneration Committee consists of Nick Meyer (Chairman), Gordon Campbell, Patrick Shanley and, until 31 March 2013, Lord Sanderson. The Committee's role is to consider and approve the nomination of Directors and the remuneration and benefits of the Executive Directors, including the award of share options and bonus share awards. In framing the Company's remuneration policy, the Nominations & Remuneration Committee has given full consideration to Section D of The UK Corporate Governance Code.

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Company's organisational structure has clear lines of responsibility;
- The Company prepares a comprehensive annual budget that is approved by the Board. Monthly results are reported against the budget and variances are closely monitored by the Directors; and
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

Relations with shareholders

Communications with shareholders are given high priority.

There is regular dialogue with shareholders including presentations after the Company's preliminary announcement of the year-end results and six monthly results. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions.

Directors' attendance record

The attendance of individual Directors at meetings of the Board and its committees in the year under review was as follows:

	Board		**Audit Committee**		**Nominations & Remuneration Committee**	
Number of meetings	**Attended[3]**	**Serving**	**Attended**	**Serving**	**Attended**	**Serving**
Gordon Campbell	6	11	3	3	4	4
Paul Clegg	11	11	3	-	4	-
Hans Pauli	11	11	3	-	3	-
Lord Sanderson [1]	3	11	3	3	3	4
Patrick Shanley	6	11	3	3	4	4
Montague John 'Nick' Meyer	7	11	3	3	4	4
William Rudge [2]	5	5	1	-	1	-

Whilst all Directors are not members of the Board Committees they attend by invitation.

Figures in the left hand column denote the number of meetings attended and figures in the right hand column denote the number of meetings held whilst the individual held office.

Notes

1 Lord Sanderson resigned as a Director with effect from 31 March 2013.
2 William Rudge was appointed as a Director on 1 October 2012.
3 A number of board committee meetings were held in the year in addition to the scheduled board meetings in order to address certain routine matters such as the issue of shares in respect of the Employee Share Scheme.

Statement of Directors' responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accsys Technologies PLC

Consolidated statement of comprehensive income for the year ended 31 March 2013

	Note	2013 €'000 Total	2012 €'000 Total
Accoya® wood revenue		16,555	13,574
Licence revenue		553	75
Other revenue		1,714	1,353
Total revenue	2	18,822	15,002
Total cost of sales		(15,474)	(15,050)
Gross profit/(loss)		3,348	(48)
Other operating costs	3	(13,548)	(12,497)
Impairment of licensee receivables	6	-	(2,281)
Operating loss	7	(10,200)	(14,826)
Share of joint venture loss	8	(430)	-
Finance income	9	206	154
Finance expense	10	(244)	(240)
			-
Loss before taxation		(10,668)	(14,912)
Tax (charge)/credit	11	(355)	536
Loss for the period		(11,023)	(14,376)
Gain arising on translation of foreign operations		14	35
Total comprehensive loss for the year		(11,009)	(14,341)
Basic and diluted loss per ordinary share	13	€(0.03)	€(0.04)

All results are derived from continuing operations.

The notes on pages 22 to 44 form part of these financial statements.

Accsys Technologies PLC

Consolidated statement of financial position at 31 March 2013

Registered Company 05534340

	Note	2013 €'000	2012 €'000
Non-current assets			
Intangible assets	15	8,226	7,579
Investment in joint venture		62	-
Property, plant and equipment	16	22,271	25,614
Available for sale investments	17	-	-
Deferred tax	18	866	1,522
		31,425	34,715
Current assets			
Inventories	20	4,860	3,120
Trade and other receivables	21	3,688	3,576
Cash and cash equivalents		20,467	24,574
Corporation tax		623	1,117
		29,638	32,387
Current liabilities			
Trade and other payables	22	(3,357)	(3,385)
Obligation under finance lease	25	(264)	(264)
		(3,621)	(3,649)
Net current assets		26,017	28,738
Non-current liabilities			
Obligation under finance lease	25	(1,924)	(1,960)
		(1,924)	(1,960)
Net assets		55,518	61,493
Equity and reserves			
Share capital - Ordinary shares	23	4,332	4,040
Share premium account		128,588	124,887
Capital redemption reserve		148	148
Warrants reserve		235	82
Merger reserve		106,707	106,707
Accumulated loss		(184,511)	(174,415)
Own shares		(39)	-
Foreign currency translation reserve		58	44
Total equity		55,518	61,493

The financial statements were approved by the Board and authorised for issue on 24 June 2013

Paul Clegg)
William Rudge) **Directors**

The notes on pages 22 to 44 form part of these financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the year ended 31 March 2013

	Share capital Ordinary €000	Share premium €000	Capital redemp-tion reserve €000	Warrant reserve €000	Merger reserve €000	Own Shares €000	Foreign currency trans-lation 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 income/(expense) for the period	-	-	-	-	-	-	35	(14,376)	(14,341)
Share based payments	-	-	-	-	-	-	-	348	348
Shares issued	9	-	-	-	-	25	-	-	34
Premium on shares issued	-	78	-	-	-	-	-	-	78
Balance at 31 March 2012	4,040	124,887	148	82	106,707	-	44	(174,415)	61,493
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	14	(11,023)	(11,009)
Expiry of warrants	-	82	-	(82)	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	927	927
Shares issued	292	-	-	-	-	(39)	-	-	253
Premium on shares issued	-	3,619	-	-	-	-	-	-	3,619
Share Warrants issued	-	-	-	235	-	-	-	-	235
Balance at 31 March 2013	4,332	128,588	148	235	106,707	(39)	58	(184,511)	55,518

Share capital is the amount subscribed for shares at nominal value (note 23).

Share premium account represents the excess of the amount subscribed for share capital over the nominal value of these shares, net of share issue expenses. Share issue expenses comprise the costs in respect of the issue by the Company of new shares.

Capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares.

Merger reserve arose prior to transition to IFRS when merger accounting was adopted.

Own shares represents 3,926,666 shares issued to an Employee Benefit Trust at nominal value on 5 July 2012. These shares shall vest if the employees, including the Executive Directors, remain in employment with the Company to the vesting date, being 1 July 2013 (subject to certain other provisions including good-leaver, take-over and committee discretion provisions). See note 14.

Shares issued in the year together with premium arose from the subscription for 23,529,412 new ordinary shares in Accsys, at a price of €0.17 per share by INEOS Industries Holdings Limited and 1,698,869 shares issued under the Employee Share Participation Plan. See note 14. At the same time the Company 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. The warrant reserve represents the value attributable to these warrants. During the period, €82,000 attributable to previously issued warrants was transferred to retained earnings as the warrants expired.

Foreign currency translation reserve arises on the re-translation of the Group's USA subsidiary's net assets which are denominated in a different functional currency, being US dollars.

Accumulated losses represent the cumulative loss of the Group attributable to the owners of the parent.

The notes on pages 22 to 44 form part of these financial statements.

Accsys Technologies PLC

Consolidated statement of cash flow for the year ended 31 March 2013

	2013 €'000	2012 €'000
Loss before taxation	(10,668)	(14,912)
Adjustments for:		
Amortisation of intangible assets	306	280
Depreciation of land, property, plant and equipment	1,950	1,877
Net gain on disposal of property, plant and equipment	(113)	-
Net finance expense	39	86
Impairment of receivables	-	2,281
Equity-settled share-based payment expenses	927	348
Cash flows from operating activities before changes in working capital	(7,559)	(10,040)
Decrease in trade and other receivables	(12)	3,734
Decrease in deferred income	-	(2,550)
(Increase)/decrease in inventories	(1,739)	5,300
Increase/(decrease) in trade and other payables	372	(161)
Net cash used by operating activities before tax	(8,938)	(3,717)
Tax received	795	-
Net cash flows from operating activities	(8,143)	(3,717)
Cash flows from investing activities		
Interest received	206	154
Expenditure on capitalised internal development	(861)	(283)
Disposal of property, plant and equipment	1,699	-
Purchase of property, plant and equipment	(293)	(1,065)
Purchase of intangible assets	(44)	-
Investments in joint ventures	(500)	-
Net cash used by investing activities	207	(1,194)
Cash flows from financing activities		
Proceeds from sale and leaseback	-	2,236
Interest paid	(244)	(173)
Finance expenses	(36)	(12)
Proceeds from issue of share capital	4,112	89
Share issue costs	(15)	(267)
Net cash from financing activities	3,817	1,873
Net decrease in cash and cash equivalents	(4,119)	(3,038)
Effect of exchange rate changes on cash and cash equivalents	12	36
Opening cash and cash equivalents	24,574	27,576
Closing cash and cash equivalents	20,467	24,574

The notes on pages 22 to 44 form part of these financial statements.

1. Accounting Policies

General information

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the periods ended 31 March 2013 or 31 March 2012. Statutory accounts for the period ended 31 March 2012 have been filed with the Registrar of Companies and those for the period ended 31March 2013 will be delivered to the Registrar in due course; both have been reported on by the auditors. The auditors' report on the Annual Report and Financial Statements for the period ended 31 March 2012 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The auditors' report on the Annual Report and Financial Statements for the period ended 31 March 2013 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of accounting

The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under adopted IFRS. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Going Concern

The 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 financial statements are 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 that 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.

Risks and uncertainties

The net assets as at 31 March 2013 of €56m contain balances in relation to the Group's goodwill, capitalised internal development costs and intellectual property rights of €8.2m. The recoverability of these balances is dependent upon the Group's existing licensees progressing with the completion of their manufacturing facilities or the signing of other new licence agreements. While the scope and timing of the production facilities to be built by the Group's existing licensees remains uncertain, the Directors remain confident that revenue from either existing licensees or new licensees will be generated, demonstrating the recoverability of these balances.

In addition, the carrying value of the €22.3m of property, plant and equipment, which primarily relate to the Arnhem plant, are dependent upon the future profitable sales of Accoya® wood made there. The price of the Accoya® wood and the raw materials and other inputs vary according to market conditions outside of our control. Should the price of the raw materials increase greater than the sales price or in a way which no longer makes as Accoya® competitive, then the carrying value of the tangible fixed assets may be in doubt and become impaired. The Directors are comfortable that the current market and best estimates of future prices means that this risk is limited.

Changes in accounting policies

The following new accounting standards, amendments and interpretations issued by the IASB and the IFRIC are effective for the year ended 31 March 2013 but have had no material effect on the results or financial position of the Company disclosed within these financial statements:

- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Business combinations

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquirer's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

As allowed under IFRS 1, some business combinations effected prior to transition to IFRS, were accounted for using the merger method of accounting. Under this method, assets and liabilities are included in the consolidation at their book values, not fair values, and any differences between the cost of investment and net assets acquired were taken to the merger reserve. The majority of the merger reserve arose from a corporate restructuring in the year ended 31 March 2006 which introduced Accsys Technologies PLC as the new holding company.

Joint ventures

A jointly controlled entity is an entity in which the Group holds a long term interest and shares joint control over strategic, financial and operating decisions with one or more other venturers under a contractual arrangement. The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using the equity method. The equity method records the Group's share of the results of the joint venture entity on a separate line in the Group's financial statements.

The total carrying values of investments in joint ventures represent the cost of each investment including the carrying value of any goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of joint ventures are reviewed on a regular basis and if an impairment in value has occurred, the carrying value is impaired in the period in which the relevant circumstances are identified. The Group's share of a joint venture's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.
Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration receivable. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Manufacturing revenue
Revenue is recognised in respect of the sale of goods when the significant risks and rewards of ownership of the goods have been passed to the buyer, the timing of which is dependent on the particular shipment terms. When a customer provides untreated wood to be processed by the Group in order to produce Accoya®, revenue is recognised when the Group's obligations under the relevant customer contract have been substantially completed, which is before the finished Accoya® has been collected by the customer. Manufacturing revenue includes the sale of Accoya® wood and other revenue, principally relating to the sale of acetic acid.

Licence fee income
Licence fee income is recognised over the period of the relevant agreements according to the specific terms of each agreement or the quantities and/or values of the licensed product sold. The accounting policy for the recognition of licence fees is based upon an assessment of the work required before the licence is signed and subsequently during the design, construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion. The amount of any cash or billings received but not recognised as income is included in the financial statements as deferred income and shown as a liability.

Exceptional items

Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include items relating to the restructuring of a significant part of the Group, impairment losses (or the reversal of previously recorded exceptional impairments), expenditure relating to the integration and implementation of significant acquisitions and other one-off events or transactions.

Finance income

Interest accrues using the effective interest method, i.e. the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Finance expense

Finance expenses include the fees associated with the Group's credit facilities which are expensed over the period which the Group has access to the facilities.

Finance expenses also include an allocation of finance charges in respect of the sale and leaseback of the Arnhem land and buildings accounted for as a finance lease. The total finance charge (calculated as the difference between the total minimum lease payments and the liability at the inception of the lease) is allocated over the life of the lease using the sum-of-digits method.

Share based payments

The Company awards share options to acquire shares of the Company to certain Directors and employees. The Company also awards bonuses to certain Directors and employees in the form of the award of deferred shares of the Company.

In addition the Company has established an Employee Share Participation Plan under which employees subscribe for new shares which are held by a trust for the benefit of the subscribing employees. The Shares are released to employees after one year, together with an additional, matching share on a 1 for 1 basis.

The fair value of options, deferred shares and matching shares granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is charged to the statement of comprehensive income over the vesting period during which the employees become unconditionally entitled to the options or shares.

The fair value of share options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

The Group contributes to certain defined contribution pension and employee benefit schemes on behalf of its employees. These costs are charged to the statement of comprehensive income on an accruals basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustment to tax payable in respect of previous years. Current tax includes the expected impact of claims submitted by the Group to tax authorities in respect of enhanced tax relief for expenditure on research and development.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill,
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Recognition of deferred tax assets is restricted to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (the functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the parent Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currencies are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average monthly exchange rates prevailing in the month in which the transaction took place. Exchange differences arising, if any, are recognised in other comprehensive income and the foreign currency translation reserve.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset they are credited to a deferred income account and released to the statement of comprehensive income over the expected useful life of the relevant asset on a straight line basis.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised, and is subject to annual impairment reviews by the Directors. Any impairment arising is charged to the statement of comprehensive income.

Other intangible assets

Intellectual property rights, including patents, which cover a portfolio of novel processes and products, are shown in the financial statements at cost less accumulated amortisation and any amounts by which the carrying value is assessed during an annual review to have been impaired. At present, the useful economic life of the intellectual property is considered to be 20 years.

Internal development costs are incurred as part of the Group's activities including new processes, process improvements, identifying new species and improving the Group's existing products. Research costs are expensed as incurred. Development costs are capitalised when all of the criteria set out in IAS 38 'Intangible Assets' (including criteria concerning technical feasibility, ability and intention to use or sell, ability to generate future economic benefits, ability to complete the development and ability to reliably measure the expenditure) have been met. These internal development costs are amortised on a straight line basis over their useful economic life, between 10 and 20 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charged. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, except freehold land, over its expected useful life on a straight line basis, as follows:

Plant and machinery	These assets comprise pilot plants and production facilities. These facilities are depreciated from the date they become available for use at rates applicable to the asset lives expected for each class of asset, with rates between 5% and 20%.
Office equipment	Between 20% and 50%.
Leased land	Land held under a finance lease is depreciated over the life of the lease.
Freehold land	Freehold land is not depreciated.

Impairment of non-financial assets

The carrying amount of the non-current non-financial assets of the Group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable, or in the case of goodwill, annually. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets are determined by applying a discount rate to the anticipated pre-tax future cash flows. An impairment charge is recognised in the statement of comprehensive income to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised or depreciated in line with Group accounting policies. A previously recognised impairment loss, other than on goodwill, is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for purposes of assessing impairment.

Leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Inventories

Raw materials, which consist of unprocessed timber and chemicals used in manufacturing operations are valued at the lower of cost and net realisable value. The basis on which cost is derived is a first-in, first-out basis.

Finished goods, comprising processed timber, are stated at the lower of weighted average cost of production or net realisable value. Costs include direct materials, direct labour costs and production overheads (including the depreciation/depletion of relevant property and plant and equipment) absorbed at an appropriate level of capacity utilisation. Net realisable value represents the estimated selling price less all expected costs to completion and costs to be incurred in selling and distribution.

Financial assets

Financial assets are classified as cash and cash equivalents, available for sale investments and loans and receivables, depending on the purpose for which the asset was acquired. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Except where a reliable fair value cannot be obtained, unlisted shares held by the Group are classified as available for sale investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, with the exception of impairment losses which are recognised directly in profit or loss. Where an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the profit or loss in the year. Where it is not possible to obtain a reliable fair value, these investments are held at cost less provision for impairment.

Loans and receivables, which comprise non-derivative financial assets with fixed and determinable payments that are not quoted on an active market are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise principally from the provision of goods and services to customers. Trade receivables are initially recognised at fair value less an allowance for any uncollectible amounts. A provision for impairment is made when there is objective evidence that the Group will not be able to collect debts. Bad debts are written off when identified.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits, including liquidity funds, with an original maturity of three months or less. For the purpose of the statement of consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Other financial liabilities
Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's shares are classified as equity instruments.

Accounting estimates and judgements

In preparing the Consolidated Financial Statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgments that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of estimation and uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Revenue recognition
The Group has considered the criteria for the recognition of licence fee income over the period of the agreement and is satisfied that the recognition of such revenue is appropriate. The recognition of licence fees is based upon an assessment of the work required before the licence is signed and subsequently during the construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion. The Group also considers the recoverability of amounts before recognising them as income.

Goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of judgments in relation to discount rates and future forecasts.

Intellectual property rights and property, plant and equipment
The Group tests the carrying amount of the intellectual property rights and property, plant and equipment whenever events or changes in circumstances indicate that the net book value may not be recoverable. These calculations require the use of estimates in respect of future cash-flows from the assets by applying a discount rate to the anticipated pre-tax future cash-flows. The Group also reviews the estimated useful lives at the end of each annual reporting period.

Inventories
The Group reviews the net realisable value of, and demand for, its inventory on a monthly basis to provide assurance that recorded inventory is stated at the lower of cost and net realisable value.

Available for sale investments
The Group has an investment in unlisted equity shares carried at nil value. The investment is valued at cost less any impairment as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Group makes appropriate enquiries and considers all of the information available to it in order to assess whether any impairment has occurred.

New standards and interpretations in issue but not yet effective at the date of authorisation of these financial statements:

- IFRS 9 – 'Financial Instruments: Classification and Measurement'
- IFRS 10 – 'Consolidated Financial Statements'
- IFRS 11 – 'Joint Arrangements'
- IFRS 12 – 'Disclosure of Interests in Other Entities'
- IFRS 13 – 'Fair Value Measurement'
- IAS 27 (May 2011) – 'Separate Financial Statements'
- IAS 28 (May 2011) – 'Investments in Associates and Joint Ventures'
- Amendments to IFRS 1 (various dates) – First Time Adoption
- Amendments to IFRS 7 (December 2011) – Offsetting of assets and liabilities
- Amendments to IFRS 10, 11 and 12 (June 2012) – Transition guidance
- Amendments to IAS 1 (June 2011) – Presentation of items of Other Comprehensive Income
- Amendments to IAS 12 (December 2010) – Deferred tax: recovery of underlying assets
- Amendments to IAS 19 (June 2011) – Employee Benefits
- Amendments to IAS 32 (May 2012) – Financial Instruments: Presentation
- Amendments to IFRS 10, 12 and IAS 27 (October 2012) – Amendments for Investment entities

Entities in EU Member States can only apply IFRS or IFRIC that have been endorsed by the European Union. Of the standards and interpretations listed above IFRS 9 and the Amendments to IAS 27 and IFRS 10, 11 and 12 had not yet been endorsed by the European Union at the date these financial statements were authorised for issue. The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group. Other standards and interpretations that have been issued but which are not yet effective are not expected to have any impact on the Group.

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:	**Licensing, Management & Business Development**	
	2013 €'000	**2012 €'000**
Revenue	553	75
Cost of sales	-	-
Gross profit/(loss)	553	75
Other operating costs	(6,780)	(5,834)
Impairment of licensee receivables	-	(2,281)
Loss from operations	(6,227)	(8,040)
Loss from Operations	(6,227)	(8,040)
Depreciation and amortsation	347	330
EBITDA	(5,880)	(7,710)

	Manufacturing	
Revenue	18,269	14,927
Cost of sales	(15,474)	(15,050)
Gross profit/(loss)	2,795	(123)
Other operating costs	(5,528)	(5,247)
Loss from operations	(2,733)	(5,370)
Loss from Operations	(2,733)	(5,370)
Depreciation and amortsation	1,833	1,754
EBITDA	(900)	(3,616)

	Research and Development	
Revenue	-	-
Cost of sales	-	-
Gross profit/(loss)	-	-
Other operating costs	(1,240)	(1,416)
Loss from operations	(1,240)	(1,416)
Loss from Operations	(1,240)	(1,416)
Depreciation and amortsation	76	74
EBITDA	(1,164)	(1,342)

	Total	
Revenue	18,822	15,002
Cost of sales	(15,474)	(15,050)
Gross profit/(loss)	3,348	(48)
Other operating costs	(13,548)	(12,497)
Impairment of licensee receivables	-	(2,281)
Loss from operations	(10,200)	(14,826)
Share of joint venture loss	(430)	-
Finance income	206	154
Finance expense	(244)	(240)
Loss before taxation	(10,668)	(14,912)
Loss from Operations	(10,200)	(14,826)
Depreciation and amortsation	2,256	2,158
EBITDA	(7,944)	(12,668)

Licensing, Management & Business Development

Revenue is attributable to fees 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 marketing, business development, management and the majority of the Group's administration costs including the head office in Windsor as well as Dallas.

Headcount = 21 (2012: 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 = 62 (2012: 62)

Research and Development

Costs are associated with various R&D activities associated with Accoya® and Tricoya® products and processes. The costs are reported excluding €861,000 of costs which have been capitalised in accordance with international financial reporting standards. (2012: €283,000).

Headcount = 13 (2012: 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 area of customers:	**2013 €'000**	**2012 €'000**
Netherlands	6,182	5,264
United Kingdom	3,532	2,123
Switzerland	1,597	735
Germany	1,507	1,011
North America	1,458	1,006
Norway	764	307
Belgium	660	367
China	543	784
India	459	231
Ireland	451	2,442
Australia	419	129
New Zealand	333	49
Italy	228	147
France	201	121
Other	488	286
	18,822	15,002

Analysis of non-current assets (Other than financial assets and deferred tax):	**2013 €'000**	**2012 €'000**
UK	4,133	3,455
Other countries	22,195	25,506
Un-allocated - Goodwill	4,231	4,231
	30,559	33,192

Revenue generated from no single customer exceeded 10% of Group revenue in 2013. Revenue generated from one customer exceeded 10% of Group revenue in 2012, represented by 92% of the revenue from Ireland and relates to manufacturing revenue.

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

	2013 €'000	**2012 €'000**
Sales and marketing	2,908	2,264
Research and development	1,240	1,416
Depreciation and amortisation	2,256	2,159
Other operating costs	2,104	2,307
Administration costs	5,040	4,351
	13,548	12,497

During the period, €953,000 (2012: €283,000) of development costs were capitalised and included in intangible fixed assets. This includes €456,000 in respect of the Accoya® licence Process Design Package.

Administration costs include the costs associated with the Group's head office in Windsor the office in Dallas together with business development and management costs.

4. Employees

	2013 €'000	2012 €'000
Staff costs (including Directors) consist of:		
Wages and salaries	6,160	5,792
Social security costs	756	744
Other pension costs	422	(22)
Share based payments	927	348
	8,265	6,862

The average monthly number of employees, including Executive Directors, during the year was as follows:	Number	Number
Administration, research and engineering	66	66
Operating	30	30
	96	96

Other Pension costs in 2012 included a reversal of provision for prior period pension costs of €324,000. This provision related to potential changes to the pension scheme which were finalised during the prior period.

5. Directors' remuneration

	2013 €'000	2012 €'000
Directors' remuneration consists of:		
Directors' emoluments	829	800
Company contributions to money purchase pension schemes	44	40
	873	840

Compensation of key management personnel included the following amounts:

	Salary, bonus and short term benefits €'000	Pension €'000	Share based payments charge €'000	2013 Total €'000	2012 Total €'000
Paul Clegg	360	29	372	761	659
Hans Pauli	219	12	134	365	354
William Rudge[1]	67	3	23	93	-
	646	44	529	1,219	1,013

1 - William Rudge was appointed as Finance Director on the 1 October 2012.

The Group made contributions to 3 (2012: 2) Directors' personal pension plans.

6. Exceptional items - Impairment of Assets

The 2012 net impairment included €2.9m attributable to Al Rajhi, representing a non-cash impairment of licensee net receivables (consisting of €5.4m prepaid commission costs net of €2.55m deferred income) recorded in previous years. The impairment continues to be recorded due to uncertainty as to whether the licence will proceed.

Summary of impairment/(release of impairment) charges relating to licensee related balances:

	2013 €'000	2012 €'000
Trade Receivables and accrued income	-	(571)
Release of deferred income	-	(2,550)
Prepayments - Licensing commission	-	5,402
	-	2,281

7. Operating loss

	2013 €'000	2012 €'000
This has been arrived at after charging:		
Staff costs	8,265	6,862
Depreciation of property, plant and equipment	1,950	1,877
Amortisation of intangible assets	306	280
Operating lease rentals	165	165
Fees payable to the Company's auditors for the audit of the Company's annual accounts	62	61
Fees payable to the Company's auditors for other services:		
- audit of the Company's subsidiaries pursuant to legislation	79	81
- audit related assurance services	25	24
- tax advisory services	57	46
- all other services	5	-
Foreign exchange (gains)/losses	65	105
Research & Development (excluding staff costs)	636	552
Loss on sale of property, plant and equipment	13	-

8. Share of joint venture losses

On 5 October 2012, Accsys entered into a new 50:50 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, Tricoya Technologies Limited ('TTL'), will develop and exploit Accsys' Tricoya technology for use within MDF, particle board and wood plastic composites in a worldwide panel products market estimated to be worth more than €60 billion annually.

As part of the transaction, TTL has been granted rights to exploit Accsys' Tricoya® technology and will also benefit from a licence of any intellectual property held by INEOS that may assist the joint venture in maximising the value of the Tricoya® proposition. Profits generated by TTL are to be shared between Accsys and INEOS in a way that reflects each party's interest. The contribution of Accsys' Tricoya® intellectual property to the Joint Venture will be reflected through a disproportionate future profit share which will create significant value for Accsys.

This future profit share reflects that Accsys had made a significant investment in Tricoya over a number of years prior to the formation of the joint venture. This included research and development expenditure concerning the Tricoya process and product design, the joint development agreement with Medite and the resulting product launch of Medite Tricoya Extreme Durable MDF in 2011 together with significant investment in building the Tricoya brand and market.

TTL has been accounted in the Accsys Group accounts using the equity method. The TTL results for the period from 5 October 2012 to 31 March 2013, together with the balance sheet as at 31 March 2013 are set out below:

Costs associated with TTL joint venture:

	2013 €'000	2012 €'000
Revenue	-	-
Costs:		
Staff costs	590	-
Research & development (excluding staff costs)	163	-
Intellectual Property	76	-
Sales & marketing	31	-
Joint venture loss	860	-
Group share of joint venture loss	430	-

Tricoya Technologies Limited statement of financial position at 31 March 2013:

	2013 €'000	2012 €'000
Non-current assets		
Intangible assets	93	-
Current assets		
Receivables due within one year	89	-
Cash and cash equivalents	324	-
	413	-
Current liabilities		
Trade and other payables	(366)	-
Net current assets	47	-
Net assets	140	-
50% attributable to Accsys Technologies	70	-
Less elimination of mark-up on recharged costs	(8)	-

9. Finance income

	2013 €'000	2012 €'000
Interest receivable on bank and other deposits	206	154

10. Finance expense

	2013 €'000	2012 €'000
Arnhem land sale and leaseback finance charge	244	173
Equity line of credit costs	-	67
	244	240

11. Tax expense

	2013 €'000	2012 €'000
(a) Tax recognised in the statement of comprehensive income comprises:		
Current tax expense		
UK Corporation tax on profits for the year	-	-
Research and development tax credit in respect of prior years	(26)	(791)
Research and development tax credit in respect of current year	(286)	(321)
	(312)	(1,112)
Overseas tax at rate of 15%	11	3
Overseas tax at rate of 25%	-	-
Deferred Tax		
Under/(over) provision in respect of prior years	-	(22)
Utilisation of deferred tax asset	656	595
Total tax charge/(credit) reported in the statement of comprehensive income	355	(536)

	2013 €'000	2012 €'000
(b) The tax credit for the period is lower than the standard rate of corporation tax in the UK (2012: 26%, 2011: 28%) due to:		
Loss profit before tax	(10,668)	(14,912)
Expected tax credit at 24% (2012 - 26%)	(2,560)	(3,877)
Expenses not deductible in determining taxable profit	295	168
Over provision in respect of prior years	(7)	-
Losses transferred to deferred tax asset but not recognised	2,293	2,200
Effects of overseas taxation	21	(25)
Other temporary differences	1	(114)
Research and development tax credit in respect of prior years	26	791
Research and development tax credit in respect of current year	286	321
Total tax charge/(credit) reported in the statement of comprehensive income	355	(536)

12. Dividends Paid

	2013 €'000	2012 €'000
Final Dividend €Nil (2012: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

13. Loss per share

The calculation of loss per ordinary share is based on loss after tax and the weighted average number of ordinary shares in issue during the year.

Basic and diluted earnings per share	2013	2012
Weighted average number of Ordinary shares in issue ('000)	419,650	403,657
Loss for the year (€'000)	(11,023)	(14,376)
Basic and diluted loss per share	€ (0.03)	€ (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.

14. Share based payments

Share Options

The following share options impacted the current or preceding financial year;

Options granted on 1 March 2005 fully vested during 2011. These options may be exercised until 30 March 2015. At 31 March 2013, 269,265 of these options were outstanding with an exercise price of €0.32.

Options granted on 28 March 2007 at an exercise price of €2.59 per Ordinary share vest to one third of the options granted upon achievement of each of the following:

- Cumulative €5 million licence income recognised under Group accounting policies
- Cumulative €20 million revenue from sales of Accoya® wood
- Announcement of annual Group distributable earnings exceeding €5 million

Once vested, these options may be exercised until 31 March 2017. At 31 March 2013, 2,343,034 of these options were outstanding at an exercise price of €1.83.

Options granted on 11 October 2007 vest to one third of the options granted upon achievement of each of the following:

- Cumulative €15 million revenue from sales of Accoya® wood
- Announcement of annual Group distributable earnings exceeding €15 million
- Cumulative €75 million gross licence revenue recognised under Group accounting policies

Once vested these options may be exercised until 11 October 2017. At 31 March 2013, none of these options were outstanding.

Options granted on 20 November 2007 vest to one third of the options granted upon achievement of each of the following:

- Annual Accoya® wood production exceeds 23,000m^3 in a financial year
- Annual Accoya® wood sales revenue exceeds €26 million in financial year
- The second pair of reactors in the wood modification plant are processing more than 25 batches per month

Once vested these options may be exercised until 20 November 2017. At 31 March 2013, 298,900 of these options were outstanding at an exercise price of €2.58.

Options granted on 18 June 2008 vest to one third of the options granted upon achievement of each of the following:

- Announcement of audited Annual Accoya® wood sales revenue exceeds €20 million in financial year
- Announcement of audited annual Group distributable earnings exceeding €15 million
- Announcement of audited cumulative €75 million gross licence revenue recognised under Group accounting policies

Once vested these options may be exercised until 18 June 2018. At 31 March 2013, 99,161 of these options were outstanding at an exercise price of €1.98.

Options granted on 8 December 2008 vest to one third of the options granted upon achievement of each of the following:

- Announcement of audited Annual Accoya® wood sales revenue exceeds €20 million in financial year
- Announcement of audited annual Group distributable earnings exceeding €15 million
- Announcement of audited Cumulative €75 million gross licence revenue recognised under Group accounting policies

Once vested these options may be exercised until 8 December 2018. At 31 March 2013, 213,905 of these options were outstanding at an exercise price of €0.97.

Options granted on 19 November 2009 vest to 30% of the options granted upon achievement of median Total Shareholder Return ('TSR'). Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 19 November 2019. At 31 March 2013, 2,557,424 of these options were outstanding at an exercise price of €0.35.

Options granted on 1 April 2010 vest to 30% of the options granted upon achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 1 April 2020. At 31 March 2013, 1,017,354 of these options were outstanding at an exercise price of €0.32.

Options granted on 27 July 2010 vest to 30% of the options granted on achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 27 July 2020. At 31 March 2013, 6,075,005 of these options were outstanding at an exercise price of €0.24.

Options granted on 1 April 2011 vest to 30% of the options granted upon achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 1 April 2021. At 31 March 2013, 718,173 of these options were outstanding at an exercise price of €0.17.

Options granted on 1 August 2011 at an exercise price of €0.10 per Ordinary share vest to 30% of the options granted on achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 1 August 2021. At 31 March 2013, 7,437,982 of these options were outstanding at an exercise price of €0.10.

Options granted on 2 August 2012 vest to 30% of the options granted on achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 2 August 2022. At 31 March 2013, 4,418,173 of these options were outstanding at an exercise price of €0.15.

TSR is measured on a relative basis compared to the FTSE Small Cap index over a three year period from grant date. Unless discretion is exercised by the Nomination & Remuneration Committee, all options are forfeit following an option holder's termination of contract.

Outstanding options granted under the share option scheme are as follows:

	Number of outstanding options at 31 March		Weighted average remaining contractual life, in years	
Date of grant	**2013**	**2012**	**2013**	**2012**
1 March 2005	269,265	269,265	1.9	2.9
28 March 2007	2,343,034	2,343,034	4	5
20 November 2007	298,900	298,900	4.6	5.6
18 June 2008	99,161	99,161	5.3	6.3
8 December 2008	213,905	228,070	5.7	6.7
19 November 2009	2,557,424	2,557,424	6.6	7.6
1 April 2010	1,017,354	1,017,354	7	8
27 July 2010	6,075,005	6,188,332	7.3	8.3
1 April 2011	718,173	718,173	8	9
1 August 2011	7,437,982	7,537,982	8.3	9.3
2 August 2012	4,418,173	-	9.3	-

Movements in the weighted average values are as follows:

	Weighted average exercise price	**Number**
Outstanding at 31 March 2011	€ 0.96	20,374,097
Granted during the year	€ 0.11	8,331,155
Forfeited during the year	€ 1.52	(7,447,558)
Outstanding at 31 March 2012	€ 0.43	21,257,694
Granted during the year	€ 0.15	4,418,173
Forfeited during the year	€ 0.22	(227,493)
Outstanding at 31 March 2013	€ 0.38	25,448,374

The exercise price of options outstanding at the end of the year ranged between €0.10 and €2.58 (2012: €0.10 and €2.58) and their weighted average contractual life was 7.5 years (2012: 8.1 years).

Of the total number of options outstanding at the year-end, 1,831,287 (2012: 1,831,287) had vested and were exercisable at the end of the year. No options were exercised in the current or previous year.

The weighted average fair value of each option granted during the year was €0.06 (2012: €0.05).

The fair value of Executive share options granted during the current and previous years is calculated based on a modified Black-Scholes model assuming inputs shown below:

Grant date	**August 2012**	**August 2011**	**April 2011**	**July 2010**	**April 2010**
Share price at grant date (€)	0.15	0.10	0.17	0.34	0.46
Exercise price (€)	0.15	0.10	0.17	0.34	0.46
Expected life (years)	3	3	3	3	3
Contractual life (years)	10	10	10	10	10
Risk free rate	1.83%	1.54%	2.25%	2.30%	2.00%
Expected volatility	85%	85%	85%	60%	60%
Expected dividend yield	0%	0%	0%	0.0%	0.0%
Fair value of option	**€ 0.060**	**€ 0.040**	**€ 0.070**	**€ 0.106**	**€ 0.143**

Volatility has been estimated by reference to the historic volatility since October 2005 when the Company's shares were listed on AIM. The resulting fair value is expensed over the vesting period of the options on the assumption that a proportion of options will lapse over the service period as employees leave the Group. The anti-dilutive adjustment in the previous year, described above, did not result in any change in the total fair value of the share based payments, with the reduction in the fair value in the individual being offset by the increase in the number of outstanding options.

Employee Benefit Trust – Share bonus award

On 5 July 2012, in connection with employee remuneration and incentivisation arrangements for the period from 1 July 2012 to 30 June 2013, 3,926,666 new Ordinary shares were issued to an Employee Benefit Trust, the beneficiaries of which are primarily the Executive Directors and Senior Managers. Such new Ordinary Shares vest if the employees remain in employment with the Company at the vesting date, being 1 July 2013 (subject to certain other provisions including good-leaver, take-over and nomination and remuneration committee discretion provisions).

As at 31 March 2013, the Employment Benefit Trust was consolidated by the Company and the 3,926,666 shares are recorded as Own Shares within equity.

Employee Share Participation Plan

During the year, the Company continued to operate the Employee Share Participation Plan (the 'Plan') that was initiated in the prior year. The Plan is intended to promote the long term growth and profitability of Accsys by providing employees with an opportunity to acquire an ownership interest in new ordinary shares ('Shares') in the Company as an additional benefit of employment.

Under the terms of the Plan, the Company issues these Shares to a trust for the benefit of the subscribing employees. The Shares are released to employees after one year, together with an additional Share on a 1 for 1 matched basis provided the employee has remained in the employment of Accsys at that point in time (subject to good leaver provisions). The Plan is in line with industry approved employee share plans and is open for subscription by employees twice a year following release of annual and half yearly financial results. The maximum amount available for subscription by any employee is €5,000 per annum.

During the year ended 31 March 2013 the plan was open for subscription twice. In July 2012 various employees subscribed for a total of 415,332 Shares at an acquisition price of €0.15 per Share. In December 2012 various employees subscribed for a total of 369,423 Shares at an acquisition price of €0.14 per Share.

During the year ended 31 March 2013, 1 for 1 matching shares which were issued to the trust during the July 2011 and December 2011 subscription periods were issued to a number of employees, all of which remained in employment with Accsys. A total of 783,283 1 for 1 matching Shares were issued in August 2012 and a total of 130,831 1 for 1 matching Shares were issued in January 2013.

15. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 1 April 2011	252	73,200	4,231	77,683
Additions	283	-	-	283
At 31 March 2012	535	73,200	4,231	77,966
Additions	861	92	-	953
At 31 March 2013	1,396	73,292	4,231	78,919
Amortisation				
At 1 April 2011	-	70,107	-	70,107
Amortisation	16	264	-	280
At 31 March 2012	16	70,371	-	70,387
Amortisation	39	267	-	306
At 31 March 2013	55	70,638	-	70,693
Net book value				
At 31 March 2013	1,341	2,654	4,231	8,226
At 31 March 2012	519	2,829	4,231	7,579
At 1 April 2011	252	3,093	4,231	7,576

The carrying value of internal development costs, intellectual property rights and goodwill on consolidation have been allocated for impairment testing purposes to one cash generating unit being the Group's licensing operations. The recoverable amount of internal development costs, intellectual property rights and goodwill relating to this operation is determined based on a value in use calculation which uses cash flow projections based on financial budgets. Cash flows have been projected for a period of 10 years plus assumptions concerning a terminal value, corresponding with the expected minimum life of the intellectual property rights and based on a pre tax discount rate of 20% per annum (2012: 20%). The key assumption used in the value in use calculations is the level of future licence fees estimated by management over the budget period. These have been based on past experience and expected future revenues. A 5% increase in the discount rate or a 15% reduction in expected revenues would not give rise to an impairment.

16. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 1 April 2011	6,815	26,108	462	33,385
Additions	65	850	154	1,069
Disposals	-	-	-	-
Foreign currency translation gain/(loss)	-	-	(4)	(4)
At 31 March 2012	6,880	26,958	612	34,450
Additions	-	252	41	293
Disposals	(1,672)	(20)	-	(1,692)
Foreign currency translation gain/(loss)	-	-	3	3
At 31 March 2013	5,208	27,190	656	33,054
Depreciation				
At 1 April 2011	-	6,560	398	6,958
Charge for the year	75	1,733	74	1,882
Disposals	-	-	-	-
Foreign currency translation gain/(loss)	-	-	(4)	(4)
At 31 March 2012	75	8,293	468	8,836
Charge for the year	117	1,771	62	1,950
Disposals	-	(7)	-	(7)
Foreign currency translation gain/(loss)	-	-	4	4
At 31 March 2013	192	10,057	534	10,783
Net book value				
At 31 March 2013	5,016	17,133	122	22,271
At 1 April 2012	6,805	18,665	144	25,614

Included within property, plant and equipment are assets with an initial cost of €6,252,000 and a net book value at 31 March 2013 of €4,590,000 which has been accounted for as a finance lease under the terms of the sale and leaseback agreement entered into in the year. See note 25.

17. Other financial assets

	2013 €'000	2012 €'000
Available for sale investments	-	-

Accsys Technologies PLC has previously purchased a total of 21,666,734 unlisted ordinary shares in Diamond Wood China. The Group does not currently have an intention to dispose of its investment in Diamond Wood in the foreseeable future.

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

The historical cost of the unlisted shares held at 31 March 2013 is €10m (2012: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded, as at 31 March 2013 the conclusion of Diamond Wood finalising its funding arrangements was still pending. In the event Diamond Wood completes the fund-raising, the balance may be re-valued.

18. Deferred Taxation

The Group has a deferred tax asset of €866,000 (2012: €1,522,000) relating to trading losses brought forward. The deferred tax asset has been recognised on the basis that trading profits are expected to be recorded in the related legal entities in the foreseeable future. These expected trading profits are attributable to the production of Accoya® wood and the recharge of research and development activities to other Group companies.

The Group also has an unrecognised deferred tax asset of €21,543,000 (2012: €18,983,000) which is largely in respect of trading losses of the UK subsidiary. The deferred tax asset has not been recognised due to the uncertainty of the timing of future expected profits of the related legal entity attributable to licensing activities.

Movements in recognised deferred tax asset:

	2013 €'000	**2012 €'000**
Opening balance	1,522	2,095
Recognition of deferred tax asset	-	22
Derecognition of deferred tax asset	-	-
Utilisation of deferred tax asset	(656)	(595)
Closing balance	866	1,522

19. Subsidiaries

A list of subsidiary investments, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

20. Inventories

	2013 €'000	**2012 €'000**
Materials and work in progress	1,816	1,008
Finished goods	3,044	2,112
	4,860	3,120

The amount of inventories recognised as an expense during the year was €13,172,827 (2012: €12,585,942). The cost of inventories recognised as an expense includes a net credit of €512,813 in respect of the inventories sold in the period which had previously been written down to net realisable value. The cost of inventories recognised as an expense in 2012 included €843,000 in respect of write down of inventories to net realisable value.

21. Trade and other receivables

	2013 €'000	**2012 €'000**
Trade receivables	2,294	2,129
Other receivables	249	576
Prepayments	1,145	871
	3,688	3,576

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The age of receivables past due but not impaired is as follows:

	2013 €'000	2012 €'000
Up to 30 days overdue	755	263
Over 30 days and up to 60 days overdue	49	79
Over 60 days and up to 90 days overdue	11	-
Over 90 days overdue	9	1
	824	343

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Included in the provision for doubtful debts are individually impaired trade receivables and accrued income with a balance of €25,001,000 (2012: €25,001,000) due from Diamond Wood.

Movement in provision for doubtful debts:

	2013 €'000	2012 €'000
Balance at the beginning of the period	25,110	25,770
Release of impairment	(59)	(660)
Balance at the end of the period	25,051	25,110

Summary of Receivable Impairments:

	2013 €'000	2012 €'000
Trade receivables - Accoya® wood *	50	(89)
Trade receivables - Diamond Wood Licensing **	-	(571)
Prepayments - Al Rajhi ***	-	5,402
	50	4,742

* The impairment of Accoya® wood receivables relates to a number of Accoya® customers.

** The previous impairment of Diamond Wood trade receivables in 2010 was partially reversed in 2011 and in 2012.

*** The impairment of prepaid commission costs relates to the Al Rajhi licence agreement – this was partially offset by the release of deferred income - see note 6.

22. Trade and other payables

	2013 €'000	2012 €'000
Trade payables	2,333	2,231
Other taxes and social security payable	86	216
Accruals and deferred income	938	938
	3,357	3,385

23. Share capital

	2013 €'000	2012 €'000
Allotted - Equity share capital		
433,171,589 (2012: 404,016,642) Ordinary shares of €0.01 each	4,332	4,040
	4,332	4,040

On 2 August 2011, a total of 783,283 of Ordinary shares were issued to a trust under the terms the Employee Share Participation Plan. (See note 13).

On 23 January 2012, a total of 130,831 of Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan. (See note 14).

On 5 July 2012, a total of 3,926,666 shares were issued to an Employment Benefit Trust, the beneficiaries of which were to be the Executive Directors and Senior Managers (see note 14).

On 8 August 2012, a total of 783,283 of Ordinary shares were issued and released to employees together with the 783,283 of Ordinary shares issued to trust on 2 August 2011. (See note 14).

On 7 September 2012, a total of 415,332 of Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan. (See note 14).

On 19 October 2012, a total of 23,529,412 of Ordinary shares were issued to INEOS following the receipt of subscription monies totalling €4,000,000.

On 18 January 2013, a total of 369,423 of Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan. (See note 14).

On 23 January 2013, a total of 130,831 of Ordinary shares were issued and released to employees together with the 130,831 of Ordinary shares issued to trust on 23 August 2012. (See note 14).

24. Commitments under operating leases

The Group leases land, buildings and machinery under non-cancellable operating lease agreements. The total future value of the minimum lease payments that are due is as follows:

	2013 €'000	2012 €'000
Operating lease payments due		
Within one year	978	633
In the second to fifth years inclusive	1,345	1,251
In greater than five years	1,475	-
	3,798	1,884

The majority of commitments under operating leases relate to the Group's offices in the UK, the Netherlands and U.S.A.
The increase compared to prior year is predominantly related to the 2nd phase of the Arnhem land sale and leaseback which was completed in February 2013.

Under the terms of the agreement, Accsys sold the land next to the plant generating proceeds of €1,699,000. At the same time it was agreed to lease the land and that the landlord would construct new warehousing facilities which will assist with the Company's ability to grow by allowing for improved logistics and wood handling.

25. Commitments under finance leases

Agreements were reached in August 2011 for the sale and leaseback of the land and buildings in Arnhem for a total of €4m. €2.2m was received in the previous financial year with the remaining amount received in the current year, but accounted for as an operating lease. The transaction has resulted in a finance lease creditor of €2.2m as at 31 March 2013:

	Minimum lease payments	
	2013	2012
	€'000	€'000
Amounts payable under finance leases:		
Within one year	280	280
In the second to fifth years inclusive	1,120	1,120
After five years	2,332	2,613
Less: future finance charges	(1,544)	(1,789)
Present value of lease obligations	2,188	2,224

	Present value of minimum lease payments	
	2013	2012
	€'000	€'000
Amounts payable under finance leases:		
Within one year	264	264
In the second to fifth years inclusive	768	842
After five years	1,156	1,118
Present value of lease obligations	2,188	2,224

26. Financial instruments

Financial instruments

Finance lease

Agreements were reached in August 2011 for the sale and leaseback of the land and buildings in Arnhem under which a total of €4m will be received. €2.2m was received in the previous period with the remaining amount received in the current 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 €2,188,000 as at 31 March 2013 (2012: €2,224,000). The total lease term is 15 years. (See note 24 and 25).

Equity line of credit and warrants

The Company's equity line of credit with GEM Global Yield Fund Limited for up to €20m expired on 30 March 2012. The three year agreement, which allowed the Company to issue shares at a price per share which represents a 10% discount to the average closing price over a 15 day period prior to the draw down. Each draw down was based on the share price over a 15 day period, with GEM having had the option to subscribe for between 50% and 200% of the number of shares requested by the Company.

The Company also issued 3,000,000 warrants to GEM and 120,000 warrants to Montrose Partners LLP on 30 June 2009, and the warrants were exercisable for a period of three years from the issue date at an exercise price of €1.00 each as adjusted following the Firm Placing and Placing and Open Offer in the previous financial year. The warrants expired on 30 June 2012.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable owners of the parent Company, comprising share capital, reserves and accumulated losses.

The Board reviews the capital structure on a regular basis. As part of that review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group will balance its overall capital structure through new share issues and the raising of debt if required.

No final dividend is proposed in 2013 (2012: €Nil). The Board deems it prudent for the Company to protect as strong a statement of financial position as possible during the current phase of the Company's growth strategy.

Categories of financial instruments	**2013 €'000**	**2012 €'000**
Available for Sale investments	-	-
Loans and receivables		
Trade receivables	2,294	2,129
Other receivables	249	576
Money market deposits in Euro	15,768	17,065
Money at call in Euro	2,180	2,560
Money at call in US dollars	459	396
Money at call in Sterling	671	543
Money at call in New Zealand dollars	375	-
Liquidity fund in Euro	1,013	4,010
Financial liabilities at amortised cost		
Trade payables	(2,333)	(2,231)
Accruals	(938)	(938)
Finance lease creditor	(2,188)	(2,224)
	17,550	21,886

Money market deposits have interest rates fixed for less than nine months at a weighted average rate of 1.17% (2012: 1.09%). Money market deposits are held at financial institutions with high credit ratings (Standard & Poor's rating of AA).

Trade payables are payable on various terms, typically not longer than 30 days.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There is also a risk associated with the available for sale investment.

Financial risk management objectives

The Group's treasury policy is structured to ensure that adequate financial resources are available for the development of its business whilst managing its currency, interest rate, counterparty credit and liquidity risks. The Group's treasury strategy and policy are developed centrally and approved by the Board.

Foreign currency risk management

Currency exposures are limited as the Group's functional currency is the Euro with the majority of operating costs and balances denominated in Euros. A smaller proportion of expenditure is incurred in US dollars and pounds sterling. In addition some raw materials, while priced in Euros, are sourced from countries which are not within the Eurozone. The Group monitors any potential underlying exposure to other exchange rates.

Interest rate risk management

The Group's borrowings are limited to the sale and leaseback of the Arnhem land and buildings and therefore it is not exposed to interest rate risk in relation to financial liabilities. Surplus funds are invested in short term interest rate deposits to reduce exposure to changes in interest rates. The Group does not enter into any hedging arrangements.

Credit risk management

The Group is exposed to credit risk due to its trade receivables due from customers and cash deposits with financial institutions. The Group's maximum exposure to credit risk is limited to their carrying amount recognised at the balance sheet date.

The Group ensures that sales are made to customers with an appropriate credit history to reduce the risk where this is considered necessary. The Directors consider the trade receivables at year end to be of good credit quality including those that are past due (note 21). The Group is not exposed to any significant credit risk exposure in respect of any single counterparty or any group of counterparties with similar characteristics other than the balances which are provided for as described in notes 6 and 21.

The Group has credit risk from financial institutions. Cash deposits are placed with a group of financial institutions with suitable credit ratings in order to manage credit risk with any one financial institution.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

In addition to the sale and leaseback of the Arnhem land and buildings described above, the Group entered new finance facilities secured on trade receivables and inventories:

Trade receivables facility
On 28 February 2011 the Group entered a trade receivable financing and credit management agreement with Fortis Commercial Banking for a period of at least two years from the closing date and with a facility limit of €1.5m. After two years the agreement was tacitly renewed for a rolling one year period. The facility is secured upon the Group's trade receivable. At 31 March 2013, €nil had been drawn down under the agreement.

Inventories facility
On 17 January 2013 the Group entered a credit facility agreement with ABN AMRO Bank N.V. with a facility limit of €3.0m for the financing of the Group's operating activities. The facility is secured against the inventories of the Group.

Both facilities are subject to interest at 1.5% above the ABN AMRO base rate (4.2% as at 31 March 2013). At 31 March 2013, the Group had €nil (2012: €nil) borrowed under either of the facilities.

Fair value of financial instruments

In the opinion of the Directors, there is no material difference between the book value and the fair value of all financial assets and financial liabilities.

27. Related party transactions

In the year ended 31 March 2013, there were a number of related party transaction with the Tricoya Technologies Limited joint venture, all of which arose in the normal course of business, totalling €618,000 (2012: Nil). At the end of the period €237,000 of the total amount was payable from TTL to Accsys group companies (2012: Nil). There were no related party transactions in the year ended 31 March 2012.

28. Capital Commitments

	2013 €'000	2012 €'000
Contracted but not provided for	72	17

Ends

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. 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.

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. 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.