Regulatory Announcement

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

Highlights

- Revenue of €17.9 million (2007: €3.8 million) and a pre-tax profit of €0.24 million (2007: loss of €5.0 million) in the period
- Dividend of €1.55 million (€0.01 per share) paid in respect of the year ended 31 March 2008
- Net cash position of €30 million with no existing debt at 30 September 2008
- Accoya® wood sales volumes produced at the Group's production facility in Arnhem, increased by 200% compared to the same period last year
- Diamond Wood China Limited extended its exclusivity in China with a licence option for an additional 250,000m^3
- Accsys selected to join the elite Cleantech Index
- Accsys named in the World's Top 20 Sustainable Stocks

Post period Highlights

- Distribution agreement with UCS Forest Products, in Canada and the United States of America.
- Agreement with PEG Resources to develop licensing infrastructure on the African continent.

Willy Paterson-Brown, Executive Chairman of Accsys, commented, "Accsys continues to make positive progress despite the very challenging conditions in the marketplace. I am pleased to note that the results for the first half of the year are broadly in line with the Directors' expectations."

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Introduction

The period covered by this report has seen good progress for your Company. The focus has been on increasing sales of Accoya® wood produced in our Arnhem facility; working with Diamond Wood China Limited ("Diamond Wood") and Al Rajhi Holdings WLL ("Al Rajhi") on the detailed planning and design phases for each of their production facilities and on progressing discussions with potential licensees.

Accoya® Wood

The volume of sales of Accoya® wood produced at our Arnhem facility increased by 200% compared to the same period last year on the back of expansion into additional territories. Our first shipments of Accoya® were made to China during the period as Diamond Wood builds up its resources to develop the Accoya® brand in China.

We have also started to ship product to North America and recently announced a distribution agreement with UCS Forest Products ("UCS") which will allow us to introduce Accoya® extensively in Canada and the United States of America. UCS is one of North America's premier speciality wood products distributors servicing an estimated $35 billion market and this relationship will allow us to help establish Accoya® in one of our biggest target markets.

Considerable time and resource has been devoted to the testing of additional wood species for potential licensees, and all staff at our Arnhem facility have been working hard not only to produce Accoya® wood and explore the acetylation potential of new wood species but also to welcome, train, and demonstrate our technologies' capabilities to existing and potential licensees. This means that the Arnhem facility does not always operate at optimal performance levels, something we continue to emphasise, as it is primarily a demonstration facility. Our focus is on building a strong brand in the form of Accoya® wood and licensing our technology for production around the world.

We continue to see Accoya® wood being well received wherever it is presented. However we do also see that the general market sectors associated with our products are subject to challenging conditions, particularly in Europe. We hope that, by spreading our geographical influence across the world, we will be able to mitigate some of the effect of such market sensitivities.

Progress with licensing activity

During the period covered by this report, a significant amount of effort has been devoted to supporting our two licensees, Diamond Wood and Al Rajhi, in China and the Middle East respectively, through the detailed planning and design phases for each of their facilities.

The China facility has now received local approvals and consents and Diamond Wood expects to commission its first plant in the first half of 2010. During the period under review, Diamond Wood also acquired an option for an additional 250,000m^3 (which takes their agreements and options to 750,000m^3 in total) and extended its exclusivity for the Chinese market to 2015 and potentially beyond.

We are actively discussing a number of further licensing opportunities in various countries and regions. We announced our distribution agreement with UCS and are in active discussions with them regarding licensing rights. North American licensing is one of our priorities and we continue to put significant efforts behind working closely with a number of potential partners.

More recently we announced our agreement with PEG Re Resources SA ("PEG"), in respect of the rights to develop a licensing infrastructure to manufacture Accoya® wood in the African continent. The importance of PEG's experience with civil engineering projects and their close governmental relationships since 1965 not only gives a significant endorsement to Accoya® wood and our technology but should allow us to accelerate the ability to penetrate significant sized new markets.

We currently have licence agreements in place for 650,000m^3, licence options for 350,000m^3 and are in discussions in several countries, and on every continent, for licence agreements that we believe will lead to total licence agreement potential of approximately 4 million m^3 within a two year period. All of our licence deals agreed and being discussed are based on both licence fees and royalties.

Environmental Credentials Endorsed

During the period under review we were selected by the Cleantech Group to join its prestigious Cleantech Index. This index, which comprises 75 publicly traded companies, offers investors an effective way to track and invest in the leading companies from sectors including advanced materials, agriculture, manufacturing, renewable and water.

We were also included in the Sustainable Business 20 (SB20) list of the World's top sustainable stocks, where we were listed as the World's sixth most sustainable business.

These were further endorsements of the enormous global potential for our high performance Accoya® wood technology, and recognition that the sustainability focussed investment community has Accsys in their sights, something that we believe will pay healthy dividends as and when the financial markets start to recover.

Continuing to build our resources

We have continued to increase our team of skilled people, with staff numbers increasing from 75 at 31 March 2008 to 117 at 30 September 2008. This is slightly higher than originally anticipated at this point in time primarily due to increased demand for our business and expectations of support for existing and future licensees. In particular, we have increased our technical and engineering resources to further develop our solid wood technology, to accelerate the development of our fibreboard technology and to support licensees during the design and build phases for their facilities.

We are particularly pleased with the steps we have taken to progress our fibreboard, panel products division, which gives us a whole new market on which to focus with additional products. We set ourselves very high targets and consider that we are well ahead of our own expectations in terms of the speed of development of this division. Our indications are that the panel products (fibreboard, MDF, OSB, chip board) business opportunity on a global basis has the potential to match volumes achieved in the solid wood market and as of today we do not believe this value has been considered by analysts in valuing our business in the public markets.

Results and Liquidity

Results for the six months ended 30 September 2008 show revenue of €17.9 million (€2007: €3.8 million) and a pre-tax profit of €0.24 million (2007: loss of €5.0 million).

Revenue comprises sales of Accoya® wood produced at our Arnhem facility, and technology fees and option fees from licensees. Sales volumes of Accoya® have increased by 200% compared to the same period last year. Technology fees from the licences with Diamond Wood and Al Rajhi are being recognised over the course of each project based on an assessment of the level of work done.

At 30 September 2008, the group held cash balances of approximately €30 million and no debt. During the period there was a cash outflow of €16.7 million which included the dividend payment of €1.6 million, investment in the business and therefore additional capital expenditure on the Arnhem facility of €6.0 million and working capital and other movements of €9.1 million.

Dividends

The dividend in respect of the year ended 31 March 2008, of €0.01 per share, was approved and paid in August 2008. The directors will consider the recommendation of a dividend in respect of the current financial year at the time of the full year results.

Market Capitalisation

The Company has a current market capitalisation of approximately €210 million. Whilst 2008 has not been an easy year in the public markets, and the Company's share price has fallen by almost 60% since the 1 January 2008, it has performed in line or slightly better than the overall market index for its relevant listings on FTSE AIM 50 in London and NYSE Euronext Amsterdam. Although the shares have seen good liquidity, we believe that they also may have been subject to significant 'short selling' in the period, perhaps due to their better liquidity than other AIM stocks. The management is focussed on delivering results for the business and believe that in doing so the share price should take care of itself. It is therefore the positive business developments on which we maintain our focus.

Principal risks and uncertainties

The principal risks and uncertainties set out in the Annual Report and Financial Statements for the year ended 31 March 2008 remain the same for the Interim financial statements and the remaining half year. Those risks and uncertainties comprise: economic and market conditions; regulatory, legislative and reputational risks; employees and intellectual property.

Summary

Accsys continues to make positive progress despite the very challenging conditions in the marketplace. Results for the first half of the year are broadly in line with the Directors' expectations. I would like to thank you for your continued support during these turbulent times, which, on some days seem challenging and others offer interesting opportunities. We remain excited by the prospects ahead both in the second half of the year and beyond, and look forward to being able to make additional announcements regarding our development and partnerships.

Willy Paterson-Brown
Executive Chairman
8 December 2008

Accsys Technologies PLC

Consolidated income statement for the 6 months ended 30 September 2008

	Notes	**Unaudited 6 months ended 30 Sept 2008 €'000**	**Unaudited 6 months ended 30 Sept 2007 €'000**	**Audited Year ended 31 March 2008 €'000**
Revenue		17,867	3,841	27,328
Cost of Sales		(10,902)	(2,880)	(11,761)
Gross Profit		6,965	961	15,567
Administration expenses		(7,420)	(6,088)	(11,450)
Profit / (Loss) from operations		(455)	(5,127)	4,117
Finance income		690	158	1,328
Profit / (Loss) before tax		235	(4,969)	5,445
Tax expense		(106)	-	(1,364)
Profit / (Loss) after taxation attributable to equity holders		129	(4,969)	4,081
Earnings / (Loss) per share Basic and diluted	3	€ 0.00	€ (0.03)	€ 0.03

All amounts relate to continuing activities

The notes set out on pages 9 to 13 form part of these interim financial statements

Accsys Technologies PLC

Consolidated balance sheet at 30 September 2008

	Unaudited 6 months ended 30 Sept 2008 €'000	Unaudited 6 months ended 30 Sept 2007 €'000	Audited Year ended 31 March 2008 €'000
NET ASSETS			
Non-current assets			
Intangible assets	7,984	8,248	8,116
Property, plant and equipment	27,226	22,146	27,169
Available for sale investments	6,000	-	6,000
	41,210	30,394	41,285
Current assets			
Inventories	6,838	2,089	4,932
Trade and other receivables	46,938	1,242	5,100
Cash and cash equivalents	29,580	58,966	46,239
	83,356	62,297	56,271
Current liabilities			
Deferred income	(17,925)	(8,000)	-
Trade and other payables	(18,639)	(7,133)	(8,731)
Corporation tax	(1,470)	-	(1,364)
	(38,034)	(15,133)	(10,095)
Net current assets	45,322	47,164	46,176
Total net assets	86,532	77,558	87,461
EQUITY			
Equity and reserves			
Share capital - Ordinary shares	1,556	1,552	1,553
Share capital - Deferred shares	-	148	148
Capital redemption reserve	148	-	-
Share premium account	78,191	78,020	78,076
Other reserves	106,707	106,707	106,707
Retained earnings	(100,070)	(108,869)	(99,023)
Equity attributable to equity	86,532	77,558	87,461

The notes set out on pages 9 to 13 form part of these interim financial statements

Accsys Technologies PLC

Consolidated statement of changes in equity for the 6 months ended 30 September 2008

	Share capital €000	Share premium €000	Capital Redemption Reserves €000	Other Reserves €000	Retained Earnings €000	Total €000
Balance at 1 April 2007	1,554	35,689	-	106,707	(104,241)	39,709
Loss and total recognised income and expense for the period	-	-	-	-	(4,969)	(4,969)
Share based payments	-	-	-	-	341	341
Shares issued in the period	131	-	-	-	-	131
Share options exercised	15	-	-	-	-	15
Premium on shares issued	-	43,095	-	-	-	43,095
Share issue costs	-	(764)	-	-	-	(764)
Balance at 30 September 2007	1,700	78,020	-	106,707	108,869)	77,558
Balance at 1 April 2007	1,554	35,689	-	106,707	(104,241)	39,709
Profit and total recognised income and expense for the period	-	-	-	-	4,081	4,081
Share based payments	-	-	-	-	1,137	1,137
Shares issued in the period	131	-	-	-	-	131
Share options exercised	16	-	-	-	-	16
Premium on shares issued	-	43,152	-	-	-	43,152
Share issue costs	-	(765)	-	-	-	(765)
Balance at 31 March 2008	1,701	78,076	-	106,707	(99,023)	87,461
Profit and total recognised income and expense for the period	-	-	-	-	129	129
Share based payments	-	-	-	-	380	380
Share options exercised	3	-	-	-	-	3
Premium on shares issued	-	115	-	-	-	115
Buyback of deferred shares	(148)	-	148	-	(3)	(3)
Dividend paid	-	-	-	-	(1,553)	(1,553)
Balance at 30 September 2008	1,556	78,191	148	106,707	(100,070)	86,532

The notes set out on pages 9 to 13 form part of these interim financial statements

Accsys Technologies PLC

Consolidated cash flow statement for the 6 months ended 30 September 2008

	Unaudited 6 months ended 30 Sept 2008 €'000	Unaudited 6 months ended 30 Sept 2007 €'000	Audited Year ended 31 March 2008 €'000
Cash flows from operating activities			
Profit / (Loss) for the period	129	(4,969)	5,445
Adjustments for:			
Amortisation of intangible assets	132	132	264
Depreciation of property, plant and equipment	728	714	1,447
Finance income	(690)	(158)	(1,328)
Equity-settled share-based payment expenses	380	342	1,137
Cash flows from operating activities before changes in working capital	679	(3,939)	6,965
(Increase)/decrease in trade and other receivables	(41,838)	(157)	(4,015)
Increase in deferred income	17,925	8,000	-
(Increase) in inventories	(1,906)	(1,179)	(4,022)
Increase in trade and other payables	15,275	4,031	369
Cash (absorbed by)/generated from operating activities	(9,865)	6,756	(703)
Cash flows from investing activities			
Interest received	690	158	1,328
Purchase of available for sale investments	-	-	(6,000)
Purchase of property, plant and equipment	(6,046)	(1,249)	(1,745)
Net cash from investing activities	(5,356)	(1,091)	(6,417)
Cash flows from financing activities			
Dividends paid	(1,553)	-	-
Proceeds from issue of share capital	115	43,241	43,299
Share issue costs	-	(765)	(765)
Net cash from financing activities	(1,438)	42,476	42,534
Net (decrease)/increase in cash and cash equivalents	(16,659)	48,141	35,414
Net (decrease)/increase in cash and cash equivalents	(16,659)	48,141	35,414
Opening cash and cash equivalents	46,239	10,825	10,825
Closing cash and cash equivalents	29,580	58,966	46,239

The notes set out on pages 9 to 13 form part of these interim financial statements

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union.

The comparatives figures for the period to 31 March 2008 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include reference to any matter to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain statements under section 237(2) or (3) of the Companies Act 1985. The financial information in this document does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The financial information for the six months ended 30 September 2008 has been prepared using accounting policies expected to apply in the full financial statements for the year ended 31 March 2009, which are consistent with IFRS and endorsed for use in the European Union. These accounting policies are unchanged from the audited financial statements for the year ended 31 March 2008.

The interim financial statements for the period ended 30 September 2008 have been prepared in accordance with IAS34 "Interim Financial Reporting" as adopted by the European Union.

2. Segmental reporting

The Group operates in one business segment – the development and commercialisation of proprietary technology for the manufacture of Accoya® branded acetylated wood and related process technologies with potential applications in the wood and chemical industries. Accordingly, no segmental analysis is required for the primary segment.

The secondary segment analysis is presented on a geographical basis:

	Unaudited 6 months ended 30 Sept 2008 €'000	**Unaudited 6 months ended 30 Sept 2007 €'000**	**Audited Year ended 31 March 2008 €'000**
Europe	4,035	1,341	4,210
Asia	13,832	2,500	23,118
	17,867	3,841	27,328

Segment revenue is based on location of the customer. The segmental assets in the current period and the prior year were predominantly held in Europe. Additions to property, plant and equipment in the current period and the previous year were mostly incurred in Europe.

3. Earnings/(loss) per share

Basic earnings/(loss) per share	**6 months ended 30 Sept 2008 €'000**	**6 months ended 30 Sept 2007 €'000**	**Year ended 31 March 2008 €'000**
Weighted average number of Ordinary shares in issue ('000)	155,378	147,991	151,112
Earnings/(loss) for the year (€'000)	129	(4,969)	4,081
Basic earnings/(loss) per share	€ 0.00	€ (0.03)	€ 0.03
Diluted earnings/(loss) per share			
Weighted average number of Ordinary shares in issue ('000)	157,543	147,991	155,070
Earnings/(loss) for the year (€'000)	129	(4,969)	4,081
Diluted earnings/(loss) per share	€ 0.00	€ (0.03)	€ 0.03

4. Related party transactions

Mr William Paterson-Brown is a director of Khalidiya Investments SA. During the six months to 30 September 2008, the Group paid Khalidiya Investments SA €151,200 (September 2007: €251,643) in respect of directors services, €518,634 (September 2007: €95,055) in respect of travel expenses for a number of employees, and €149,100 (September 2007: €0) in respect of office costs related to Geneva. In addition, Mr William Paterson-Brown is a director of Zica SA. During the six months to 30 September 2008, the Group paid Zica SA €177,294 (September 2007: €140,242) in respect of office and related costs in Geneva and Dallas.

At the 30 September 2008 there were balances outstanding in respect of Khalidiya Investments SA of €114,135 (2007: €116,201) and Zica SA of €27,423 (2007 €67,466).

5. Property, plant and equipment

	Freehold land €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2007	1,279	28,130	153	29,562
Additions	225	998	27	1,250
At 30 September 2007	1,504	29,128	180	30,812
Additions	5,261	414	81	5,756
At 31 March 2008	6,765	29,542	261	36,568
Additions	-	686	99	785
At 30 September 2008	6,765	30,228	360	37,353
Depreciation				
At 31 March 2007	-	7,887	65	7,952
Charge for the period	-	676	38	714
At 30 September 2007	-	8,563	103	8,666
Charge for the period	-	683	50	733
At 31 March 2008	-	9,246	153	9,399
Charge for the period	-	672	56	728
At 30 September 2008	-	9,918	209	10,127
Net book value				
At 30 September 2007	1,504	20,565	77	22,146
At 31 March 2008	6,765	20,296	108	27,169
At 30 September 2008	6,765	20,310	151	27,226

INDEPENDENT REVIEW REPORT TO ACCSYS TECHNOLOGIES PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with the rules of both the London Stock Exchange for companies trading securities on the Alternative Investment Market and Euronext Amsterdam by NYSE Euronext.

BDO STOY HAYWARD LLP

Chartered Accountants

London, 8 December 2008

www.accsysplc.com www.titanwood.com www.accoya.info

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