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28 November 2019

Accsys Technologies PLC

(“Accsys”, the “Group” or the “Company”)

Interim Results for the six months ended 30 September 2019

Further strategic progress – strong revenue and profitability growth

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, today announces its interim results for the six months ended 30 September 2019.

	H1 FY 20[3]	H1 FY 19	Change %
Total Group Revenue	**€44.0m**	€31.6m	+39%
Gross profit	**€12.8m**	€7.0m	+83%
EBITDA	**€2.5m**	(€1.4m)	
Underlying loss before tax[1]	**(€2.2m)**	(€4.5m)	
Loss before tax	**(€1.6m)**	(€5.4m)	
Period end net (debt)[2]	**(€59.3m)**	(€34.2m)	
Accoya® sales volume	**28,113m³**	21,379m³	+32%

[1] Underlying loss before tax is defined as loss before tax and before Exceptional items and other adjustments. (See note 4 to the financial statements).
[2] Net debt is defined as short term and long term borrowings (including lease obligations) less cash and cash equivalents. (See note12 to the financial statements).
[3] H1 FY 20 results reflect the adoption of IFRS 16, which resulted in an increase in Underlying EBITDA by €0.4m and a corresponding increase in depreciation of €0.5m and finance expense of €0.1m. (See note 11 to the financial statements).

Key highlights:

- Group revenues up by 39% with continued strong demand from existing customers for our Accoya® and Tricoya® products
- Gross profit up by 83% to €12.8m; gross margins up by 6.9 percentage points to 29.1% as a result of higher sales volumes, an improved product mix and higher selling prices
- Underlying Group EBITDA of €2.5m (H1 FY19: loss of €1.4m)
- Cash-flow generated from operations continued to improve with a positive cash inflow for the half of €2.6m (H1 FY 19: €0.7m)
- Accoya® underlying EBITDA up 171%, to €7.6m (H1 FY19: €2.8m) demonstrating the operational gearing and benefits of the third Accoya® reactor coming on stream. We have passed the milestone of 12 months positive EBITDA trading

Accoya® capacity expansion:

- Preliminary design and planning progressing well to add a fourth Accoya® reactor in Arnhem:
    - Fourth reactor expected to increase capacity by 33% to 80,000m³
    - The expansion project is expected to be constructed over the next two years and operational by the end of the financial year ending 31 March 2022

- We continue to have positive discussions with our potential US partner, today confirmed as Eastman Chemical Company, for a possible Accoya® plant to help satisfy increasing global demand

Tricoya® plant build:

- Demand for Tricoya® panels has remained strong, with Accoya® sales to MEDITE and FINSA up 22%
- Construction work on the Hull plant continues to progress:
  - Expected to be operational in the second half of calendar year 2020
  - Accsys' share of the total outstanding project cost to complete the plant is expected to be approximately €12m with the balance expected from our equity consortium partners BP and MEDITE, and an increase in RBS debt funding
  - The longer-term profitability of the Tricoya® plant and market opportunity remains unchanged
- Work progressing with PETRONAS Chemicals Group Berhad on a feasibility study concerning the possible construction of an integrated acetic anhydride and Tricoya® wood chip production plant in Malaysia, with a conclusion likely to come after the Hull Tricoya® plant becomes operational

Separately announced equity fundraise

- Firm Placing and Placing and Open offer to raise gross proceeds of approximately €46.3m announced today
- Net proceeds to be used to fund: (i) the design, construction and commissioning of a fourth Accoya® reactor at the Arnhem plant, new chemical storage facilities and new automated wood handling equipment; (ii) Accsys's expected share of additional project costs for the Hull Tricoya® plant; (iii) preliminary evaluation work for a possible Accoya® plant in the US and (iv) general working capital resulting from (i) and (ii) above.

Paul Clegg, Chief Executive commented:

"We have made further progress on our strategy in the half and this is reflected in the strong revenue and profit growth, and enhanced margins we have announced today.

"Demand for our sustainable, high-performance products continues to exceed supply, and our plans to increase capacity are on track. Our third reactor at Arnhem is operating at capacity and we are planning to construct a fourth reactor to meet the continued demand for Accoya®. This expansion will be supported by the equity capital raise we have launched today. Alongside this, our Tricoya® plant in Hull is on schedule to be operational during H2 CY2020; this will be the first plant of its kind ever constructed and we continue to view this as a highly exciting market. Internationally, we are making good progress with potential partners both in the USA and Malaysia.

"The second half of the year has started well and we remain on track to deliver on full year expectations."

There will be a presentation relating to these results at 10:00 GMT on 28 November 2019. The presentation will take the form of a webcast and conference call, details of which are below:

Webcast link (for audio and visual presentation):
Click on the link below or copy and paste ALL of the following text into your browser:
https://edge.media-server.com/mmc/p/2jp2vu8b

Conference call details (audio only presentation – do not use in conjunction with the webcast link):

Confirmation Code: 2195588
Local - United Kingdom: +44 (0) 2071 928 000
National free phone - United Kingdom: 0800 376 7922
Local - Amsterdam, Netherlands: +31 (0) 207 143 545
National free phone - Netherlands: 0800 024 9557

Ends

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Introduction

I am pleased to report results which demonstrate further momentum in profitable growth together with continued progress in respect of our strategy to develop production capacity to support the increasing demand for our sustainable products, Accoya® and Tricoya®.

Our Accoya® plant in Arnhem has been operating at capacity levels throughout the period and into the second half of the financial year. We have progressed the initial planning for the further expansion of the plant and are pleased to also announce today an equity capital raise with the majority of the proceeds to be used to fund this 33% expansion in capacity.

As previously announced, the Tricoya® plant construction in Hull, the first of its kind in the world, has been challenging and is now expected to be operational in the second half of 2020 calendar year. However I am happy with the progress now being made with engineering almost complete and construction work substantially progressed. Part of the net proceeds from today's announced capital raise will be used to fund Accsys's share of the cost overruns resulting from the delay in completion of the plant, with our Tricoya® consortium partners also expected to fund their share.

We continue to make good progress with Eastman Chemical Company ("Eastman") and PETRONAS Chemical Group in respect of new Accoya® and Tricoya® plants in the USA and Malaysia respectively. Whilst these projects are still at the feasibility stage, they are important given the lead time taken to construct new plants and in considering our expectation for continued sales growth and our understanding of the substantial market opportunity globally.

The strong environmental credentials of our products support our continued belief that we are changing wood to change the world. We are pleased to have recently been confirmed as among the first cohort of companies to be awarded London Stock Exchange's new Green Economy Mark, a clear endorsement of our green credentials for investors.

In October this year Accsys announced that Rob Harris had been appointed as CEO with effect from 20th November. Rob, who formally joins the Board as a director tomorrow, 29th November 2019, brings deep operational and leadership experience in the chemicals industry, a skillset which will help deliver its growth strategy over the coming years. As mentioned previously I will remain on the Board until 31 December 2019 allowing for a smooth transition and wish Rob all the best for the future.

Summary of results

Total revenue for the six months ended 30 September 2019 grew by 39% to €44.0m (H1 FY19: €31.6m) driven by a 32% increase in Accoya® sales volumes to 28,113 cubic metres compared to the same period last year. We also benefited from sales price increases implemented at the start of the 2019 calendar year as well as an improvement in the sales product mix.

Group underlying EBITDA of €2.5m compares to a loss of €1.4m for the same period last year with the improvement due to higher sales volumes and higher gross margin from Accoya® manufacturing. Gross profit increased by 83% to €12.8m, driven by the higher volumes and the gross manufacturing margin increasing to 28.6% from 20.7% as a result of price increases, improved sales product mix and due to the economies of scale resulting from operating the third Accoya® reactor. Gross margins continue to be impacted by the proportion of sales used for the production of Tricoya® ahead of the Hull plant being completed, although the proportion decreased marginally from 25% to 24% of the total volume sold in the period.

Net debt increased to €59.3m at 30 September 2019 from €50.1m as at 31 March 2019. The increase in net debt was principally due to the expenditure on the on-going construction of the Tricoya® plant in Hull together with the adoption of IFRS 16. We generated positive cash from operating activities of €2.6m for the six month period compared to €0.7m in the same period last year.

Accoya® – Global performance

	Six months ended 30 September 2019	Six months ended 30 September 2018	Year ended 31 March 2019
Accoya® sales volume – cubic metres	28,113	21,379	49,716
Accoya® sales	€40.2m	€28.1m	€66.9m
Licence income	-	€0.5m	€1.0m
Acetic acid sales	€3.3m	€2.3m	€5.5m
Manufacturing margin – %	28.6%	20.7%	23.0%
Underlying EBITDA	€7.6m	€2.8m	€9.0m

Revenue from the sale of Accoya® increased 43% to €40.2m in the first half of the year compared to the equivalent period in the previous year. The increase was attributable to a 32% increase in Accoya® volumes sold together with the benefit of a price increase implemented in January 2019.

Sales volume by region	H1 FY20 m3	H1 FY19 m3	Increase %
UK & Ireland	8,048	5,461	47%
Tricoya®	6,620	5,438	22%
Cerdia	6,236	4,832	29%
Americas	3,111	2,241	39%
Benelux	2,010	1,834	10%
Asia-Pacific	1,880	1,373	37%
RoW	208	200	4%
	28,113	21,379	32%

Demand has continued to exceed production capacity during the period and we have continued to manage this by allocating available volumes between our customer base.

Sales of Accoya® to our Tricoya® licensees for the production of Tricoya® panels increased by 22%, with the lower than average increase reflecting the allocation to balance the significantly above average increase of 49% in the last financial year.

The increase in sales volumes in other countries reflects the higher available production volumes in the period compared to last year given the additional capacity of the third reactor. The first half of the year also included an annual maintenance shut down which was completed successfully, consistent with previous years and as planned this resulted in no production being possible for half a month. Sales volumes in Benelux grew below the overall average, in part due to the deferment of a number of larger projects. As such we are working to reduce our reliance on and exposure to construction project timing in this region.

We implemented a price increase effective from January 2019 which addressed anticipated higher raw material costs but also benefitted gross manufacturing margins in the period. Margins also benefitted from the economies of scale resulting from operating the third reactor at full capacity. The combined effect was to increase the manufacturing gross margin from 20.7% to 28.6% and in turn, the Accoya® segment profit from operations increased by 303% to €5.3m.

The improvement in gross margins was achieved despite a significant proportion of our sales continuing to be sold at discounted prices, with 46% of Accoya® sold in the period to Cerdia or for Tricoya®, compared to 48% in the same period last year. This situation is expected to continue to improve, in particular with the start-up of the plant in Hull such that we remain of the view that gross Accoya® manufacturing margins of at least 30% are achievable in the medium to longer term.

We have progressed the planning for the further expansion of the Arnhem plant through the addition of a fourth Accoya® reactor and are pleased to announce the proposed funding today to be able to complete this next stage of our growth strategy.

The addition of the fourth reactor will increase the production capacity by 33% to 80,000 cubic metres, enabling Accoya® revenues of €120m to be achievable over the medium term. The project will include adding additional chemical storage which is necessary as we handle the higher volumes and will enable us to operate the plant more efficiently. In addition, in order to handle the higher volume of wood, we plan to invest in new automated wood handling equipment noting our existing stacking machine is now 10 years old. The total cost of this expansion is expected to be approximately €26m. The project will involve detailed engineering and equipment procurement followed by the construction itself. A period of commissioning will be required ahead of the fourth reactor becoming operational, which is planned by the end of the financial year ending March 2022.

Looking further ahead, we are working with Eastman Chemical Company ("Eastman") to evaluate the feasibility of jointly constructing and operating an Accoya® wood production facility in North America (the "Project"). Eastman is the world's largest producer of acetic anhydride, the key chemical used in the production of acetylated wood. By establishing a production plant in the USA, Accsys would be able to provide increased volumes of locally-produced Accoya®, supply new customers and improve logistical efficiency in the region. A decision as to whether or not to proceed with the next stage of the Project is expected to be taken by each party following conclusion of the evaluation, and subject to entering into legally binding agreements, during the course of 2020.

Tricoya®

Construction work on the Tricoya® plant in Hull as part of our consortium with BP and MEDITE has continued to progress throughout the period. The previously reported delay has been disappointing and resulted in a slow-down in work over the period with €5.5m invested in the site compared to €18.3m in the same period last year. We continue to expect the plant to be operational in the second half of calendar year 2020 with the issues concerning engineering and related works being addressed and work now accelerating on site.

Construction on site is advanced in most areas of the plant, with the additional works associated with the acetylation tower being a key focus. Construction is expected to be complete by mid-2020 with a period of commissioning to follow ahead of start-up.

The delay has resulted in costs for the project now forecast to be approximately €28m higher than initially expected with an increase in both the capital costs and associated project overheads increasing as a result of the additional time. This additional cost is to be funded between the Tricoya® consortium partners and RBS, with Accsys's share expected to be approximately €12m.

Reflecting that this is the first plant of its type, we continue to expect the plant to ramp-up production to full capacity over approximately three years following start-up. Once at capacity, a gross margin of approximately 40% is expected to be achievable. This is higher than the Accoya® plant gross margin due to lower wood input costs and a higher level of automation resulting from the continuous process in Hull.

Demand for Tricoya® panels by our licensees, MEDITE and FINSA, continued to be strong with demand being limited by the allocation of production capacity from the Arnhem plant. Sales volumes increased by 22% to 6,620 cubic metres in the period, with the majority of this continuing to be sold to MEDITE. MEDITE have also committed to purchase a minimum of 40% of the production of the Hull plant, allowing for a ramp up, and we anticipate the vast majority of the Hull plant output to be sold to MEDITE and FINSA. The plant is anticipated to be EBITDA break-even when operating at approximately 40% of its capacity.

We are also progressing the feasibility study which is being undertaken with PETRONAS Chemicals Group Berhad concerning the possible construction of a Tricoya® plant in Malaysia, with a conclusion likely to come after the Hull Tricoya® plant becomes operational. In addition, the Hull site construction has been planned in a way which allows for further expansion.

Intellectual property

Accsys has increased its patent portfolio in the recent period to a total of 329 patent family members, in over 40 countries. The number of granted patents has increased to 167, which includes patents relating to key technologies in various countries throughout the world. By using a combination of patenting and know-how we continue to invest in the generation and protection of core technologies associated with the Arnhem plant expansion and the Tricoya® plant, as well as on complementary technologies for use with Accoya® and Tricoya® wood products.

Our principal trademark portfolio covers our brands Accoya®, Tricoya®, the Trimarque device and Accsys®, protected by registration in over 60 countries, with recent trademark activity focused on increasing the strength of those brands.

Accsys continues to maintain an active watch on the commercial and IP activity of third parties to ensure its IP rights are not infringed, and to identify any IP which could potentially hinder our commercial activity.

Outlook

Accsys is now very well positioned to take advantage of its sustainable products and substantial market opportunity, with an estimated 2.6 million cubic metres of annual sales ultimately being possible.

These results coupled with the Firm Placing and Placing and Open Offer launched today mark an exciting and important milestone for the Company and we expect to build upon the 12 months of positive EBITDA trading with real momentum across the Group.

The second half of the financial year has started well and we expect this to benefit from production at capacity levels as well as further improvement to our sales product mix. We are targeting further improvement to gross margins over the medium term with the anticipated benefit from the Hull plant becoming operational, enabling an increase of higher priced sales to replace the volume currently being sold to our Tricoya® licensees.

The expansion of the Accoya® plant by the addition of a fourth reactor and completion of the Hull plant will enable Accsys to significantly increase its sales over time targeting Group revenues of €160m over the medium term.

While the significant increase in production capacity enables us to grow to meet increasing demand, we believe it is essential to plan for the next phase of expansion and we will continue to develop the discussions concerning potential new manufacturing plants in USA and Malaysia.

Paul Clegg
Chief Executive
28 November 2019

Statement of comprehensive income

Group revenue increased by 39% to €44.0m for the six months ended 30 September 2019 (H1 FY19: €31.6m). Accoya® segment revenue increased by 40% to €43.7m with revenue from Accoya® wood increasing by 43% to €40.2m, largely as a result of higher sales volumes and higher average selling prices. Included within Accoya® wood revenue are sales for the manufacture of Tricoya® panels, which increased by 30% to €6.8m (H1 FY19: €5.2m).

Licence revenue of €0.3m (H1 FY19: €0.5m) was reflected in our Tricoya® segment, with the licence fee attributable to our Accoya® licensee, Cerdia International Gmbh ('Cerdia') reflected in the prior year period of €0.5m, not contracted to reoccur this year.

Other revenue of €3.5m (H1 FY19: €2.5m) predominantly relates to the sale of acetic acid an increase on the prior year period given higher production levels and higher average acetic acid prices.

Gross margin increased from 22% to 29% compared to the prior year period, with the Accoya® manufacturing gross margin increasing from 21% to 29%. These increases were driven by the significantly higher volumes sold in the first half (as compared to H1 FY19) following the ramp-up of Reactor 3 in H2 FY19, with sales volumes up 32% on the prior year period. Average selling prices were also higher in the period following price increases implemented from the start of January 2019.

Underlying other operating costs excluding depreciation and amortisation, increased from €8.4m to €10.3m. This increase was largely due to higher underlying staff costs which increased by €1.4m including costs associated with the change in CEO announced in the period. The increase was also due to higher recruitment and training fees (€0.4m) and higher third party sales & marketing costs (€0.2m). This increased cost was partially offset by the implementation of the IFRS 16 'Leases' standard, which had the effect of decreasing operating costs by €0.3m. See note 11 to the financial statements.

Average headcount increased by 21 compared to the prior year period, with the increase predominantly attributable to an increase in Arnhem operations staff following the commissioning of the third Accoya® reactor and recruitment of the first phase of staff for the Hull Tricoya® plant.

Depreciation charges increased in the period compared to the prior year following the completion of the third reactor, the purchase of the previously leased Arnhem land and buildings (both occurring towards the end of HY1 FY 19) and the implementation of the IFRS 16 'Leases' standard from the beginning of this financial year. See note 11 to the financial statements.

Underlying finance expenses increased to €1.8m (H1 FY19: €1.4m) due to interest payable on our loan with Cerdia no longer being capitalised following the completion of the third Accoya® reactor, and to a smaller extent, the inclusion of finance charges related to the implementation of the IFRS 16 'Leases' standard.

Other adjustments for the period include a foreign exchange gain of €0.6m (HY1 FY19: €0.2m) on loans held in pounds sterling with BGF & Volantis and foreign exchange differences on cash held in pounds sterling, which is used primarily to act as a cash flow hedge against future sterling project expenditure on the new plant being constructed in Hull. The effective portion of the cash flow hedge is recognised in Other comprehensive income.
The prior year period included €1.2m of exceptional expenses and other adjustments. See note 4 to the financial statements.

Underlying loss before tax decreased by €2.3m to €2.2m (H1 FY19: €4.5m). After taking into account exceptional items and other adjustments, loss before tax decreased by €3.8m to €1.6m (2018: €5.4m).

The tax charge of €0.1m compares to the tax credit of €1.0m in the prior year period, with the difference principally due to the prior year period reflecting a prior year adjustment which did not reoccur in the current period.

Cash flow

Cash flow generated from operating activities of €2.6m compared to €0.7m in the prior year period, which reflects the improving operational cash flow being generated by the Group.

At 30 September 2019, the Group held cash balances of €3.3m, representing a €5.6m decrease in the period from 31 March 2019. The cash decrease in the period is largely attributable to investments in tangible fixed assets of €6.5m, primarily reflecting the construction progress made on our Tricoya® plant in Hull. A drawdown of €2m on the Tricoya® RBS facility assisted with funding this investment during the period. Loan repayments (including rolled up interest) & interest payments of €2.7m occurred during the period, with repayments commencing to BGF, Cerdia, ABN AMRO & Bruil borrowings in H2 FY19.

Financial position

Plant and machinery additions of €6.5m (H1 FY19: €23.2m) in the period largely consisted of the construction of the Tricoya® plant build in Hull (€5.5m), with the prior year period including construction on the third reactor and Tricoya® plant build in Hull. Net additions of €9.8m were made in the prior year period as a result of the purchase of the land and buildings in Arnhem.

Trade and other receivables increased to €10.4m (H1 FY19: €9.2m) principally due to higher sales in the period, but partly mitigated by a decrease in prepayments and VAT receivable.

Inventory levels remained reasonably stable in the period at €15.9m (H1 FY19: €16.2m), driven by an increase in finished goods following the ramp-up of the third reactor in H2 FY19, increasing our production capacity by 50%, offset by a decrease in raw materials following higher than optimal levels in the prior year. Levels of Accoya® inventory remain low, with the finished goods balance representing approximately three weeks of sales.

The decrease in trade and other payables to €19.0m (H1 FY19: €22.1m) is primarily due to timing of construction payments in relation to the Hull plant construction.

The Group has implemented the IFRS 16 ‘Leases’ standard with effect from 1 April 2019. On adoption of the new standard, the Group recognised €2.2m of right of use assets and €2.2m of lease liabilities. The impact on the Consolidated interim statement of comprehensive income in the period has been to increase underlying EBITDA by €0.4m, increase depreciation by €0.5m and increase interest expense by €0.1m. Comparative information for the prior year has not been restated. See note 11 to the financial statements.

Amounts payable under loan agreements increased to €57.6m (H1 FY19: €54.1m). The first €5m of the Tricoya® RBS €17.2m (€14.6m net) facility was drawn down during the past year, as anticipated, in conjunction with funding the ongoing construction of the Tricoya® plant in Hull. The drawdown was partially offset by scheduled repayments on other loans over this period.

Net debt increased by €9.2m in the period to €59.3m due to Capex investment of €6.5m, reflecting the continued construction progress on the Hull Tricoya® plant and the adoption of the IFRS 16 ‘Leases’ standard, with leased liabilities increasing by €3.0m during the period.

Risks and uncertainties

As described on page 33 to 37 of the 2019 Annual report, the business, financial condition or results of operations of the Group could be adversely affected by a number of risks. 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.
These specific principal risks and related mitigations (as described in the 2019 Annual report) as currently identified by Accsys’ risk management process, have not changed significantly since the publication of the last Annual Report.

These risks relate to the following areas:
Health, Safety & Equipment; Manufacturing; IT; Sale of Products; Licensing/Partnering; Supply of raw materials; Finance; Protection of Intellectual Property & trade secrets; Litigation & disputes; Personnel; Governance, Compliance & Law and Investor & Public relations.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and 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 eventually, of Tricoya® chips from the new plant in Hull, with 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 Group is also dependent upon certain banking and finance facilities which are in place. In addition, the Group is dependent upon part of the net proceeds from the Firm Placing and Placing and Open Offer in order to fund its share of liabilities relating to the completion of the construction of the Hull Plant, which is expected to be operational in the second half of calendar year 2020.

If the Firm Placing and Placing and Open Offer were not to proceed, the Group would need to obtain appropriate alternative financing within a short timescale in order to be able to fund its share of TVUK's liabilities. It is not certain that the Group would be able to obtain any such alternative financing on commercially acceptable terms, or at all. Consequently, if the Firm Placing and Placing and Open Offer did not proceed and the Group is unable to obtain alternative financing, the Company would not be able to fund its share of the costs of completing the construction of the Hull Plant. In turn, due to the Hull Plant being a material asset of the Group and a key element of the Group's growth strategy, this would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The condensed consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The Directors have today announced a proposed Firm Placing and Placing and Open Offer which is underwritten by Numis, Investec and NIBC. Therefore on the basis that the resolutions to be proposed at the General Meeting on 20 December 2019 will be passed, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

William Rudge
Finance Director
28 November 2019

Directors responsibility statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Angus Dodwell
Company Secretary
28 November 2019

Accsys Technologies PLC

Consolidated interim statement of comprehensive income for the six months ended 30 September 2019

	Note	Unaudited 6 months ended 30 Sept 2019 €'000 Underlying	Unaudited 6 months ended 30 Sept 2019 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2019 €'000 Total**	Unaudited 6 months ended 30 Sept 2018 €'000 Underlying	Unaudited 6 months ended 30 Sept 2018 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2018 €'000 Total**	Audited Year ended 31 March 2019 €'000 Underlying	Audited Year ended 31 March 2019 €'000 Exceptional items & other adjustments*	**Audited Year ended 31 March 2019 €'000 Total**
Accoya® wood revenue		40,161	-	**40,161**	28,055	-	**28,055**	66,949	**-**	**66,949**
Tricoya® panel revenue		58	-	**58**	470	-	**470**	634	**-**	**634**
Licence revenue		280	-	**280**	524	-	**524**	1,614	**-**	**1,614**
Other revenue		3,494	-	**3,494**	2,548	-	**2,548**	5,956	**-**	**5,956**
Total revenue	2	43,993	-	**43,993**	31,597	-	**31,597**	75.153	-	**75,153**
Total cost of sales		(31,184)	-	**(31,184)**	(24,582)	-	**(24,582)**	(56,517)	-	**(56,517)**
Gross profit		12,809	-	**12,809**	7,015	-	**7,015**	18,636	-	**18,636**
Other operating costs excluding depreciation and amortisation		(10,339)	2	**(10,337)**	(8,419)	(22)	**(8,441)**	(17,733)	24	**(17,709)**
EBITDA		**2,470**	**2**	2,472	**(1,404)**	**(22)**	(1,426)	**903**	**24**	927
Depreciation and amortisation		(2,906)	-	**(2,906)**	(1,640)	-	**(1,640)**	(3,965)	-	**(3,965)**
Total other operating costs	3	(13,245)	2	**(13,243)**	(10,059)	(22)	**(10,081)**	(21,698)	24	**(21,674)**
Operating (loss)/ gain		(436)	2	**(434)**	(3,044)	(22)	**(3,066)**	(3,062)	24	**(3,038)**
Finance income		-	-	**-**	-	-	**-**	-	-	**-**
Finance expense		(1,770)	612	**(1,158)**	(1,415)	(894)	**(2,309)**	(3,117)	(1,529)	**(4,646)**
Loss before taxation		(2,206)	614	**(1,592)**	(4,459)	(916)	**(5,375)**	(6,179)	(1,505)	**(7,684)**
Tax (charge)/ credit		(65)	-	**(65)**	964	-	**964**	782	-	**782**
Loss for the period		(2,271)	614	**(1,657)**	(3,495)	(916)	**(4,411)**	(5,397)	(1,505)	**(6,902)**
Gain arising on translation of foreign operations		3	-	**3**	22	-	**22**	54	-	**54**
(Loss)/gain arising on foreign currency cash flow hedges		-	(300)	**(300)**	-	(267)	**(267)**	-	11	**11**
Total other comprehensive income		3	(300)	**(297)**	22	(267)	**(245)**	54	11	**65**
Total comprehensive loss for the period		(2,268)	314	**(1,954)**	(3,473)	(1,183)	**(4,656)**	(5,343)	(1,494)	**(6,837)**
Total comprehensive loss for the year is attributable to:										
Owners of Accsys Technologies PLC		(1,687)	383	**(1,304)**	(3,002)	(962)	**(3,964)**	(4,337)	(1,494)	**(5,831)**
Non-controlling interests		(581)	(69)	**(650)**	(471)	(221)	**(692)**	(1,006)	-	**(1,006)**
Total comprehensive loss for the period		(2,268)	314	**(1,954)**	(3,473)	(1,183)	**(4,656)**	(5,343)	(1,494)	**(6,837)**
Basic and diluted loss per ordinary share	5	€(0.01)		**€(0.01)**	€(0.03)		**€(0.03)**	€(0.04)		**€(0.05)**

The notes set out on pages 16 to 34 form an integral part of these condensed financial statements.

* See note 4 for details of exceptional items and other adjustments.

Accsys Technologies PLC

Consolidated interim statement of financial position at 30 September 2019

	Note	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
Non-current assets				
Intangible assets	7	10,841	10,558	10,790
Property, plant and equipment	8	108,165	93,654	105,272
Right of use assets	11	4,625	-	-
		123,631	104,212	116,062
Current assets				
Inventories		15,900	16,152	14,008
Trade and other receivables		10,414	9,246	13,038
Cash and cash equivalents		3,301	22,003	8,857
Corporation tax receivable		417	1,495	478
FX derivative asset		21	-	143
		30,053	48,896	36,524
Current liabilities				
Trade and other payables		(19,069)	(22,082)	(19,963)
Obligation under lease liabilities	11	(889)	(254)	(246)
Short term borrowings	12	(6,059)	(6,439)	(6,176)
Corporation tax payable		(193)	(16)	(34)
		(26,210)	(28,791)	(26,419)
Net current assets		3,843	20,105	10,105
Non-current liabilities				
Obligation under lease liabilities	11	(4,111)	(1,842)	(1,775)
Other long term borrowing	12	(51,528)	(47,708)	(50,733)
		(55,639)	(49,550)	(52,508)
Total net assets		71,835	74,767	73,659
Equity				
Share capital	9	5,900	5,896	5,900
Share premium account		145,429	145,429	145,429
Other reserves	10	109,221	109,158	109,521
Accumulated loss		(218,234)	(215,340)	(217,348)
Own shares		-	(9)	(9)
Foreign currency translation reserve		46	11	43
Capital value attributable to owners of Accsys Technologies PLC		42,362	45,145	43,536
Non-controlling interest in subsidiary		29,473	29,622	30,123
Total equity		71,835	74,767	73,659

The notes set out on pages 16 to 34 form an integral part of these condensed financial statements.

Consolidated interim statement of changes in equity for the six months ended 30 September 2019

	Share capital Ordinary €'000	Share premium €'000	Other reserves €'000	Own Shares €'000	Foreign currency trans-lation reserve €'000	Accumulated loss €'000	Total equity attributable to equity shareholders of the company €'000	Non-Controlling interests €'000	Total Equity €'000
Balance at 30 Sept 2018 (unaudited)	5,896	145,429	109,158	(9)	11	(215,340)	45,145	29,622	74,767
Total comprehensive (expense)/gain for the period	-	-	278	-	32	(2,177)	(1,867)	(314)	(2,181)
Share based payments	-	-	-	-	-	173	173	-	173
Shares issued	4	-	-	-	-	(4)	-	-	-
Issue of subsidiary shares to non-controlling interests	-	-	85	-	-	-	85	815	900
Balance at 31 March 2019	5,900	145,429	109,521	(9)	43	(217,348)	43,536	30,123	73,659
Adjustment on initial application of IFRS 16	-	-	-	-	-	(76)	(76)	-	(76)
Adjusted opening balance at 01 April 2019	5,900	145,429	109,521	(9)	43	(217,424)	43,460	30,123	73,583
Total comprehensive (expense)/gain for the period	-	-	(300)	-	3	(1,007)	(1,304)	(650)	(1,954)
Share based payments	-	-	-	-	-	197	197	-	197
Shares issued	-	-	-	9	-	-	9	-	9
Balance at 30 Sept 2019 (unaudited)	5,900	145,429	109,221	-	46	(218,234)	42,362	29,473	71,835

See note 10 for details concerning other reserves.

Non-controlling interests relates to the investment of various parties into Tricoya Technologies Limited and Tricoya Ventures UK Limited (note 6).

The notes set out on pages 16 to 34 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of cash flow for the six months ended 30 September 2019

	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
Underlying loss before taxation	(2,206)	(4,459)	(6,179)
Adjustments for:			
Amortisation of intangible assets	324	297	611
Depreciation of property, plant and equipment and right of use assets	2,581	1,342	3,354
Net finance expense	1,770	1,415	3,117
Equity-settled share-based payment expenses	197	211	382
Currency translation (gains)	(56)	(53)	(38)
Cash inflows/(outflows) from operating activities before changes in working capital	2,610	(1,247)	1,247
Decrease/(Increase) in trade and other receivables	2,474	85	(3,693)
Increase in deferred income	270	170	994
(Increase) in inventories	(1,892)	(3,014)	(882)
(Decrease)/Increase in trade and other payables	(1,038)	3,898	960
Net cash from/(used in) operating activities before tax	2,424	(108)	(1,374)
Tax received	150	815	1,674
Net cash from operating activities	2,574	707	300
Cash flows from investing activities			
Interest received	6	52	70
Investment in property, plant and equipment	(6,521)	(34,571)	(48,166)
FX deal settlement related to hedging of Hull Capex	(59)	-	-
Investment in intangible assets	(375)	(203)	(749)
Net cash used in investing activities	(6,949)	(34,722)	(48,845)
Cashflows from financing activities			
Proceeds from loans	2,000	23,000	26,000
Other finance costs	(33)	(98)	(93)
Proceeds from trade facility draw down	159	811	1,825
Interest Paid	(1,209)	(593)	(1,157)
Repayment of lease liabilities	(586)	(12,174)	(12,209)
Repayment of loans/rolled up interest	(1,470)	(122)	(3,208)
Proceeds from issue of share capital/sale of own shares	7	5,747	5,747
Proceeds from issue of subsidiary shares to non-controlling interests	-	-	900
Share issue costs	-	(28)	(28)
Net cash from financing activities	(1,132)	16,543	17,777
Net decrease in cash and cash equivalents	(5,507)	(17,472)	(30,768)
Effect of exchange loss on cash and cash equivalents	(49)	(223)	(73)
Opening cash and cash equivalents	8,857	39,698	39,698
Closing cash and cash equivalents	3,301	22,003	8,857

The notes set out on pages 16 to 34 form an integral part of these interim financial statements.

1. Accounting policies

General Information

The principal activity of the Group is the production and sale of Accoya® solid wood and exploitation of technology for the production and sale of Accoya® wood and Tricoya® wood chips via the Company's 100% owned subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc., our 76.1% owned subsidiary, Tricoya Technologies Limited and 46.2% owned subsidiary, Tricoya Ventures UK Limited (collectively the 'Group'). 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.

The Company is a public limited company, which is listed on AIM in the United Kingdom and Euronext in the Netherlands, and is domiciled in the United Kingdom. The registered office is Brettenham House, 19 Lancaster Place, London, WC2E 7EN.

The condensed consolidated interim financial statements were approved on 28 November 2019. These condensed consolidated interim financial statements have been reviewed, not audited.

Basis of accounting

The Group's condensed financial statements in these interim results have been prepared in accordance with IFRS issued by the International Accounting Standards Board as endorsed by the European Union, in particular International Accounting Standard (IAS) 34 "interim financial reporting" and the disclosure and transparency rules of the Financial Conduct Authority. The financial information for the six months ended 30 September 2019 and the six months ended 30 September 2018 is unaudited. The comparative financial information for the full year ended 31 March 2019 does not constitute the Group's statutory financial statements for that period although it has been derived from the statutory financial statements for the year then ended. A copy of those statutory financial statements has been delivered to the Registrar of Companies and which were approved by the Board of Directors on 24 June 2019. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below:

- The Group changed its accounting policies as a result of adopting the IFRS 16 'Leases' standard which became effective from 1 April 2019. See note 11 for further details.
- Taxes on income in the interim periods which are accrued using the effective tax rate that would be applicable to the expected total annual profit or loss.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and 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 eventually, of Tricoya® chips from the new plant in Hull, with 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 Group is also dependent upon certain banking and finance facilities which are in place. In addition the Group is dependent upon part of the net proceeds from the Firm Placing, Placing and Open Offer in order to fund its share of TVUK's liabilities relating to the completion of the construction of the Hull Plant, which is expected to be operational in the second half of calendar year 2020.

If the Firm Placing and Placing and Open Offer were not to proceed, the Group would need to obtain appropriate alternative financing within a short timescale in order to be able to fund its share of TVUK's liabilities. It is not certain that the Group would be able to obtain any such alternative financing on commercially acceptable terms, or at all. Consequently, if the Firm Placing and Placing and Open Offer did not proceed and the Group is unable to obtain alternative financing, the Company would not be able to fund its share of the costs of completing the construction of the Hull Plant. In turn, due to the Hull Plant being a material asset of the Group and a key element of the Group's growth strategy, this would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The condensed consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The Directors have today announced a proposed Firm Placing and Placing and Open Offer which is underwritten by Numis, Investec and NIBC. Therefore on the basis that the resolutions to be proposed at the General Meeting on 20 December 2019 will be passed, the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

2. Segmental reporting

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

Accoya®

	Accoya® Segment								
	6 months ended 30 September 2019	6 months ended 30 September 2019	**6 months ended 30 September 2019**	6 months ended 30 September 2018	6 months ended 30 September 2018	**6 months ended 30 September 2018**	12 months ended 31 March 2019	12 months ended 31 March 2019	**12 months ended 31 March 2019**
	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Accoya® wood revenue	40,161	-	**40,161**	28,055	-	**28,055**	66,949	-	**66,949**
Tricoya® panel revenue	-	-	**-**	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	520	-	**520**	1,043	-	**1,043**
Other revenue	3,494	-	**3,494**	2,538	-	**2,538**	5,916	-	**5,916**
Total Revenue	43,655	-	**43,655**	31,113	-	**31,113**	73,908	-	**73,908**
Cost of sales	(31,123)	-	**(31,123)**	(24,194)	-	**(24,194)**	(55,960)	-	**(55,960)**
Gross profit	12,532	-	**12,532**	6,919	-	**6,919**	17,948	-	**17,948**
Other operating costs excluding depreciation and amortisation	(4,965)	-	**(4,965)**	(4,165)	-	**(4,165)**	(8,955)	-	**(8,955)**
EBITDA	7,567	-	**7,567**	2,754	-	**2,754**	8,993	-	**8,993**
Depreciation and amortisation	(2,224)	-	**(2,224)**	(1,427)	-	**(1,427)**	(3,508)	-	**(3,508)**
Profit from operations	5,343	-	**5,343**	1,327	-	**1,327**	5,485	-	**5,485**

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

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 with all other costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration, sales and marketing costs.

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 128 (H1 FY19: 117)

The below table shows details of reconciling items to show both Accoya® EBITDA and Accoya® Manufacturing gross profit, both including and excluding licence and licensing related income, which has been presented given the inclusion of items which can be more variable or one-off.

	6 months ended 30 September 2019 €'000	**6 months ended 30 September 2018 €'000**	**Year ended 31 March 2019 €'000**
Accoya® segmental underlying EBITDA	7,567	2,754	8,993
Accoya® Licence Income	-	(520)	(1,043)
Other income, predominantly for marketing services	(84)	(83)	(172)
Accoya® segmental underlying EBITDA (excluding licence income)	7,483	2,151	7,778
Accoya® segmental gross profit	12,532	6,919	17,948
Accoya® Licence Income	-	(520)	(1,043)
Other income, predominantly for marketing services	(84)	(83)	(172)
Accoya® Manufacturing gross profit	12,448	6,316	16,733
Gross Accoya® Manufacturing Margin	28.6%	20.7%	23.0%

Tricoya®

	Tricoya® Segment								
	6 months ended 30 September 2019	6 months ended 30 September 2019	**6 months ended 30 September 2019**	6 months ended 30 September 2018	6 months ended 30 September 2018	**6 months ended 30 September 2018**	12 months ended 31 March 2019	12 months ended 31 March 2019	**12 months ended 31 March 2019**
	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**
Tricoya® panel revenue	58	-	**58**	470	-	**470**	634	-	**634**
Licence revenue	280	-	**280**	4	-	**4**	571	-	**571**
Other revenue	-	-	**-**	10	-	**10**	40	-	**40**
Total Revenue	338	-	**338**	484	-	**484**	1,245	-	**1,245**
Cost of sales	(61)	-	**(61)**	(388)	-	**(388)**	(557)	-	**(557)**
Gross profit	277	-	**277**	96	-	**96**	688	-	**688**
Other operating costs excluding depreciation and amortisation	(1,334)	2	**(1,332)**	(1,337)	(22)	**(1,359)**	(2,586)	24	**(2,562)**
EBITDA	(1,057)	2	**(1,055)**	(1,241)	(22)	**(1,263)**	(1,898)	24	**(1,874)**
Depreciation and amortisation	(210)	-	**(210)**	(107)	-	**(107)**	(242)	-	**(242)**
Loss from operations	(1,267)	2	**(1,265)**	(1,348)	(22)	**(1,370)**	(2,140)	24	**(2,116)**

Revenue and costs are those attributable to the business development of the Tricoya® process and establishment of Tricoya® Hull Plant.

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 18 (H1 FY19: 10), noting a substantial proportion of the costs to date have been incurred via recharges from other parts of the Group or have resulted from contractors.

Corporate

	Corporate Segment								
	6 months ended 30 September 2019	6 months ended 30 September 2019	**6 months ended 30 September 2019**	6 months ended 30 September 2018	6 months ended 30 September 2018	**6 months ended 30 September 2018**	12 months ended 31 March 2019	12 months ended 31 March 2019	**12 months ended 31 March 2019**
	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Total Revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross profit	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs excluding depreciation and amortisation	(3,475)	-	**(3,475)**	(2,370)	-	**(2,370)**	(5,119)	-	**(5,119)**
EBITDA	(3,475)	-	**(3,475)**	(2,370)	-	**(2,370)**	(5,119)	-	**(5,119)**
Depreciation and amortisation	(394)	-	**(394)**	(83)	-	**(83)**	(175)	-	**(175)**
Loss from operations	(3,869)	-	**(3,869)**	(2,453)	-	**(2,453)**	(5,294)	-	**(5,294)**

Corporate costs are those costs not directly attributable to Accoya®, Tricoya® or Research and Development activities. This includes management and the Group's corporate and general administration costs including the head office in London.

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 20 (H1 FY19: 19).

Research and Development

	Research & Development Segment								
	6 months ended 30 September 2019	6 months ended 30 September 2019	**6 months ended 30 September 2019**	6 months ended 30 September 2018	6 months ended 30 September 2018	**6 months ended 30 September 2018**	12 months ended 31 March 2019	12 months ended 31 March 2019	**12 months ended 31 March 2019**
	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**	Underlying	Exceptional items & Other Adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Total Revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross profit	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs excluding depreciation and amortisation	(565)	-	**(565)**	(547)	-	**(547)**	(1,073)	-	**(1,073)**
EBITDA	(565)	-	**(565)**	(547)	-	**(547)**	(1,073)	-	**(1,073)**
Depreciation and amortisation	(78)	-	**(78)**	(23)	-	**(23)**	(41)	-	**(41)**
Loss from operations	(643)	-	**(643)**	(570)	-	**(570)**	(1,114)	-	**(1,114)**

Research and Development costs are those associated with the Accoya® and Tricoya® processes. Costs exclude those which have been capitalised in accordance with IFRS. (see note 7).

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 10 (H1 FY19: 9).

Total

	6 months ended 30 September 2019 Underlying €'000	6 months ended 30 September 2019 Exceptional items & Other Adjustments €'000	**6 months ended 30 September 2019 TOTAL €'000**	6 months ended 30 September 2018 Underlying €'000	6 months ended 30 September 2018 Exceptional items & Other Adjustments €'000	**6 months ended 30 September 2018 TOTAL €'000**	12 months ended 31 March 2019 Underlying €'000	12 months ended 31 March 2019 Exceptional items & Other Adjustments €'000	**12 months ended 31 March 2019 TOTAL €'000**
					TOTAL				
Accoya® wood revenue	40,161	-	**40,161**	28,055	-	**28,055**	66,949	-	**66,949**
Tricoya® panel revenue	58	-	**58**	470	-	**470**	634	-	**634**
Licence revenue	280	-	**280**	524	-	**524**	1,614	-	**1,614**
Other revenue	3,494	-	**3,494**	2,548	-	**2,548**	5,956	-	**5,956**
Total Revenue	43,993	-	**43,993**	31,597	-	**31,597**	75,153	-	**75,153**
Cost of sales	(31,184)	-	**(31,184)**	(24,582)	-	**(24,582)**	(56,517)	-	**(56,517)**
Gross profit	12,809	-	**12,809**	7,015	-	**7,015**	18,636	-	**18,636**
Other operating costs excluding depreciation and amortisation	(10,339)	2	**(10,337)**	(8,419)	(22)	**(8,441)**	(17,733)	24	**(17,709)**
EBITDA	2,470	2	**2,472**	(1,404)	(22)	**(1,426)**	903	24	**927**
Depreciation and amortisation	(2,906)	-	**(2,906)**	(1,640)	-	**(1,640)**	(3,965)	-	**(3,965)**
Profit/(Loss) from operations	(436)	2	**(434)**	(3,044)	(22)	**(3,066)**	(3,062)	24	**(3,038)**
Finance income	-	-	**-**	-	-	**-**	-	-	**-**
Finance expense	(1,770)	612	**(1,158)**	(1,415)	(894)	**(2,309)**	(3,117)	(1,529)	**(4,646)**
Loss before taxation	(2,206)	614	**(1,592)**	(4,459)	(916)	**(5,375)**	(6,179)	(1,505)	**(7,684)**

See note 4 for explanation of Exceptional Items and other adjustments.

Segmental reporting continued

Assets and liabilities on a segmental basis:

	Accoya® Sept 2019 €'000	Tricoya® Sept 2019 €'000	Corporate Sept 2019 €'000	R&D Sept 2019 €'000	TOTAL Sept 2019 €'000
Non-current assets	62,170	56,464	4,831	166	**123,631**
Current assets	24,488	3,235	(2,933)	5,263	**30,053**
Current liabilities	(12,517)	(7,576)	(5,997)	(120)	**(26,210)**
Net current assets	11,971	(4,341)	(8,930)	5,143	**3,843**
Non-current liabilities	(29,798)	(6,292)	(19,549)	(0)	**(55,639)**
Net assets	44,343	45,831	(23,648)	5,309	**71,835**

	Accoya® Sept 2018 €'000	Tricoya® Sept 2018 €'000	Corporate Sept 2018 €'000	R&D Sept 2018 €'000	TOTAL Sept 2018 €'000
Non-current assets	60,603	40,108	3,452	49	**104,212**
Current assets	24,643	22,785	(3,831)	5,299	**48,896**
Current liabilities	(16,874)	(15,152)	3,254	(19)	**(28,791)**
Net current assets	7,769	7,633	(577)	5,280	**20,105**
Non-current liabilities	(31,169)	(506)	(17,875)	-	**(49,550)**
Net assets	37,203	47,235	(15,000)	5,329	**74,767**

	Accoya® March 2019 €'000	Tricoya® March 2019 €'000	Corporate March 2019 €'000	R&D March 2019 €'000	TOTAL March 2019 €'000
Non-current assets	62,648	49,949	3,421	44	**116,062**
Current assets	25,504	9,288	(3,184)	4,916	**36,524**
Current liabilities	(17,251)	(8,358)	(771)	(39)	**(26,419)**
Net current assets	8,253	930	(3,955)	4,877	**10,105**
Non-current liabilities	(30,336)	(3,316)	(18,856)	-	**(52,508)**
Net assets	40,565	47,563	(19,390)	4,921	**73,659**

The segmental assets in the current year were predominantly held in the UK and mainland Europe (Prior Year UK and mainland Europe). Additions to property, plant, equipment and intangible assets in the current year were predominantly incurred in the UK and mainland Europe (Prior Year UK and mainland Europe). There are no significant intersegment revenues.

Segmental reporting continued

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
UK & Ireland	19,052	13,302	32,099
Rest of Europe	11,974	7,738	19,487
Benelux	3,978	4,371	7,982
Americas	5,575	3,898	9,316
Asia-Pacific	3,287	2,217	6,099
Rest of World	127	71	170
	43,993	31,597	75,153

Sales to UK and Ireland include the sales to MEDITE.

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, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
Sales and marketing	1,653	1,628	3,286
Research and development	565	547	1,073
Other operating costs	2,950	2,394	5,163
Administration costs	5,171	3,850	8,211
Exceptional Items and other adjustments	(2)	22	(24)
Other operating costs excluding depreciation and amortisation	10,337	8,441	17,709
Depreciation and amortisation	2,906	1,640	3,965
Total other operating costs	13,243	10,081	21,674

Administrative costs include costs associated with Business Development and Legal departments, Intellectual Property as well as Human Resources, IT, Finance, Management and General Office and include the costs of the Group's head office costs in London, the US office in Dallas and the Hull office.

The total cost of €13.2m in the current period includes €1.5m in respect of Tricoya® segment (H1 FY19: €1.5m).

Group average employee headcount increased to 176 in the period to 30 September 2019, from 155 in the period to 30 September 2018.

During the period, €375,000 (H1 FY19: €202,000) of internal development & patent related costs were capitalised and included in intangible fixed assets, including €320,000 (H1 FY19: €179,000) which were capitalised within Tricoya Technologies Limited ('TTL'). In H1 FY19 €333,000 of internal costs were capitalised in relation to the expansion of our plant in Arnhem, Netherlands, which ceased in 2019 following the commissioning and start-up of the third Reactor. €32,000 of internal costs have been capitalised in relation to our plant build in Hull, UK (H1 FY19: €28,000). Both are included within tangible fixed assets.

4. Exceptional Items and Other Adjustments

	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
Termination of finance lease on acquisition of land and buildings - Finance expense	-	(1,140)	(1,140)
Total exceptional items	-	(1,140)	(1,140)
Foreign exchange differences arising on Tricoya® cash held - Operating costs	2	(22)	24
Foreign exchange differences arising on Loan Notes - incl. in Finance expense	612	246	(389)
Foreign exchange differences on Tricoya® cash held - Other comprehensive income	(113)	(267)	(132)
Revaluation of FX forwards used for cash-flow hedging - Other comprehensive income	(187)	-	143
Total other adjustments	314	(43)	(354)
Tax on exceptional items and other adjustments	-	-	-
Total exceptional items and other adjustments	314	(1,183)	(1,494)

Exceptional Items

An exceptional finance charge of €1.1m was recognised in the prior year as an exceptional finance expense in respect of the acquisition of the land and buildings in Arnhem from Bruil. The non-cash charge reflects the difference between the assets held under the finance lease and the finance lease liability which was terminated at the point the acquisition was completed.

Other Adjustments

Foreign exchange differences in the Tricoya® segment have occurred due to pounds sterling held within the consortium for the ongoing Hull plant build. The Group has mitigated this currency exchange risk by adopting hedge accounting in respect of the Tricoya® plant construction under IFRS 9, Financial Instruments. The effective portion of the foreign exchange movement is recognised in other comprehensive income, with the ineffective portion recognised in Operating costs.

Foreign exchange differences also arise on the pounds sterling denominated loan notes, entered into in a prior period. These exchange rate differences are included as finance expenses.

5. Loss per share

	Unaudited 6 months ended 30 Sept 2019	**Unaudited 6 months ended 30 Sept 2019**	Unaudited 6 months ended 30 Sept 2018	**Unaudited 6 months ended 30 Sept 2018**	Audited Year ended 31 March 2019	**Audited Year ended 31 March 2019**
	Underlying	**Total**	Underlying	**Total**	Underlying	**Total**
Weighted average number of Ordinary shares in issue ('000)	117,988	117,988	114,745	114,745	116,343	116,343
Loss for the period attributable to owners of Accsys Technologies PLC (€'000)	(1,690)	(1,007)	(3,024)	(3,719)	(4,391)	(5,896)
Basic and diluted loss per share	€ (0.01)	€ (0.01)	€ (0.03)	€ (0.03)	€ (0.04)	€ (0.05)

Basic and diluted losses per share are based upon the same figures. Share options are considered anti-dilutive as these would decrease the loss per share.

6. Tricoya Technologies Limited

Tricoya Technologies Limited ("TTL") was incorporated in order to develop and exploit the Group's Tricoya® technology for use within the worldwide panel products market, which is estimated to be worth more than €60 billion annually.

On 29 March 2017 the Group announced the entry into and successful completion of its agreements for the financing, construction and operation of the world's first Tricoya® wood elements acetylation plant in Hull with its TTL consortium investors, being BP, MEDITE, BGF and Volantis.

The Hull plant will have an targeted production capacity of 30,000 tonnes per annum (sufficient to manufacture 40,000 cubic metres of panels) and scope to expand.

Structurally, Accsys, BP Ventures, MEDITE, BGF and Volantis have invested into TTL in 2017. TTL has then invested, alongside BP Chemicals and MEDITE, in Tricoya® Ventures UK Limited ("TVUK"), a special purpose subsidiary of TTL that will construct, own and operate the Hull Plant.

BP have invested €21.2 million in the Tricoya® Project, including €14.6 million as equity in TVUK by BP Chemicals and €6.6 million as equity in TTL by BP Ventures. All funding was received by 31 March 2019, with €0.9m being received in the year ended 31 March 2019.

MEDITE have invested €11.0 million in the Tricoya® Project, including €7.0 million as equity in TTL and €4.0 million as equity in TVUK. All funding was received by 31 March 2019.

In the period to 30 September 2019, the Group increased its shareholding from 76.0% to 76.1% from the issue of 252,464 shares (in the year ended 31 March 2019, the Group increased its shareholding from 75.1% to 76.0% from the issue of 1,320,970 shares) as a result of its continued supply of lower priced Accoya® to MEDITE, to enable continued market development ahead of the completion of the Hull Plant.

In the year ended 31 March 2017, BGF and Volantis invested an aggregate of £19.0 million as financial investors into both the Group and TTL. BGF and Volantis invested on similar terms but are investing separately, with BGF accounting for 65% of the £19.0 million total.

In the year ended 31 March 2017, TVUK entered a six-year €17.2 million (€14.6 million net) finance facility agreement with The Royal Bank of Scotland PLC in respect of the construction and operation of the Hull Plant. As at 30 September 2019 the Group have utilised €5.8m (2018: €0.5m) of the facility.

The Group has consolidated the results of TTL and TVUK as subsidiaries, as it exercises the power to govern the entities in accordance with IFRS 10. The non-controlling interests in both entities have been recognised in these Group financial statements.

The "TTL Group" income statement and balance sheet, consisting of TTL and its subsidiary TVUK, are set out below:

TTL Group income statement:

	Consolidated Unaudited 6 months ended 30 Sept 2019 €'000	**Consolidated Unaudited 6 months ended 30 Sept 2018 €'000**	**Consolidated Audited Year ended 31 March 2019 €'000**
Tricoya® panel revenue	58	470	634
Licence revenue	280	4	571
Other income	-	10	40
Total revenue	338	484	1,245
Cost of Sales Tricoya® panel	(61)	(388)	(590)
Gross profit	277	96	655
Costs:			
Staff costs	(983)	(924)	(1,959)
Research & development (excluding staff costs)	(16)	(107)	(204)
Intellectual Property	(98)	(163)	(210)
Sales & marketing	(275)	(234)	(354)
Exceptional items and other adjustments	(113)	(288)	(132)
Depreciation & Amortisation	(210)	(107)	(242)
EBIT	(1,418)	(1,727)	(2,446)
EBIT attributable to Accsys shareholders	(768)	(1,035)	(1,439)

TTL Group balance sheet at 30 September 2019:

	Unaudited 6 months ended 30 Sept 2019 €'000	Unaudited 6 months ended 30 Sept 2018 €'000	Audited Year ended 31 March 2019 €'000
Non-current assets			
Intangible assets	3,970	3,469	3,773
Property, Plant and Equipment	51,632	36,639	46,176
Right of use assets	862	-	-
	56,464	40,108	49,949
Current assets			
Trade and other receivables	946	1,818	2,256
Cash and cash equivalents	2,268	20,967	6,890
FX Derivative Asset	21	-	143
	3,235	22,785	9,289
Current liabilities			
Trade and other payables	(6,933)	(14,590)	(7,777)
Obligation under lease liability	(70)	-	-
Intercompany balance non TTL/TVUK	(573)	(562)	(581)
	(7,576)	(15,152)	(8,358)
Non-current liabilities			
Long term borrowing	(5,514)	(506)	(3,316)
Obligation under lease liability	(778)	-	-
	(6,292)	(506)	(3,316)
Net current assets	(4,341)	7,633	931
Net assets	45,831	47,235	47,564
Value attributable to Accsys Technologies	16,358	17,613	17,441
Value attributable to Non-controlling interest	29,473	29,622	30,123

7. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2018	6,338	73,292	4,231	83,861
Additions	202	-	-	202
At 30 September 2018	6,540	73,292	4,231	84,063
Additions	256	290	-	546
At 31 March 2019	6,796	73,582	4,231	84,609
Additions	209	166	-	375
At 30 September 2019	7,005	73,748	4,231	84,984
Accumulated amortisation				
At 31 March 2018	1,470	71,738	-	73,208
Amortisation	159	138	-	297
At 30 September 2018	1,629	71,876	-	73,505
Amortisation	167	147	-	314
At 31 March 2019	1,796	72,023	-	73,819
Amortisation	171	153	-	324
At 30 September 2019	1,967	72,176	-	74,143
Net book value				
At 31 March 2018	4,868	1,554	4,231	10,653
At 30 September 2018	4,911	1,416	4,231	10,558
At 31 March 2019	5,000	1,559	4,231	10,790
At 30 September 2019	5,038	1,572	4,231	10,841

8. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2018	12,078	68,860	1,476	82,414
Additions	17,979	27,964	1,455	47,398
Termination of finance lease	(12,099)	(4,742)	-	(16,841)
Foreign currency translation gain	-	-	8	8
At 30 September 2018	17,958	92,082	2,939	112,979
Additions	18	13,526	86	13,630
Foreign currency translation gain	-	-	4	4
At 31 March 2019	17,976	105,608	3,029	126,613
Adjustment for IFRS 16 implementation	-	(1,932)	(344)	(2,276)
Adjusted opening balance at 01 April 2019	17,976	103,676	2,685	124,337
Additions	-	6,480	265	6,745
Foreign currency translation gain	-	-	4	4
At 30 September 2019	17,976	110,156	2,954	131,086
Depreciation				
At 31 March 2018	933	19,455	1,191	21,579
Charge for the period	120	1,111	111	1,342
Termination of finance lease	(953)	(2,651)	-	(3,604)
Foreign currency translation gain	-	-	8	8
At 30 September 2018	100	17,915	1,310	19,325
Charge for the period	179	1,695	138	2,012
Foreign currency translation gain	-	-	4	4
At 31 March 2019	279	19,610	1,452	21,341
Adjustment for IFRS 16 implementation	-	(201)	(208)	(409)
Adjusted opening balance at 01 April 2019	279	19,409	1,244	20,932
Charge for the period	179	1,702	104	1,985
Foreign currency translation gain	-	-	4	4
At 30 September 2019	458	21,111	1,352	22,921
Net book value				
At 31 March 2018	11,145	49,405	285	60,835
At 30 September 2018	17,858	74,167	1,629	93,654
At 31 March 2019	17,697	85,998	1,577	105,272
At 30 September 2019	17,518	89,045	1,602	108,165

Assets adjusted due to the implementation of the IFRS 16 standard are explained further in note 11. These relate to assets with an initial cost at 1 April 2019 of €2,276,000 and a net book value of €1,867,000 which were previously accounted for as a finance lease.

During the prior period, the previously leased land and buildings in Arnhem were purchased from the landlord resulting in the finance lease, and related operating lease being terminated. The net impact of the above transaction was to increase fixed assets by €9.8m with net debt increasing by €10.9m.

In addition, plant and machinery assets with a net book value of €52,623,000 are held as assets under construction and are not depreciated, relating to the Hull Plant (31 March 2019: €47,136,000 relating to the Hull Plant).

9. Share capital

In the period ended 30 September 2018:

On 18 July 2018, 6,231,070 ordinary shares were issued to VP Participaties BV, the investment company of the Van Puijenbroek family, at a price of €0.92 per share. Proceeds of €5,704,000 were received net of expenses of €28,000.

173,915 shares were issued on 25 June 2018 to an Employee Benefit Trust ('EBT') at nominal value.

In addition, of the Ordinary Shares which had been issued to the EBT in the previous year, 295,874 Ordinary Shares vested on 01 July 2018. Of these beneficiaries elected to sell 128,213 Ordinary Shares in the market, with sale date of 02 August 2018.

In the period ended 31 March 2019:

70,175 shares were issued on 18 February 2019 for the benefit of an employee following the exercise of nil cost options, granted in 2013 under the Company's 2013 Long Term Incentive Plan ("LTIP").

In the period ended 30 September 2019:

Of the Ordinary Shares which had been issued to the EBT in the previous year, 145,918 Ordinary Shares vested on 01 July 2019. Of these beneficiaries elected to sell 106,448 Ordinary Shares in the market, with sale date of 31 July 2019.

10. Other Reserves

	Capital redemp-tion reserve	Merger reserve	Hedging Effective-ness reserve	Other reserve	Total Other reserves
	€000	€000	€000	€000	€000
Balance at 30 September 2018	148	106,707	39	2,264	109,158
Issue of subsidiary shares to non-controlling interests	-	-	-	85	85
Total Comprehensive income for the period	-	-	278	-	278
Balance at 31 March 2019	148	106,707	317	2,349	109,521
Total Comprehensive (expense) for the period	-	-	(300)	-	(300)
Balance at 30 September 2019	148	106,707	17	2,349	109,221

The closing balance of the capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares in a previous period.

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

The hedging effectiveness reserve reflects the total accounted for under IFRS 9 in relation to the Tricoya® segment (note 1).

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests net with the carrying amount of non-controlling interests issued.

11. Change in accounting policies

This note explains the effect of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019. The Group has adopted IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for the reporting period ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

a) Adjustments recognised on adoption of IFRS 16:

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's banking borrowing rate as at 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.7%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	Unaudited 6 months ended 30 Sept 2019 €'000
Operating lease commitments disclosed as at 31 March 2019	2,570
Discounted using the lessee's incremental borrowing rate at the date of initial application	2,156
Add: finance lease liabilities recognised as at 31 March 2019	2,021
(Less): short term leases recognised on a straight-line basis as an expense	-
(Less): low value leases recognised on a straight-line basis as an expense	(1)
(Less): contracts reassessed as service agreements	(64)
Add: adjustments as a result of a different treatment of extension and termination options	156
Lease liability recognised as at 01 April 2019	4,268
of which are:	
Current lease liabilities	684
Non-current lease liabilities	3,584
	4,268

Right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

The recognised right of use assets relate to the following types of assets:

	At 30 Sept 2019 €'000	**At 01 April 2019 €'000**
Properties	3,765	2,987
Equipment	788	1,072
Motor vehicles	72	4
Total right of use assets:	4,625	4,063

The change in accounting policy affected the following items in the Consolidated statement of financial position on 1 April 2019:

Property, plant and equipment –	decreased by €1,867,000
Right of use assets –	increased by €4,063,000
Prepayments –	decreased by €148,000
Accruals –	decreased by €123,000
Lease liabilities –	increased by €2,247,000.

The net impact on retained earnings on 1 April 2019 was a decrease of €76,000.

The change in accounting policy affected the following items in the Statement of Comprehensive income in the period ended 30 September 2019:

Cost of sales –	decreased by €114,000
Other operating costs –	decreased by €324,000
Depreciation –	increased by €480,000
Finance expense –	increased by €53,000

a (i) Impact on segment disclosures:

Segment assets and segment liabilities at 30 September 2019 increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments are affected by the change in policy:

	Adjusted EBITDA	**Segment Assets**	**Segment Liabilities**
	€'000	**€'000**	**€'000**
Accoya®	146	820	959
Tricoya®	41	845	849
Corporate	178	999	1,005
R&D	73	63	72
	438	2,727	2,885

a (ii) Practical expedients applied:

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

(b) The Group's leasing activities and how these are accounted for:

The Group leases various offices, land, equipment and cars. Rental contracts are typically made for fixed periods of 1-10 years, although, if appropriate, a longer term may be entered into. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit and loss statement on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items of office furniture and equipment.

12. Commitments under loan agreements

	Unaudited 6 months ended 30 Sept 2019	**Unaudited 6 months ended 30 Sept 2018**	**Audited Year ended 31 March 2019**
Amounts payable under loan agreements:			
Within one year	7,736	6,735	7,485
In the second to fifth years inclusive	60,010	47,581	60,366
In greater than five years	1,901	12,872	2,713
Less future finance charges	(12,060)	(13,041)	(13,655)
	57,587	54,147	56,909

The increase in total borrowings in the period since 31 March 2019 of €0.7m consisted of a drawdown of €2.0m on the Tricoya® facility, €0.2m drawdown on our working capital facility and €1.6m of accrued finance charges, offset by loan and interest repayments of €2.7m, and €0.6m foreign exchange gain arising on the loan notes with BGF & Volantis.

Facilities relating to purchase of Arnhem land and buildings:

On 1 August 2018 the Group entered into a package of facilities to fully finance the purchase of the land and buildings in Arnhem. The partially amortising package of loans includes the following:

- €14.0m loan with ABN Amro Bank. The loan is partially repayable over a five year term with a final payment of €9.25m. Interest is fixed at 3% and the loan is secured on the land and buildings.
- €5.0m lease loan with ABN Asset Based Finance is repayable over a five year term with an implied interest rate of approximately 3%. The loan is secured on the first two Accoya® reactors.
- €4.0m loan with Bruil, the seller and previous landlord. The balance is repayable from July 2021 to July 2023 with interest fixed at 5%. The loan is unsecured.

Loan Notes:

On 29 March 2017 the Group issued £16.3 million (€18.4 million) of unsecured fixed rate loan notes, due 2021. £10.5 million of Loan Notes in principal were issued to Business Growth Fund ('BGF'), with £5.8 million in principal issued to Volantis. The BGF loan notes are subject to a 7% fixed interest rate for the duration of their term and the Volantis loan notes are subject to a 7% fixed interest rate until 31 December 2018, with the interest rate fixed at 9% thereafter. Interest is rolled up until 31 December 2018 on both loans, with further roll up of interest on the Volantis loan until six-monthly redemption payments of both loans commence on 31 December 2021 and end on 30 June 2023.

BGF is an investment company that provides long-term equity funding to growing UK companies to enable them to execute their strategic plans. Volantis is a global asset management firm specialising in alternative investment strategies and is owned by Lombard Odier.

Cerdia Production Facility:

The €9.5 million term loan facility with Cerdia Production GmBH was used to design, procure and build the third reactor of the Arnhem Plant. This facility is secured against the third reactor of the Arnhem chemical plant and associated assets and is subject to interest at 7.5% per annum. At 30 September 2019, the Group had €9.0m (31 March 2019: €9.7m) borrowed under this facility. Quarterly repayments of the loan commenced on 21 December 2018 and continue until November 2025.

Tricoya® facility:

On 29 March 2017 the Company's subsidiary, Tricoya Ventures UK Limited entered into a six-year €17.2 million (€14.6 million net) finance facility agreement with the Royal Bank of Scotland PLC in respect of the construction and operation of the Hull Plant. The facility is secured by fixed and floating charges over all assets of Tricoya Ventures UK Limited. At 30 September 2019, the Group had €5.8m (31 March 2019: €3.6m) borrowed under the facility. One drawdown of the loan was undertaken in the period, totalling €2.0m. The facility is to be drawn down as required, and facility repayments will commence 12 months after practical completion of the Hull Plant. Interest will accrue at Euribor plus a margin, with the margin ranging from 325 to 475 basis points.

Trade receivable and inventory facilities:

Working capital facility
The facility is a €6.0m credit facility with ABN Commercial Finance secured upon the receivables and inventory of the Accoya® manufacturing business committed for a period of 5 years. At 30 September 2019, the Group had used €2.0m (31 March 2019: €1.8m) of this facility.

Bank guarantee facility
The €1.5m bank guarantee facility is held with ABN AMRO Bank N.V. enabling the Group to issue bank guarantees in order to support the working capital and other operational commitments of the Group.

Both facilities are subject to interest at 2% above the ABN AMRO base rate.

Reconciliation to net (debt)/cash:

	Unaudited 6 months ended 30 Sept 2019	**Unaudited 6 months ended 30 Sept 2018**	**Audited Year ended 31 March 2019**
Cash and cash equivalents	3,301	22,003	8,857
Less:			
Amounts payable under loan agreements	(57,587)	(54,147)	(56,909)
Amounts payable under lease liabilities	(5,000)	(2,096)	(2,021)
Net (debt)/cash	(59,286)	(34,240)	(50,073)

13. Transactions with non-controlling interests

In the year ended 31 March 2019:

On 4 June 2018, TTL issued 339,940 shares to Titan Wood Limited. On 20 September 2018, TTL issued 289,140 shares to Titan Wood Limited. On 22 March 2019, TTL issued 691,890 shares to Titan Wood Limited. As a result the non-controlling interests' shareholdings were amended to:

BP Ventures (8.5%), MEDITE (11.5%), BGF (2.6%), Volantis (1.5%)

On 27 December 2018, TVUK issued Ordinary shares to non-controlling interests for consideration of €0.90 million. As a result the non-controlling interests' shareholdings were amended to:

BP Chemicals (31.3%, MEDITE 8.0%)

The total carrying amount of the non-controlling interests in TTL and TVUK at 31 March 2019 was €30.12 million (2018: €30.31 million).

In the period ended 30 September 2019:

On 25 May 2019, TTL issued 252,464 shares to Titan Wood Limited. As a result the non-controlling interests' shareholdings were amended to:

BP Ventures (8.4%), MEDITE (11.4%), BGF (2.6%), Volantis (1.4%)

Transactions with non-controlling interests	**Unaudited 6 months ended 30 Sept 2019 €'000**	**Unaudited 6 months ended 30 Sept 2018 €'000**	**Audited Year ended 31 March 2019 €'000**
Opening balance	2,925	2,840	2,840
Carrying amount of non-controlling interests issued	-	-	(815)
Consideration paid by non-controlling interests	-	-	900
Excess of consideration paid recognised in Group's equity	2,925	2,840	2,925

Report on the consolidated interim financial statements

Our conclusion

We have reviewed Accsys Technologies PLC's consolidated interim financial statements (the "interim financial statements") in the interim results of Accsys Technologies PLC for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern. The Group is reliant on additional funding in order to continue the construction of the Hull plant over the next 12 months. The Hull plant is a material asset of the Group and a key element of the Group's growth strategy. As such, the Group is in the process of an equity raise of gross proceeds of approximately €46.3 million through an underwritten Firm Placing and Placing and Open Offer. The funding is contingent on both the new shares being subscribed for and/or fully underwritten and shareholders voting for the issue of the new shares. If the Group's shareholders do not approve the resolutions, or if the issue has not otherwise taken place in December 2019, or if the gross aggregate proceeds of the issue are less than expected, the Group may be unable to complete the construction of the Hull plant and may be unable to meet its liabilities as they fall due unless alternative financing arrangements are obtained.

These conditions, along with the other matters explained in note 1 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

1. the Consolidated interim statement of financial position as at 30 September 2019;
2. the Consolidated interim statement of comprehensive income for the period then ended;
3. the Consolidated interim statement of cash flow for the period then ended;
4. the Consolidated interim statement of changes in equity for the period then ended; and
5. the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
28 November 2019

a) The maintenance and integrity of the Accsys Technologies PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.