www.accsysplc.com

ACCSYS TECHNOLOGIES PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2015

Accsys Technologies PLC ('Accsys' or the 'Company') is a chemical technology group focussed on the development and commercialisation of a range of transformational technologies based upon the acetylation of solid wood and wood elements (wood chips, fibres and particles) for use as class leading, environmentally sustainable, construction materials.

The primary focus is on the production, sale and licensing of Accoya® solid wood and the licensing of Tricoya® wood elements technology. Manufactured through the Company's proprietary acetylation wood modification process, these solid wood and wood element products exhibit superior dimensional stability, durability and other important benefits compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

Strategic Report

Corporate Governance

Financial Statements

Our Highlights 2015

Financial

- Accoya® wood revenue increased by 39% to €40.7m (2014: €29.3m), driven by a 32% increase in volumes
- Significant gross margin growth, up 400bps to 27%, due to the combined impact of increased Accoya® volumes, price increases and operating efficiencies
- Continued momentum towards EBITDA breakeven with EBITDA loss reduced to €0.4m in the second half and underlying EBITDA loss of €2.4m for the year (2014: €5.0m loss)
- Underlying loss before tax, excluding exceptional items, improved by 33% to €5.0m loss (2014: €7.5m loss)
- Significant improvement in Group cash-flow with an underlying cash out-flow of only €1.3m during the period (2014: €4.8m)

Operational

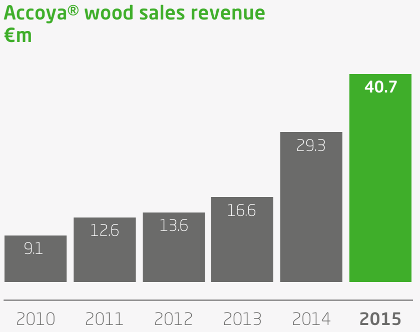
- Solvay progressing towards their first Accoya® plant in Freiburg, Germany; €2m prepaid in respect of conditional Accoya® Marketing Agreement with €0.7m recognised as revenue in the period
- MoU with large international chemical group to build and operate new Tricoya® plant
- Evolution of business model continues – Accsys moving beyond licensing model towards royalty and manufacturing based business

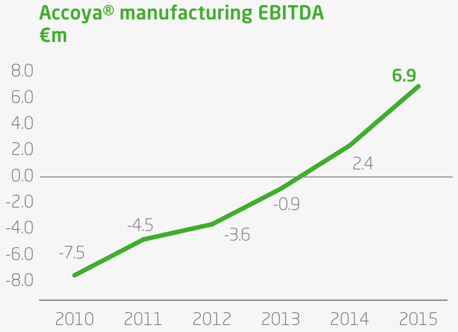
€40.7m
Revenue from Accoya® wood sales
2014: €29.3m +39%

€46.1m
Total revenue from all sources
2014: €33.5m +38%

€10.8m
Cash and cash equivalents
2014: €15.2m

Year ended	**31 March 2015**	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from Accoya® wood sales	**40,661**	29,293	16,555	13,574	12,567	9,136
Total revenue from all sources	**46,077**	33,512	18,822	15,002	13,700	16,723
Exceptional items	**(2,670)**	(726)	–	(2,281)	394	(35,458)
Manufacturing EBITDA	**6,935**	2,393	(900)	(3,616)	(4,478)	(7,515)
Underlying EBITDA (before exceptional items)	**(2,372)**	(5,017)	(8,374)	(10,387)	(11,592)	(13,748)
Loss after tax	**(8,260)**	(8,889)	(11,023)	(14,376)	(14,404)	(52,139)
Cash and cash equivalents at year-end	**10,786**	15,185	20,467	24,574	27,576	18,258





◀ Accoya® cladding, American School, the Netherlands
Front cover: Accoya® decking, joinery & structural – Fagel Cats, the Netherlands

Accsys at a Glance

Accsys' operations comprise three principal business units:

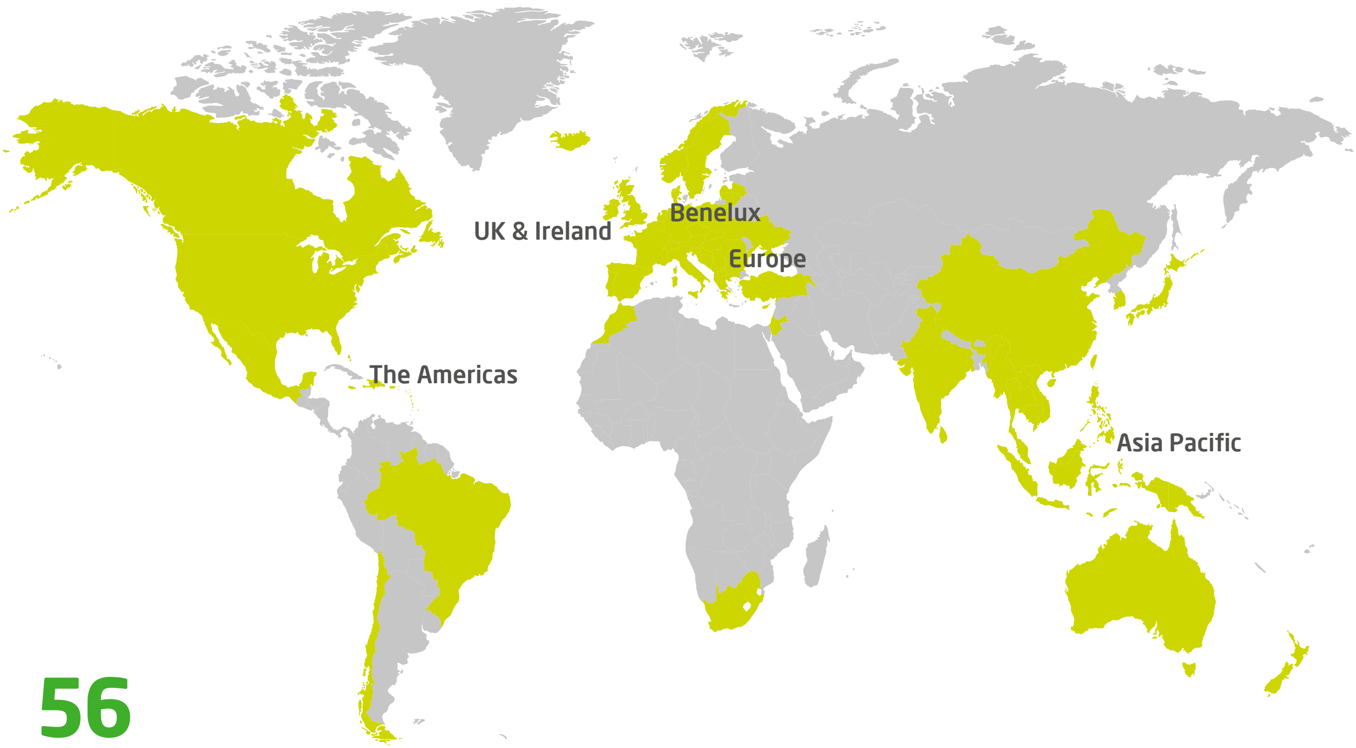
1. The commercial scale Accoya® wood production and sales facility in the Netherlands;
2. Accoya® and Tricoya® technology licensing; and
3. Technology and product development.

The Company's technologies and brands are internationally protected by strict confidentiality, granted patents, patent applications and trademarks. Many have been technically validated at full commercial production level and long term use, and others are in pilot-scale or are subject to independent validation by experts.

The Group aims to deliver significant financial and environmental benefits through:

- Reductions in unit production costs;
- Lower capital costs enabling commercial production at scales not hitherto possible, with additional capacity expected to be generated from our plant in The Netherlands and the exploitation of our technologies globally;
- Improvements in environmental outcomes (lower waste output, reduced energy consumption and faster cycle times); and
- The ability to produce innovative, high-performance products.

Accoya Distribution Network



56

Accoya distribution or agency agreements in place

Our products

OVERVIEW
Accoya® is the world's leading high technology long life wood. Created via acetylated wood modification, using sustainably grown timber, the Accoya® process creates a modified wood that matches or exceeds the durability, stability and beauty of the very best tropical hardwoods.

APPLICATIONS
Accoya® wood is ideal for windows, external doors, cladding, siding, decking and structural projects due to world class dimensional stability and class 1 durability.

OVERVIEW
Tricoya® acetylated wood elements (including chips, fibres and particles) is a revolution in modified wood fibre technology.

APPLICATIONS
The potential applications for Tricoya® are far ranging and will inspire creativity and discovery, particularly in environments where humidity and weather are usually concerns. Typical applications include: Façade cladding/siding and other secondary exterior applications, window components, door components and door skins and wet interiors, including wall linings.

KEY FEATURES

DIMENSIONALLY STABLE

OUTSTANDING DURABILITY

PERFECT FOR COATING

Accoya® wood is produced from sustainably sourced, fast growing wood and manufactured using Accsys' proprietary patented modification process from surface to core.

UV RESISTANT

NATURALLY INSULATING

EXCELLENT MACHINABILITY

INSECT BARRIER

CONSISTENT QUALITY THROUGHOUT

NATURALLY BEAUTIFUL WOOD

FROM SUSTAINABLE SOURCES

RETAINED STRENGTH & HARDNESS

NON-TOXIC & RECYCLABLE

Our technology
Accoya is based upon acetylated wood technology, a process that has been studied by scientists around the world for more than 80 years.

The physical properties of any material are determined by its chemical structure. Wood contains an abundance of chemical groups called "free hydroxyls" (represented as OH in the picture). Free hydroxyl groups adsorb and release water according to changes in the climatic conditions to which the wood is exposed. This is the main reason why wood swells and shrinks. It is also believed that the digestion of wood by enzymes initiates at the free hydroxyl sites – which is one of the principal reasons why wood is prone to decay.

Acetylation effectively changes the free hydroxyls within the wood into acetyl groups. This is done by reacting the wood with acetic anhydride, which comes from acetic acid (known as vinegar when in its dilute form). When the free hydroxyl group is transformed to an acetyl group, the ability of the wood to absorb water is greatly reduced, rendering the wood more dimensionally stable and, because it is no longer digestible, extremely durable.

Sustainable wood + Acetic anhydride > Acetylated wood + Acetic acid

Chairman's Statement

Introduction

I am pleased to report Accsys has delivered another encouraging year of progress with continued improvements in revenue and profitability whilst making significant steps towards fully leveraging our range of transformational technologies, building on the momentum we have generated to date and equipping the Group for the next phase of growth. We are making excellent headway in realising Accsys's substantial potential over the longer term and I am confident that the Group will be cash flow positive over the year ahead.

Financial summary

Total revenue for the year ended 31 March 2015 increased by 38% to €46.1m (2014: €33.5m). In the same period, Accoya® wood revenue increased by 39% to €40.7m (2014: €29.3m). Total revenue included €1.1m of income recorded in the second half of the year reflecting continued progress with our Accoya licensee, Solvay (2014: €1.1m) with €0.7m arising from the Global Marketing agreement signed in the year.

Gross profit margin for the Group improved from 23% to 27%, resulting from increased Accoya volumes, price increases and operating efficiencies. Other operating costs increased by 12.7% to €16.0m (2014: €14.2m) largely due to an increase in staff costs, including the impact of foreign exchange, and we recorded exceptional costs of €2.9m resulting from the arbitration process with Diamond Wood (2014: €0.7m).

The improved performance resulted in underlying EBITDA loss reducing by 52% to a €2.4m loss (2014: €5.0m loss). The ongoing improvement during the year, including the implementation of a price increase, enabled the EBITDA loss to reduce to €0.4m in the second half of the financial year.

The manufacturing facility generated a positive EBITDA of €6.9m, a 188% increase compared to last year (2014: €2.4m), continuing to illustrate the potential returns achievable when manufacturing at higher volume levels.

The cash balance of €10.8m at 31 March 2015 (2014: €15.2m) reflects a significant improvement in our cash flow. Excluding exceptional costs, the cash out flow of €1.3m is a 73% improvement compared to the prior year (2014: €4.8m).

Operational progress

Accoya wood sales volumes increased by 32% to 33,483m^3 (2014: 25,391m^3), reflecting further improvement in market acceptance and our ongoing investment in our brand and marketing activities. The demand has been met by the continued focus on increasing the efficiency and manufacturing capacity of our plant in Arnhem which is now in excess of 40,000m^3 per annum.

This increased output has been achieved without undermining the Group's health and safety record and our commitment to operational improvements remains a central focus going forward.

We continue to make progress in our objective of increasing the manufacturing capacity for our products in the longer term. In November 2014, our Accoya licensee Solvay, confirmed it was to proceed to the next stage of preparation of their plant in Freiburg, Germany, and has since completed the site clearance, appointed a EPCM contractor and placed orders for key equipment.

We have received €2m (non-refundable) resulting from the Accoya Marketing Agreement entered into with Solvay in December 2014 to help fund marketing activities focussing on North America. The continuation of this agreement remains conditional upon on Solvay and Accsys completing full agreements in respect of further global cooperation for which discussions are ongoing.

In March 2015, we made an important step towards the construction of the first Tricoya plant. We agreed a Memorandum of Understanding ('MoU') with a large international chemical group (the 'Chemical Group') under which it is envisaged that Accsys will lead the creation of a new consortium, including the Chemical Group, to fund, build and then operate the new plant, with production envisaged to commence in 2017. A detailed site feasibility review is examining whether the plant should be optimally located on one of the Chemical Group's sites and the terms of the MoU include funding, technical and other operational support in respect of the next stage of the project. We are now in detailed discussions with other parties, including the Chemical Group, which are expected to lead to the creation of the new consortium.

In March 2015 we also acquired the remaining 50% share in Tricoya Technologies Limited ('TTL') owned by Ineos, giving us 100% ownership and control until the new consortium structure is established. Sales of Medite Tricoya have continued to grow, with sales having increased by 73% compared to the year before.

We have recorded exceptional costs of €2.9m (2014: €0.7m) relating to the previously reported arbitration ruling concluded in the period in respect of the dispute with Diamond Wood. We have since recommenced our working relationship with Diamond Wood and we continue to believe that the China and South-East Asia region offers substantial opportunities for Accoya in the long term.

38%
Total revenue increase

52%
Improvement in underlying EBITDA loss

Board of Directors
We have completed a review of the composition of the Board following the death of Gordon Campbell in April 2014. Gordon had been instrumental in shaping Accsys and it is an honour to succeed him as Chairman. We subsequently increased the strength and diversity of the Board by appointing Sean Christie and Sue Farr in November 2014, bringing with them extensive corporate experience particularly in, respectively, the speciality chemicals and marketing industries.

Outlook
Our recent growth and progress with key third parties leaves us well positioned to take advantage of the substantial opportunity that exists for our products and technologies. I expect demand for Accoya wood to continue to grow, as has been evidenced in the start of the new financial year with positive trading against an improving market backdrop resulting in further sales growth.

We will make further improvements to our plant to help meet this challenge however ultimately the expected longer term demand for Accoya and Tricoya® can only be met by new manufacturing facilities and we are exploring all options in this respect. Solvay is making steady progress towards their first plant in Freiburg and I am encouraged by the steps we have taken recently in respect of the first Tricoya plant. We continue to consider additional opportunities and how best to participate in the returns we believe are achievable from manufacturing.

Patrick Shanley
Non-Executive Chairman
15 June 2015

▲ Accoya Decking in Brazil

Chief Executive's Report

Another record year for Accoya® sales

We had another strong year with Accoya® wood revenue of €40.7m representing a 39% increase (2014: €29.3m). We have focussed on developing our existing customers and geographies and I am pleased with the continued progress in most regions, with the UK increasing by 54%; 56% in Solvay's region and 59% in the Americas. However, trading in Benelux has remained disappointing with the construction and timber industries significantly impacted by poor economic conditions resulting in a number of bankruptcies which have impacted our customers in the year.

Sales are driven by many different end-use applications, however we believe focussing on the joinery sector, for windows and doors, and decking provides the business with the best prospect of further sales growth whilst simultaneously ensuring Accoya obtains wider recognition in the market place. We will therefore continue to expand our technical sales efforts in these areas which have proved so successful in the UK over the last two years, to other regions focussing initially on the USA and Benelux.

Accoya sold to Medite for the manufacture of Medite Tricoya® increased by 90% to €5.5m (2014: €2.9m). The margin for this material remains below that achieved for the majority of Accoya we sell, reflecting our investment in the Tricoya project and that the current manufacturing process is in place only until the first dedicated Tricoya plant is operational. We expect volumes sold to Medite to increase in the new financial year, but at a lower rate given potential capacity limitations in Arnhem.

We now have a total of 56 Accoya distributor, supply and agency agreements in place covering most of Europe, Australia, Canada, Chile, China, India, Israel, Mexico, Morocco, New Zealand, South Africa, parts of South-East Asia and the USA.

We implemented an approximate 5% price increase for our Accoya customers during the third quarter of the financial year which will continue to improve our margins on a comparable basis in the first half of the new financial year. We increased prices as a result of the overall state of the market, to help offset some increase in raw material prices but primarily due to our ambition to achieve overall profitability. We will continue to adjust our prices when the market allows and taking into account our goal for long term sales growth and other changes to our cost base.

Accoya manufacturing plant increases capacity and profitability

33,483m^3 of Accoya wood was sold in the year, a 32% increase compared to last year and a 149% increase compared to two years ago. The higher volumes resulted in improved economies of scale, which together with the price increases, helped the manufacturing gross margin improve from 20% to 25% and in turn, the manufacturing segment EBITDA to increase by 188% to €6.9m (2014: €2.4m). This improvement is despite a 33% increase in the proportion of the material sold to Medite, which achieved a lower margin.

The 34,156m^3 of Accoya produced in the year represents a 42% increase compared to last year and a 282% increase compared to three years ago. The improvement in volume was again achieved by improving our capacity and efficiency, and optimising our existing processes and equipment without the need of significant capital investment, and only a limited increase in headcount whilst simultaneously maintaining our quality control, and health and safety processes. For example, our production cycle time has reduced by approximately 30% over the last year which in turn has contributed to our actual capacity now being in excess of 40,000m^3 per annum.

We continue to believe the manufacturing plant provides an illustration of the possible returns which can be achieved when producing Accoya on a larger scale. We expect the economies of scale resulting from operating near full capacity, or those achievable from production at even greater volumes, to result in a gross manufacturing margin exceeding the 27% which was recorded in the second half of the financial year.

We will continue to implement additional improvements to optimise the process and increase the capacity of the plant. While such increases in the capacity of the existing two acetylation reactors in Arnhem are likely to be incremental we are exploring further options to increase production.

Case study

Designed by Camillo Botticini Architetto, Accoya® was selected to fulfil the owner's requirement for an eco-friendly property.

Accoya was used for the for cladding and was chosen because it is one of the most durable and stable products on the market.

While the design of the property was to be architecturally expressive and impactful, a building material such as Accoya offered an opportunity to build something which had little impact on the environment and would help it to blend in. Accoya works both by supporting the environmental objectives of the build, while also providing a strong, superior cladding which is able to withstand wet winters and hot summers with little maintenance compared to alternative products.

Solvay progressing with plant

Progress has been made with Solvay over the course of the financial year, following the Accoya wood licence agreement becoming fully effective in December 2013. The licence agreement grants Solvay exclusive rights for a minimum 15 years to produce and to sell Accoya within the Council of Europe (excluding UK, Ireland and Benelux) from an initial plant.

In November 2014 Solvay confirmed it was progressing to the next stage of the preparation of their Accoya plant and has since completed the clearance of the prospective Freiburg site, engaged a leading engineering, procurement and construction management contractor for the project and orders have been placed for key equipment.

In December 2014 we entered into a conditional Accoya Marketing Agreement under which Accsys is carrying out agreed targeted marketing activities outside of Europe. Solvay will fund the agreed activities which are initially focussing on North America and have made a non-refundable pre-payment of €2m with €0.7m of this having been recognised as revenue in the period. In addition Accsys is carrying out certain marketing activities on behalf of Solvay in Europe which includes work with major new manufacturers and retailers.

The continuation of the Accoya Marketing Agreement outside of the Council of Europe is conditional on Solvay and Accsys completing full agreements in respect of further global cooperation for which discussions are ongoing.

During the financial year, Accoya revenue in respect of the region under Solvay's licence has increased by 56%.

Tricoya project takes a major step forward

In March 2015 we made a number of key changes in respect of Tricoya Technologies Limited ('TTL') and the Tricoya project, central to which was the agreement of a Memorandum of Understanding ('MOU') with a large international chemical group (the 'Chemical Group') to replace our joint venture partner, Ineos.

The changes are expected to optimise our participation in the building and operation of the world's first Tricoya wood elements acetylation plant, including allowing Accsys to derive revenue from both licensing and manufacturing in the future.

Case study

Home to the 26th President of the United States, Theodore Roosevelt, the Sagamore Hill National Historic Site is undergoing a three-year, $7.2 million rehabilitation project, including upgrades to the mechanical and electrical systems and lighting, as well as restoration of historic windows, doors, siding and porches to historic preservation standards.

Often referred to as the "Summer White House," where President Roosevelt would host VIPs from the US and the world during his presidency, the Queen Anne-style home has undergone a patchwork of renovation projects over the years. The current rehabilitation is aimed at avoiding ongoing smaller scale site work in the future.

For replacement of the impressive wraparound porch, the National Park Service (NPS) selected Accoya wood, a Cradle to Cradle-certified material that is durable and stable, and is guaranteed against rot and decay for 50 years in exterior use. In addition, Accoya does not shrink or swell, making it an ideal material for such an exterior application. "In caring for such an important property, we needed to ensure that we used the highest quality, environmentally friendly products that were sympathetic to the environment," said Susan Sarna, museum curator for the NPS. "In addition, given the negative impact that renovation works have on visitor experience, we wanted to use a product that would allow us to reduce ongoing maintenance at the site."

We also acquired the 50% share in TTL previously owned by Ineos, giving Accsys 100% ownership and control of TTL until a new ownership structure is established. We are now in detailed discussions with other parties which are expected to lead to the creation of a new consortium, including the Chemical Group, to fund, build and then operate the Tricoya production plant.

Accsys and the Chemical Group are now jointly undertaking a detailed site feasibility review to examine whether the plant should be optimally located on one of the Chemical Group's existing sites. This feasibility review and related detailed study and engineering work are expected to be completed by the end of 2015 with the plant expected to be operational by the end of 2017. The Chemical Group is contributing both financial and technical support during this period.

Medite, our founding Tricoya joint development partner, also confirmed its interest in participating in the new consortium and ongoing engagement with TTL to realise Tricoya's® full potential. It is anticipated Medite will remain a key partner in respect of the Tricoya production plant which is expected to replace Medite's own Tricoya production plant in Ireland under their existing joint development, production and distribution licence agreement with TTL.

Following Accsys acquiring Ineos's share in TTL and Ineos relinquishing its obligations as a TTL shareholder, Ineos is continuing to provide key engineering and technical personnel to TTL on a contractual basis in the near term. As a result of the agreement with Ineos, TTL is fully consolidated by Accsys as at 31 March 2015.

The above changes have been made at the end of a year that has seen sales of Medite Tricoya increased by approximately 73% compared to the year before. Growth was across Medite's key markets and being used in façade cladding, siding, trim, outdoor furniture and wet interior applications. In addition to the business developing through distributors, growth was also realised with industrial customers, such as producers of exterior doors.

Intellectual property

Accsys has considerably increased its number of pending patent applications in the recent period by expanding its patent families to 19, including those relating to Tricoya. Applications filed now number 157, filed in 50 countries. To date 27 patents have been granted in various countries throughout the world.

Our principal trademark portfolio remains unchanged with our brands Accoya®, Tricoya®, the Trimarque Device and Accsys®, including transliterations in Arabic, Chinese and Japanese, protected by registration in 56 countries.

The Company's patents and trademarks cover the products we and our distributors and licensees sell, and the processes by which these products are made, throughout the world.

In addition to Accsys's extensive patent and trade-mark portfolio, the Company continues to invest in the generation and protection of valuable know-how and confidential information relating to its products and processes, protected by way of confidentiality protocols and contractual agreements.

Diamond Wood

The arbitration proceedings concerning our dispute with Diamond Wood were concluded in the period resulting in an exceptional cost of €2.9m (2014: €0.7m). We sought to terminate our licence agreement with Diamond Wood in 2013, following legal advice that they were in breach of contract however the tribunal concluded that the licence agreement should continue.

As a result, we have recommenced our working relationship with Diamond Wood and they remain obliged to resume endeavours towards the construction of an Accoya plant in the Far East, together with the promotion, marketing and selling of Accoya to customers in China and the Far East. We continue to believe that the China and South-East Asia region offers substantial opportunities for Accoya in the long term.

Outlook

The excellent progress made over the last year has left us in a very strong position to take advantage of the opportunities we now face and the Group is well equipped to build on its achievements to date as we enter the next phase of our development. In the medium term, we face a period which presents new challenges as we seek to ensure that the increasing demand can be met in advance of new manufacturing facilities commencing operation. We will also continue to develop our relationship with the acetyls industry.

We will continue to invest in the longer term as I remain confident that the overall opportunity for our products and technologies remains substantial. We have successfully demonstrated how to commercialise Accoya and will increasingly focus on how to extract the maximum value from our combined assets including through directly exploiting our IP, maximising our involvement in the manufacturing and through the wider experience and knowledge we have developed and believe is unique in the industry.

The new financial year has started well with further growth in Accoya sales. We expect to be cash-flow positive over the year ahead as we look towards the next key milestone in our development. I am confident that our overall position is stronger than at any point in our history and I am excited about our long term growth prospects.

Paul Clegg
Chief Executive Officer
15 June 2015

Strategy and Business Model

Products

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

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

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

Market

We believe the potential market for Accoya and Tricoya is in excess of 2.5 million m^3 annually. To put this into perspective, during the last year we sold 33,483m^3, however the total global solid wood market is understood to exceed 400 million m^3 annually. While it may take some time for Accoya to reach its full market potential, we are confident that continued strong sales growth can be generated. In respect of Tricoya, we note the global wood based panel sector is approximately 290 million m^3 annually.

▲ Accsys Technologies manufacturing facility in Arnhem

Strategy

Our strategy is best explained in the following three phases. Phases one and two have been completed and are included below to provide context and to summarise our history. Our reported performance is therefore concerning Phase three.

Phase 1 (2003 to 2009)

Construction and operation of proof of concept acetylation plant:

- Acquired the pilot production plant assets and all associated IP following years of R&D into acetylation of wood species
- Construction of full scale proof of concept production plant in Arnhem in 2007; a culmination of 16 years R&D
- Completed first commercial production trial runs and carried out stringent product scoping and testing
- Established comprehensive global brand strategy for Accoya® and Tricoya®
- First commercial sales of Accoya®

Phase 2 (2008 to 2013)

The transition of Arnhem proof of concept plant to stand-alone commercial manufacturing facility was completed during the global economic recession. During this time Accsys completed two fund raisings and wrote off significant amounts from our balance sheet:

- Formed a stable and experienced management team
- Created and developed worldwide market and brand for Accoya®
  - Created brand and marketing strategy including web and digital mediums
  - Carried out extensive 3rd party testing and validated Accoya® performance benefits
  - Established and expanded global distribution network to increase sales capacity and prove demand
  - Enabled the provision of technical sales, marketing and operational support
- Continuous manufacturing improvement
  - Carried out R&D focussing on quality and efficiencies to reduce cycle time and increase capacity
  - Expanded Arnhem site from an R&D project to a commercially viable facility
  - Streamlined support activities such as procurement, maintenance and logistics
- Financial stability via generation of positive EBITDA at Arnhem manufacturing Company
  - Increased capacity utilisation
  - Improved gross margin through reduction of unit production costs and market sensitive price increases
  - Focussed operating cost control and active working capital management
  - Protection of IP - Established world-wide patent portfolio to cover both core acetylation and enabling technologies
- Development of Tricoya® acetylation feedstock principles and market testing of Tricoya®
- Establish value adding relationships with key industry players
  - Formed joint venture with Ineos for the exploitation of Tricoya® wood elements acetylation technology and processes
  - Key commercial and technical relationships developed with wood suppliers, coatings manufacturers and research institutes on a global basis
  - Strategic relationships with companies such as BP

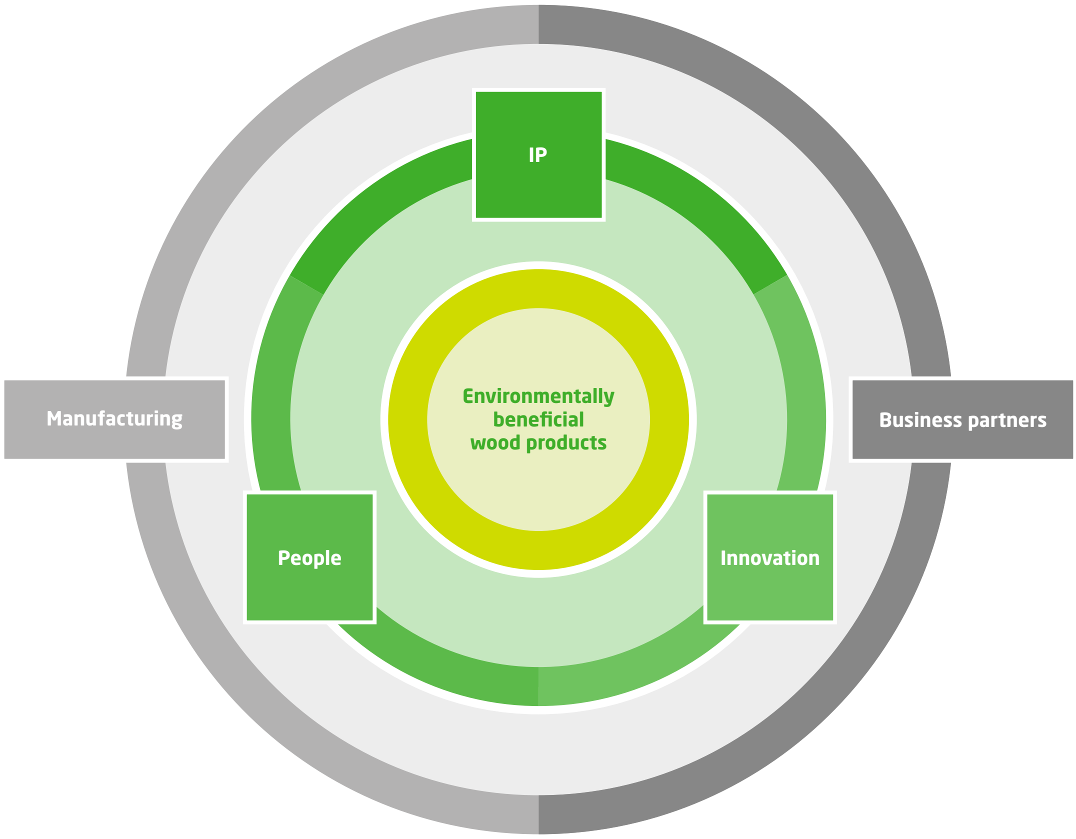
Phase 3 (2013 onwards)

Ambition	Progress
Manufacturing	
Increased production of Accoya® at Arnhem plant to supply our clients, develop new markets and drive demand for Accoya as well as for use as a feedstock in the production of Tricoya® Continued focus on reducing cycle time to increase Arnhem capacity and profitability	Production increased by 42% to 34,156m^3 Cycle time reductions (approximately 30%) and other improvements have increased Arnhem capacity from 35,000m^3 to in excess of 40,000m^3
Meeting global demand	
Ongoing licensing of Accoya® acetylation technology to achieve multiple licence agreements, including Solvay, to satisfy global demand for solid wood Development of extended global distributor network Establishing and further development of detailed engineering documents, engagement of third party engineering experts Development of model to benefit from our expertise by assisting third parties in areas including sales, marketing, product and technical development, operations and maintenance Continued close cooperation between Accsys and third parties to further develop and facilitate the licensing of Tricoya®	Solvay progressing with development of Accoya plant in Freiburg, Germany 56 distribution agreements in place around the globe Engineering work underway in respect of first Tricoya plant (Solvay also progressing with detailed engineering in respect of their plant, following provision of process design package last year) Binding term sheet agreed with Solvay includes option for Accsys to acquire substantial minority interest in Solvay's Accoya operations Accsys in discussions to create and lead a new consortium to fund, build and operate the first Tricoya plant, having signed an MoU with a large international chemical group
Research and Development	
Continued R&D and product development activities to generate future value via development of additional and enhanced applications Further development of new species to aid licencing discussions and maximise value through reduced costs as well as generate new applications and increased revenue Strengthened protection of intellectual property	Pre-commercial sales of over 150m^3 of species with potential to supplement existing radiata pine offer, and presenting long term purchasing range and further increased market options 157 patent applications filed in 41 countries; 27 patents granted
Brand	
Continued development, advancement and protection of globally established Accoya® and Tricoya® brands	Commenced focussed marketing campaign in North America targeting key audiences such as architects, joinery manufacturers and supporting distributors

Strategy and Business Model continued

Business Model

In order to achieve our strategy, the Group has established a business model which seeks to derive benefit from and further develop our core assets while ensuring that Health and Safety is made our first priority. Our segmental reporting on page 52 sets out how our different business areas have performed financially, however in practice the Group's strategy is more closely interdependent and based upon the following:



Intellectual property and innovation

The Group's acetylation technologies have been developed over many years and have enabled us to develop the unique Accoya® and Tricoya® products. Our IP exists on a number of different levels and is exploited in different ways.

Accsys has developed a number of families of registered and pending patents relating to our products and processes which provide robust protection and enable us to market our unique products and processes to third parties. Equally important is the extensive know-how and trade secrets which the Group has developed covering our process, raw materials, equipment and products which together provide commercial protection, the ability to generate value from third parties and a basis for ongoing innovation.

Our commitment to R&D and innovation is based on the belief that wood acetylation is applicable to multiple wood products and species, and that we have established a platform technology that can be developed to generate additional products and uses. For example, we believe different species of wood will enable Accoya to be used for even more purposes while opening up greater supply chain opportunities; we also believe that our Tricoya process, which is initially expected to be used by manufacturers of MDF boards, has the potential to be used for particle board manufacture.

Strong branding and trade mark protection is vital and has enabled our products to generate a significant presence in a relatively short time in what is otherwise a fragmented market place. We seek to portray that our products are revolutionary, class leading and sustainable while offering value for money when considering performance benefits and the product lifecycle.

Business partners

We have established relationships with third parties that have contributed to our success so far and which we believe will help us in meeting our long term strategic targets.

As set out above, the potential market for our products is considerable. We believe that being able to fulfil this demand ourselves by building and operating manufacturing facilities offers the greatest long term rewards. However, we have and will continue to work with appropriate third parties in order to help us achieve our long term objectives and in particular where such parties have resources or technologies which are not available to Accsys.

Our ambition to retain a direct interest in manufacturing is characterised by our relationship with Solvay and in respect of Tricoya, where our recent MoU with the Chemical Group envisages a consortium to build the first Tricoya plant in which Accsys would take the lead.

While the development of third party relationships is important at every level of the business, particular importance is placed upon those which help develop our technology, products and their place in the market including equipment manufacturers, wood suppliers, the acetyls industry, testing and certification bodies as well as wood coating, adhesives and other system supply specialists. Our product development team seeks to co-develop new applications directly with other companies.

Our people

Our focus on R&D, innovation and fulfilling the full potential of our products and technologies is dependent on our employees. As noted above, a significant amount of value is generated from know-how from working with wood products, understanding our brand on a global basis to optimising the acetylation process. Therefore, despite being a relatively young company, we have focussed on developing, motivating and retaining a committed team with the necessary skills and experience to help the Group meet its objectives and to continue to add to Accsys's overall ability to generate value.

All staff are given the opportunity to become shareholders in Accsys via the Employee Share Participation plan (see page 62), with approximately 50% having taken up this offer since its introduction.

Manufacturing

Accsys's manufacturing site in Arnhem brings together all of the above. The plant was built as a proof of concept facility and since then has been improved and its capacity increased in order to demonstrate that our acetylation process works on an industrial scale and to confirm the commercial viability of Accoya and Tricoya.

The plant has significant value to Accsys on many levels: In addition to now generating a substantial profit; it is a centre for carrying out commercial level R&D, a tool for evaluating further improvements to our processes and a home to the majority of our workforce. We will continue to develop and optimise the plant to generate greater financial returns, further add to our IP and therefore our ability to generate value in the future. Consistent with our belief that manufacturing our products offers the greatest potential returns, we have retained space at Arnhem to allow for additional manufacturing capacity.

Environment

Our products offer a significant benefit in reducing the negative impacts on our environment. They are the most environmentally friendly building solutions over their full life cycle, made from abundantly available, fast growing, sustainably sourced, renewable resources, yet with durability and dimensional stability exceeding the best performing tropical hardwoods. They are natural building materials with low maintenance and consistent qualities of the highest performing non-sustainable man-made materials; while benefiting from all positive attributes of wood (sustainability, strength, beauty) without the downfalls (poor durability and stability).

Accoya's carbon footprint significantly outperforms most other commonly used building materials such as concrete, PVC, MDF and plywood as well as a range of tropical hardwoods such as azobe and red meranti. Through the photosynthesis process trees absorb CO_2 and as a result $1m^3$ of wood may store over 1 ton of CO_2 for its lifetime. Our process takes fast growing, sustainably sourced wood and converts into a long last construction material, which can be incinerated for energy production at the end of its life. This has enabled us to demonstrate that Accoya can be carbon negative over its extended life cycle.

Further details are included in the Sustainability report and our annual GHG emissions are detailed in the Director's report.

Principal Risks And Uncertainties

The principal risks and uncertainties are set out in the Directors' Report (see page 22).

Financial Review

Income statement

Revenue

Total revenue for the year ended 31 March 2015 increased by 38% to €46.1m (2014: €33.5m). In the same period, Accoya® revenue increased by 33%, excluding sales to Medite for the manufacture of Tricoya®, to €35.2m (2014: €26.4m). We sold €5.5m of Accoya to Medite for the manufacture of Tricoya, a 90% increase (2014: €2.9m). Total revenue included €1.1m of income recorded in the second half of the year reflecting continued progress with our Accoya licensee, Solvay (2014: €1.1m). €0.7m of this arose from the Global Marketing agreement signed in the year and was recorded within Other revenue. Other revenue which also includes the sale of acetic acid increased by 38% to €4.2m (2014: €3.1m).

Gross margin

Gross profit margin improved from 23% to 27%, resulting from increased Accoya sales, price increases and improved operating efficiencies. The gross manufacturing margin increased from 20% to 25%.

Other operating costs

Other operating costs increased by 12.6% to €16.0m (2014: €14.2m). This increase was attributable to higher administration and other operating costs which in turn were largely due to increased payroll costs. Headcount increased to an average of 111 (2014: 101), with staff costs increasing by 12.5% to €10.1m. This included a share based payment charge of €1.4m (2014: €1.2m). €0.3m of the increase in staff costs is attributable to foreign exchange. Other operating costs also included €3.2m of sales and marketing (2014: €2.9m), reflecting an ongoing investment in expected long term growth in sales of Accoya.

An exceptional item of €2.9m was also recorded in respect of the arbitration with Diamond Wood which concluded in the period (2014: €0.7m) (see note 4).

Loss from operations

The loss from operations decreased by 7% to €6.7m (2014: loss of €7.2m) due to the improvement in gross margin described above, offset by the increase in operating costs and exceptional costs explained above. Excluding exceptional costs, the loss from operations decreased by 42% to €3.8m (2014: €6.5m)

Share of joint venture loss and gain on acquisition of subsidiary

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

During the period TTL has been accounted for in the Accsys Group accounts using the equity method. TTL recorded revenue of €0.5m (2014: €0.2m) and total costs of €2.7m (2014: €2.0m) resulting in Accsys' share of loss of €1.1m (2014: €0.9m).

On 31 March 2015, Accsys acquired the remaining 50% equity interest in TTL held by Ineos and as a result owned 100% at the end of the period. The acquisition was accounted for as an acquisition of a subsidiary and the assets and liabilities recorded at fair value. A gain of €0.3m was recorded as a result of the difference between the consideration paid, the investment in joint venture immediately prior to the acquisition and the fair value of the net assets acquired (see note 8).

Finance income

Finance income of €0.1m (2014: €0.2m) represents interest receivable on bank deposits.

Finance expense

The finance expense of €0.2m (2014: €0.2m) is primarily due to interest element arising on the payments attributable to the sale and leaseback of part of the Group's land and buildings in Arnhem together with interest payable upon the group's finance facilities.

Research & development spend

€1.4m was incurred on R&D in the period (2014: €1.6m). €0.2m (2014: €0.5m) has been capitalised as an intangible asset (see note 1).

Taxation

The net tax charge of €0.6m (2014: €0.7m) primarily represents a tax charge arising from manufacturing offset by R&D tax credits of €0.2m (2014: €0.2m) attributable to activities carried out in the current year.

Dividends

No final dividend is proposed in 2015 (2014 final dividend: €nil). The Board deems it prudent for the Company to maintain as strong a balance sheet as possible during the current phase of the Company's growth strategy.

Earnings per share

Basic and diluted loss per share was €0.09 (2014 basic and diluted loss per share was €0.10, restated to account for 1 for 5 share consolidation in the period).

Balance sheet

Intangible assets

Intangible asset additions of €0.2m (2014: €0.5m) predominantly relate to capitalised internal development costs. Acquisitions of €1.9m relates to TTL's net capitalised development costs incurred since TTL's incorporation in October 2012, including €0.6m of additions in the period relating to the Tricoya process (2014: €1.4m).

Property, plant and equipment

Property, plant and equipment additions of €0.9m (2014: €0.6m) predominantly relate to technology improvements and items of maintenance equipment at our Arnhem production facility.

Available for sale investments

Accsys Technologies PLC has previously purchased a total of 21,666,734 unlisted Ordinary shares in Diamond Wood China Limited. The historical cost of the unlisted shares held at 31 March 2015 is €10m (2014: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded as at 31 March 2015 (see note 4).

Inventory

The Group had total inventory balances of €7.9m (2014: €6.1m). Finished goods consisting of Accoya represented €3.1m (2014: €3.5m) and raw materials and work in progress, primarily consisting of unprocessed lumber, being €4.8m (2014: €2.6m). The increase is attributable to the increased sales levels compared to the previous year.

Cash and cash equivalents

The Group had cash and bank deposits of €10.8m at the end of the period (2014: €15.2m). The decrease in the year is mainly the result of €2.9m of cash out-flows from operating activities before changes in working capital, a 19% decrease compared to the previous year (2014: €3.6m). However, this included €3.2m in respect of the exceptional costs associated with the Diamond Wood arbitration (2014: €0.5m), such that the underlying cash flow from operating activities before changes in working capital was €0.3m in-flow compared to €3.1m out-flow in the prior year.

€1.0m of cash out-flow was attributable to changes in working capital (2014: €0.3m in-flow), as a result of an increase in inventories and trade and other receivables. Further cash out-flows were attributable to €0.2m expenditure in respect of capitalised development costs (2014: €0.5m), €0.9m in respect of tangible fixed assets (2014: €0.6m) and €1.0m investment in Tricoya Technologies Limited (2014: €1.2m), which was accounted as a joint venture during the period.

€1.3m of cash was recorded as a result of fully consolidating TTL as at 31 March 2015, with TTL having received a second tranche of funding in March 2015 from the European Community (EC) for the Life+ subsidy in respect of the Tricoya project.

Trade and other receivables

Trade and other receivables have increased to €5.0m (2014: €4.5m). Within this, trade receivables decreased marginally from €3.1m to €3.0m despite the significantly higher sales levels, mostly due to vigorous working capital management.

Trade and other payables

Trade and other payables have increased to €9.6m (2014: €5.6m). Included within this, trade payables remained consistent at €3.8m (2014: €4.8m) largely as a result of the increased activity levels. In addition, accruals and deferred income increased from €1.7m to €4.6m as a result of €2m of funding received from Solvay in the period in respect of the Global Marketing Agreement agreed in December 2014 and due to the inclusion of balances of TTL which reflect funding received from the EC in respect of a Life+ subsidy relating to the Medite Tricoya project which included the second tranche of €0.9m received in March 2015.

Finance lease creditor

The Group has previously entered into a sale and leaseback agreement for part of the Arnhem land and buildings. The first phase was resulted in proceeds of €2.2m which has been accounted for as a finance lease. At 31 March 2015 there are €2.1m of payments committed to over the remaining life of the lease (2014: €2.1m) (see note 25). The second part of the sale and leaseback of the land in Arnhem was completed in February 2013, however this has been accounted for as an operating lease (see note 24).

Capital structure

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

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5:1 basis with effect from 12 September 2014.

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

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

Going concern

The financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, 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 the collection of ongoing working capital items in line with internally agreed budgets.

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

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

William Rudge
Finance Director
15 June 2015

Sustainability Report

Our corporate vision

A focus on corporate and social responsibility lies at the very core of our business. Our technologies not only enable us to manufacture wood products that offer 'best in class' durability, dimensional stability and a wide spectrum of other performance and environmental advantages over alternative environmentally threatened or compromised products, but also provide attractive opportunities for our employees, distributors, licensees and other stakeholders. We want to ensure that our business is not only a commercial success, but also run in a responsible fashion as we continue to advance technologies for a better world.

Through our R&D group we are continually looking for ways to develop our technologies and products to make them more energy efficient and to reduce as far as possible any adverse impact on the environment.

Accsys aims to reduce the use of environmentally unfriendly building materials and products by the utilisation of our propriety technology and the introduction of our products around the world. The planet continues to consume endangered materials like tropical hardwood and non-renewable, high emitting building materials such as plastics, concrete and metals at an alarming rate. Our products offer alternative, sustainable new materials that resolve many of the limitations that wood and these other materials have.

Accsys has already developed and is commercially producing Accoya®, solid acetylated wood. We have developed the process for the production of Tricoya®, acetylated wood elements used for the production of panel products such as MDF. We are committed to increase the use of these products globally through sales from our manufacturing facility, and on a substantially larger scale by licensing our technologies to other companies so that they too can manufacture these products.

Accsys is also committed to continuing research and development concerning our products (applications and new wood species) and processes. This ongoing development is designed to increase the use, applicability and improve the efficiency and environmental benefits which in turn will benefit many of our stakeholders.

For the complete story please watch our 3 minute movie – Accoya – the sustainable building solution
http://www.youtube.com/watch?v=92j0_6WaQJU

Carbon footprint for Accoya wood

Cradle to gate assessment

In a carbon footprint assessment, the greenhouse gas emissions (GHG) during the life cycle of a material can be measured, and compared to alternative products in terms of kg CO_2 equivalent (CO_2e). In 2012, a carbon footprint assessment, following the Greenhouse Gas Reporting Protocol of the World Business Council for Sustainable Development and World Resource Institute, was executed by independent consulting firm Verco for Accoya based on a cradle to gate scenario, which means until the factory gate. This includes sourcing, harvesting and processing of the input timber, as well as all energy and raw material consumption in the acetylation plant of Accsys Technologies in Arnhem, the Netherlands. The full report can be found here: http://www.accoya.com/wp-content/uploads/2013/09/Verco-Cradle-to-gate-carbon-footprint-update-2012.pdf.

Conclusion

The assessment shows that, on a cradle to gate basis, Accoya's carbon footprint significantly outperforms most other commonly used building materials such as concrete, PVC, MDF, plywood as well as a range of tropical hardwoods such as Azobe and Red Meranti, even when sourced from sustainable managed plantations.

Cradle to grave assessment

In order to account for the use and waste phase aspects (cradle to grave) such as material use, durability, carbon sequestration (following PAS 2050 guidelines), maintenance and recycling scenarios, further analysis was performed by Delft University of Technology (2013), who also executed the Life Cycle Assessment (LCA) for Accoya wood in 2010. As with the 2010 LCA study, an application, a window frame, was chosen in which Accoya has been compared with non-renewable materials (metals, plastics). For details of the functional unit and the calculation please refer to the report itself, downloadable via http://www.accoya.com/ downloads: http://www.accoya.com/wp-content/uploads/2013/09/Delft-University-Carbon-footprint-cradle-to-grave-report-window-frame.pdf. In order for the comparison to be fair, all alternatives in this application have to meet the same functional requirements. The assessment includes End of Life considerations and the effect of carbon sequestration over a 100 year timeframe following leading standards in carbon footprint and LCA (ILCD, PAS 2050: 2011 and the EN norm under development EN16449). These methods allow for the carbon sequestered in the wood to be included as a negative CO_2 value with respect to the emissions, which can be deducted from the total fossil CO_2 emissions. A higher negative CO_2e value is allocated if the life span of the wood in-use is longer, which is beneficial for acetylated wood due to the predicted longer useful life.

The two co-products of the product system, waste wood (from saw mills, planing, profiling, etc) and acetic acid from the acetylation process are dealt with by the so-called "system expansion" and "credits" for "substitution" in line with ISO 14044. For acetic acid this means that the GHG emissions resulting from the "avoided acetic acid production elsewhere" is subtracted from the total GHG emissions of Accoya. For the wood waste, it is assumed that 100% is incinerated for energy production, applying the Lower Heating Value of the waste material. For the Western European situation this is a plausible assumption. This energy output from biomass substitutes heat from oil, leading to a "carbon credit" for the avoided use of oil.

Conclusion

The results of the cradle to grave window frame comparison are presented in the graphs below, first per process step (figure 1) then for the total emissions (figure 2).

From the graphs several conclusions can be made:

- Due to limited emissions during production in the case of sustainable sourcing, and credits that can be earned through carbon sequestration (especially in the case of a long lifespan) and incineration for electricity in the End of Life phase, all wood products, including Accoya, are Carbon negative over the full life cycle. The best performing alternative is Accoya made from locally sourced species (in this case Scots Pine).
- The non-renewable materials PVC, steel and aluminium perform considerably worse than sustainably sourced wood, especially because of the high embodied energy (emissions during production). Although through recycling aluminium, PVC and steel earn some credits back, this is outweighed by higher emissions during production.
- In the case of tropical hardwood from rain forests (deforestation) the picture totally shifts and wood is the worst performing alternative (see unsustainably sourced Meranti). This shows the importance of conservation of tropical rainforests as they act as important carbon sinks.
- The eco-burden of transport and maintenance (coatings) of the window frames appears to be negligible in the total context.

Accoya wood is carbon negative over full life cycle. Unsustainably sourced hardwood is the worst performing alternative.

Note – details concerning the companies GHG emissions, as required under the Companies Act, are included in the Directors Report.

Figure 1

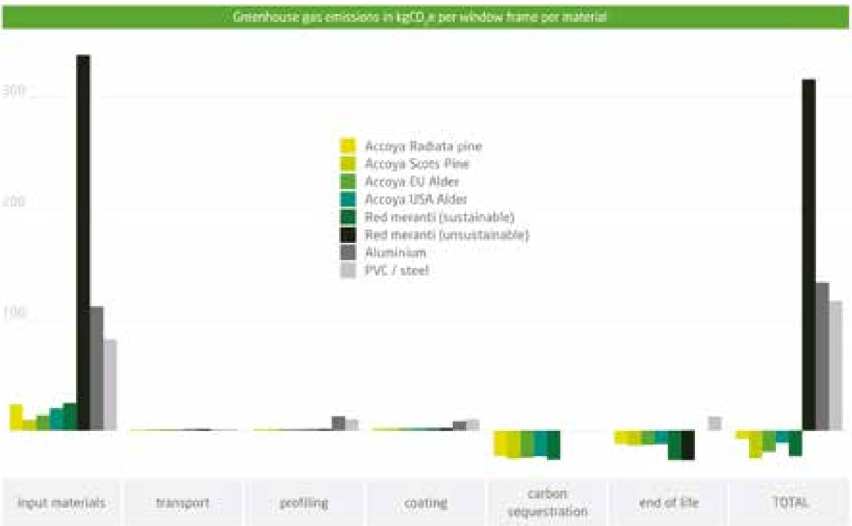
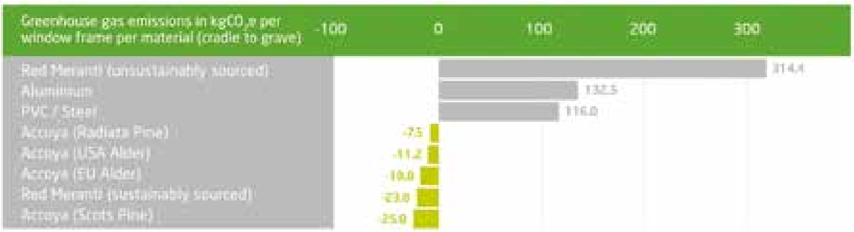


Figure 2



Accreditations

FSC & PEFC

Of the various schemes for sustainability forestry available, the Forest Stewardship Councils (FSC®) and the programme for the Endorsement of Forest Certification (PEFC™) are regarded as the leading and most comprehensive certification programs available. Both programs not only focus on benign environmental performance but also safeguard social interests for all stakeholders involved.

Cradle to Cradle

Accoya wood is one of the very few building products to have acquired Cradle to Cradle SM Certification on the elusive C2C Gold Level. Cradle to Cradle (C2C) provides a means to tangibly and credibly measure achievement in environmentally-intelligent design including the use of environmentally safe and healthy materials and instituting strategies for social responsibility.

NL Green Label the Netherlands

NL Green Label is a sustainability label for products and services in the exterior environment in the Netherlands. The label was developed by Nico Wissing & Lodewijk Hoekstra in collaboration with Royal Haskoning DHV. The label assesses products and services on seven sustainability indicators: Sourcing, composition, production, durability, maintenance, energy and end-of-life. Accoya was given an A rating, which is the highest rating because of its extremely high durability, low maintenance requirements and the excellent recyclability.

Dubokeur the Netherlands

The awarding body of the prestigious Dubokeur® certification, Nederland's Institute voor Bouwbiologie, issues certificates only to the most environmentally friendly products within a particular application, taking into account a range of stringent factors. This certification is of particular significance to our Dutch customers, unequivocally positioning Accoya wood as an outstanding environmental choice for window frames according to Dutch sustainable building regulations.

Future Build UAE

The Future Build is a green building materials portal that helps architects, engineers and contractors – particularly in the United Arab Emirates and wider region – confidently select and source environmentally sustainable, third party certified products to meet their projects' environmental objectives. Only products that have been assessed and selected according to standards and criteria set by Masdar City, Abu Dhabi, are listed. Accoya wood was rated as excellent or A.

FCBA France

Following a rigorous testing process Accoya wood has achieved FCBA approval. The FCBA's mission is to promote technical progress and to improve efficiency and quality assurance within the wood industry. Such approvals are only awarded to products that have met and exceeded the criteria. Accoya wood is the first modified wood to achieve this level.

BREEAM & LEED worldwide

BREEAM (mainly used in Europe) and LEED (mainly used in North America) are most widely adopted and recognised. Both are based on various building related environmental indicators including sustainable energy, -water and -material use. For the latter category the application of Accoya can contribute to several credits in both schemes (BREEAM: MAT 1, MAT 5, LEEDv4: MR1, MR2, MR3, MR4 I1)

Singapore Green Label

For the South East Asian market we have attained the highly regarded Green label of the Singapore Environment Council. The Singapore Environment Council (SEC) was set up to promote environmental awareness in South East Asia.

Komo the Netherlands

The KOMO certification mark ensures that the building industry in the Netherlands can trust the quality of products, processes, systems and services. KOMO is a collective certification mark and means undisputed quality. Accoya is a KOMO certified products and is therefore increasing efficiency in the building process.

Svanen Label Nordic nations

The outstanding green credentials of Accoya, have been officially recognised by Europe's Nordic nations with the award of the Svanen Ecolabel. The label, renowned for its rigour and transparency is the internationally recognised ecolabel for Norway, Sweden, Denmark, Iceland and Finland and was established in 1989 by the Nordic Council of Ministers.

RAL Germany

Accoya has been certified under the German RAL Quality mark distinguishing itself from the competition.

Case study

Prisma Gemiva school in Alphen aan den Rijn, Netherlands, is a secondary school that accommodates 120 children and young people with intellectual disabilities. For the construction of the working environment, a durable, easy to cut, environmentally sustainable material was required to produce the panelling of the canopy and the bay windows.

For this project, durability and stability of the timber was particularly important. Medite Tricoya Extreme was specified in 15mm and 18mm. It was machined, fixed and finished with a waterproof render system, in order to replicate the look of concrete from a light weight, sustainable and durable material.

Board of Directors

Patrick Shanley
Chairman

Patrick, born April 1954, has extensive board room experience in the chemicals sector, having previously been Chief Financial Officer of Courtaulds plc and Acordis BV, Chief Executive Officer of Corsadi BV, Chairman of Cordenka Investments BV and Chairman of Finacor BV. Patrick began his career working for British Coal where he qualified as a Chartered Management Accountant. He has a strong operational, restructuring, merger and acquisition background within a manufacturing environment.

Paul Clegg
Chief Executive Officer

Paul, born May 1960, assumed the role of Chief Executive Officer on 1 August 2009. Paul had been a Non-Executive Director of the Group since April 2009 and had been working with the Group as part of the Chairman's Office since mid 2008. Prior to this, he was CEO of Cowen International, subsequent to its sale by Société Générale in 2006. Before this, he ran SG Cowen International, part of the Société Générale Group, from 2000 to 2006. Paul started in investment banking in 1981 at The First Boston Corporation. Since then he has held senior positions at various investment banks including James Capel and Schroders. Paul is also a Non-Executive Director at Synairgen and Peel Hunt LLP.

Hans Pauli
Chief Operating Officer

Hans, born March 1960, has held senior financial positions across the banking and bio-tech sectors and has significant experience in investment, manufacturing, licensing and distribution. Hans holds a BA in Business Administration and has completed an MA in Fiscal Economics from the University of Amsterdam. His commercial career began in the banking sector where he worked for various institutions including Barclays, where he gained investment and M&A experience. He then worked for a number of bio-tech companies, including, most recently, in his capacity of CFO he realised OctoPlus' IPO on Euronext. Hans now divides his time between the Group's Arnhem plant and its Windsor headquarters.

William Rudge
Finance Director

William, born February 1977, was the Financial Controller for Accsys since joining the Company in January 2010 before being appointed Finance Director on 1 October 2012. Prior to this he qualified as a chartered accountant with Deloitte in 2002 and subsequently gained a further six years experience in their audit and assurance department, focussing on technology companies including small growth companies and multinational groups. William spent a year working at Cadbury plc, including as financial controller at one of their business units, before joining Accsys in 2010.

Nick Meyer
Non-Executive Director

Nick, born December 1944, has extensive board room experience in the timber industry, having previously been Chairman of Montague L Meyer Limited, Deputy Chairman and Chief Executive of Meyer International PLC. Nick is currently Executive Chairman of Consolidated Timber Holdings Limited, an innovative and substantial group of companies which imports, distributes and processes sustainable timber and timber products. Nick is also a former president of the Timber Trade Association of the United Kingdom.

Sue Farr
Non-Executive Director

Sue, born Leap Year Day 1956, is a highly experienced marketing and communications professional who joined the Accsys Board in November 2014. Sue has been part of the executive management team at Chime Communications plc since 2003. Prior to that she was Europe MD of leading PR firm Golin Harris, the BBC's first ever Director of Marketing and Communications, and Director of Corporate Affairs for Thames Television. She is a Non-Executive Director of British American Tobacco plc, Dairy Crest Group plc and Millennium & Copthorne Hotels plc. She was a Non-Executive Director of Motivcom plc from 2008-2014 and a Trustee of the Historic Royal Palaces from 2007-2013. She has been Chairman of both the Marketing Group of Great Britain and The Marketing Society. A previous Advertising Woman of the Year, she was awarded a Honorary Doctorate by the University of Bedfordshire in 2010.

Sean Christie
Non-Executive Director

Sean, born October 1957, currently a Non-Executive Director of Applied Graphene Materials Plc and Eminate Limited, a wholly owned subsidiary of The University of Nottingham. He was Group Finance Director of Croda International plc from 2006-2015, a global manufacturer of speciality chemicals. Prior to joining Croda in 2006, Sean was Group Finance Director of Northern Foods plc. He also served as a Non-Executive Director of KCOM Group plc until 2007 and of Cherry Valley Farms Limited until its sale in 2010. He is a Fellow of both the Chartered Institute of Management Accountants and the Association of Corporate Treasurers. Sean has extensive knowledge of all aspects of finance and strategy in major businesses and is an experienced Audit Committee Chairman.

Directors' Report
For the year ended 31 March 2015

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2015.

Results and dividends
The consolidated statement of comprehensive income for the year is set out on page 42, and shows the loss for the year.

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

Principal activities and review of the business
The principal activity of the Group is the production and sale of Accoya® solid wood and licensing of technology for the production and sale of Accoya wood and Tricoya® wood elements via the Company's 100% owned subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc and Tricoya Technologies 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. A review of the business is set out in the Chairman's statement and the Chief Executive's report on pages 4 to 9. Accsys Technologies PLC is incorporated in the United Kingdom.

Strategy and business model
The Strategy and Business model section, on pages 10 to 13, sets out the Company's strategy, business model and key performance indicators.

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

Share issues
Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5:1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary shares.

On 18 August 2014, a total of 27,819 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

On 12 August 2014, a total of 99,559 of €0.05 Ordinary shares were issued and released to employees together with the 99,559 of €0.05 Ordinary shares issued to trust on 12 August 2013.

In 19 January 2015, a total of 53,922 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

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

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

(a) Economic and market conditions

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

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

(b) Regulatory, legislative and reputational risks

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

(c) Employees

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

(d) Intellectual property

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

(e) Litigation

During the period the arbitration process with Diamond Wood which commenced in the previous period was resolved. Further details are provided in note 4.

Greenhouse gas ('GHG') emissions

The table below represents all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for our manufacturing facility in Arnhem, the Netherlands.

	2015 Kg CO_2eq	2014 Kg CO_2eq	2013 Kg CO_2eq
Electricity, heat, steam and cooling for own use - GROSS	**3,135,167**	2,800,294	2,292,045
Electricity, heat, steam and cooling for own use NET (including Renewable Energy Credits)	**88,714**	40,211	49,128
Combustion of fuel & operation of production facility (MP4), in Arnhem, the Netherlands	**2,939,167**	2,263,107	2,194,196
TOTAL - GROSS	**6,074,334**	5,063,401	4,486,241
TOTAL - NET (including Renewable Energy Credits)	**3,027,882**	2,303,318	2,243,324
Chosen intensity measurement: Emissions per cubic meter Accoya produced-GROSS	**178**	210	303
Chosen intensity measurement: Emissions per cubic meter Accoya produced – NET (including Renewable Energy Credits)	**89**	95	151

Notes:

- Due to unavailability of data, GHG emissions related to our offices and staff travel are not included. Emissions have been calculated following the GHG Protocol - Corporate Accounting and Reporting (revised edition) using the following databases: IPCC 2006 Guidelines for National Greenhouse Gas Inventories, 2007 IPCC Fourth Assessment Report and Eco-Invent v3.
- Following Environmental Reporting Guidelines of Defra (2013), carbon offsets due to e.g. purchase of Renewable Energy Credits may be accounted for separately as a "NET" figure, while the original electricity consumption figures are presented as a "GROSS" figure.
- Following the same (Defra 2013) guidelines, the emissions associated with our supply chain (inputs and outputs) are not included in the figures above, for readers that are interested in the supply chain related figures we refer to our publicly available carbon footprint report: http://www.accoya.com/wp-content/uploads/2013/09/Verco-Cradle-to-gate-carbon-footprint-update-2012.pdf.

Further details concerning the environmental impact of our products as a whole are detailed in the Sustainability Report, including an assessment of the overall life cycle of Accoya.

Directors

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

Gordon Campbell	(Died, 26 April 2014)
Sean Christie	(Appointed 27 November 2014)
Paul Clegg	
Sue Farr	(Appointed 27 November 2014)
Montague John 'Nick' Meyer	
Hans Pauli	
William Rudge	
Patrick Shanley	

Directors' indemnities

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

Employment policies

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

17% of employees in the period were female. 10% of the senior management team were female and one of the Board of Directors was female.

Health and safety
Health and safety is the priority at all levels of the Group, in particular taking into account the chemical industry in which Accsys operates. Group companies have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy, and compliance with statutory requirements and appropriate codes of practice.

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

Significant shareholdings
So far as the Company is aware (further to formal notification), the following shareholders held legal or beneficial interests in Ordinary shares of the Company exceeding 3%:

Royal Bank of Canada	5.73%
OP-Pohjola Group Central Cooperative	5.55%
INEOS	5.43%
OP-Henderson Global Investors	5.16%
The London & Amsterdam Trust Company Limited	5.13%
Majedie UK Equity Fund	5.06%
FIL Limited (formerly known as Fidelity International Limited)	4.93%
Invesco Limited	4.87%
Saad Investments Company Limited	3.92%
Zurab Lysov	3.71%

There are no restrictions in respect of voting rights.

Going concern
The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the next 12 months. Further details are set out in note 1 to these financial statements.

Corporate Governance
The company's statement on corporate governance can be found in the Corporate Governance Report on pages 36 to 37 of these financial statements. The Corporate Governance Report forms part of this directors' report and is incorporated into it by cross-reference

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

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

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

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

Directors' responsibilities pursuant to DTR4
The Directors confirm to the best of their knowledge:

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

By order of the Board

Angus Dodwell
Company Secretary
15 June 2015

Remuneration Report

I am pleased to present our 2015 Remuneration Report in which we have summarised the Company's remuneration policy and described how the policy was implemented in the year to 31 March 2015 and how it will be implemented in the year ending March 2016 and over the following years.

Year ended 31 March 2015 – Performance and Pay

The year ended 31 March 2015 was another strong year for Accsys, as set out in the Chairman's statement at the beginning of this Annual Report. This included a 38% increase in revenue, a 32% increase in sales volumes, a 52% reduction in underlying EBITDA loss and further progress in respect of developing further manufacturing capacity.

Remuneration policy considerations for 2015

There has been no new key policy initiatives undertaken by the Committee in the year, noting the Long-Term Incentive Plan ('LTIP') was established in the previous year.

During the period, two new Non-Executive Directors joined the Board as a result of the review of the Board's composition which followed the sad news that Gordon Campbell, the former chairman, had passed away in April 2014. The level of remuneration for Non-Executive Directors was also reviewed at the same time, which together with the increased number of Non-Executive Directors and remuneration being denominated in Sterling, has resulted in a minor amendment to the relevant section of the Remuneration policy being proposed for approval at the AGM (an increase in the aggregate capped amount of fees paid to Non-Executive Directors annually, from €250,000 to €500,000). No other changes to the policy are proposed.

Format of the report and context of our policy

The Remuneration Report is prepared under the UK regime for the reporting of executive pay which was first adopted in the previous year as a result of our quote on AIM in the UK, our cross-listing on NYSE Euronext in the Netherlands and our UK incorporated status which means that we come within the definition of a "quoted company" in the UK Companies Act. Accordingly, and exceptionally amongst AIM companies, we are therefore legally required to comply with regime for the reporting and approval of directors' remuneration by UK quoted companies, including a binding vote on the directors' remuneration policy. The policy as set out in the 2014 Annual Report and Accounts was approved by our shareholders at the AGM held on 11 September 2014.

We remain committed to pay at appropriate, but not excessive, levels and to reflect market practice amongst AIM companies.

To reflect that this is the second year of presenting the Remuneration Report in the format required by the new UK reporting regime, we have changed the order in which the report is being presented this year. Accordingly, over the following pages we have set out:

- Details of the implementation of our reward policy for the year ended 31 March 2015, within the Remuneration Report.
- The Group's forward-looking Directors' Remuneration Policy which was approved by shareholders at our 2014 AGM and is therefore binding. All payments made to directors from that time have been made consistent with this policy. However the section concerning Non-Executive pay has been amended for the reasons set out above and will be re-submitted for approval at the 2015 AGM.

As with many other AIM companies, our remuneration policy is more dynamic than would be typical on the Official List with long term incentive awards not necessarily granted on an annual basis and the basis for determining bonus levels being more judgmental although the Company will increasingly look to formalise KPIs for bonuses as the Company matures.

Our policy, as set out in this report, focuses on our actual approach to pay which we believe is in our shareholders' best interests. It includes the required formal caps (which we have set at higher levels than we envisage needing and which are not in any way an aspiration) but also retains appropriate, but limited, flexibility to address changing circumstances in the 3-year period in which it is planned to operate the policy.

Yours sincerely

Nick Meyer
Remuneration Committee Chairman
15 June 2015

Introduction

The following section contains the material required to be set out as the directors' remuneration policy for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

At our 2015 AGM we will be holding two votes on remuneration matters:

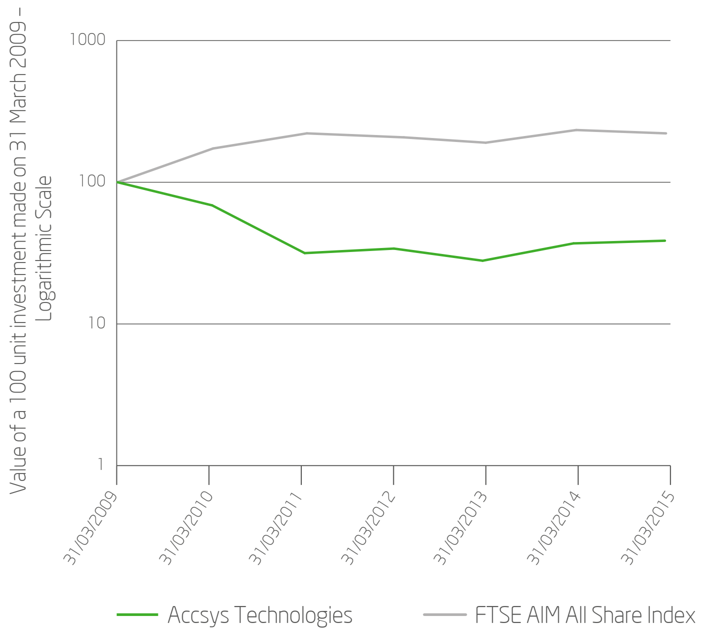
1. a vote on the implementation sections of this Remuneration Report (included within Part A)
2. a vote on the amendment included within the Directors' Remuneration Policy concerning remuneration of Non-Executive Directors, as included within Part B of this Remuneration Report. The remainder of the Directors' Remuneration Policy remains unchanged.

The auditors have reported on certain parts of the Remuneration Report and stated whether, in their opinion, those parts of the Remuneration Report have been properly prepared in accordance with the Companies Act 2006. Those sections of the report which have been subject to audit are clearly indicated.

Part A: Directors' remuneration

Performance graph

The following graph shows the Company's performance for the past six years on the London Stock Exchange AIM compared with the performance of the FTSE AIM All Share index. The FTSE AIM All Share index has been selected for this comparison as it is a broad based index which the Directors believe most closely reflects the performance of companies with similar characteristics as the Company's. A logarithmic scale has been used in order to more clearly set out the performance of Accsys' shares in more recent periods.



Directors' remuneration

Directors' remuneration for the year ended 31 March 2015:

	Fees/ Basic Salary €'000	Cash bonus[1] €'000	Share bonus[2] €'000	Pension €'000	Benefits in kind €'000	Employee Share Plan benefit[5] €'000	2015 Total €'000
Gordon Campbell[3]	6	–	–	–	–	–	**6**
Sean Christie[4]	15	–	–	–	–	–	**15**
Paul Clegg	310	76	272	31	17	–	**706**
Sue Farr[4]	14	–	–	–	–	–	**14**
Montague John 'Nick' Meyer	44	–	–	–	–	–	**44**
Hans Pauli	202	50	92	12	14	–	**370**
William Rudge	142	35	62	7	2	–	**248**
Patrick Shanley	65	–	–	–	–	–	**65**
	798	**161**	**426**	**50**	**33**	**-**	**1,468**

Directors' remuneration for the year ended 31 March 2014:

	Fees/ Basic Salary €'000	Cash bonus[1] €'000	Share bonus[2] €'000	Pension €'000	Benefits in kind €'000	Employee Share Plan benefit[5] €'000	2014 Total €'000
Gordon Campbell	75	–	–	–	–	–	75
Paul Clegg	284	56	233	28	16	–	617
Montague John 'Nick' Meyer	35	–	–	–	–	–	35
Hans Pauli	201	31	83	12	10	3	340
William Rudge	130	19	53	7	2	3	214
Patrick Shanley	35	–	–	–	–	–	35
	760	106	369	47	28	6	1,316

1. Represents annual bonus paid in cash in the period, relating to performance for the previous financial year.
2 Represents annual bonus awarded in form of Ordinary shares, relating to performance for the previous financial year. Shares are held in an Employment Benefit Trust and will fully transfer to the individual after a period of 1 year, assuming still employed or a good leaver and subject to regulation, for example the AIM rules.
3. Gordon Campbell passed away on 26 April 2014.
4 Sue Farr and Sean Christie were appointed on 27 November 2014.
5. Benefit from Employee Share Plan reflects the value attributable to the matching share received under the plan, one year following investment by the individual.

Bonuses awarded in the form of cash and shares were determined by the Committee having taken into account of a broad range of financial and operational performance measures and also taking into account a degree of discretion, reflecting the longer term and strategic objectives of the Company. Given the competitive nature of the Company's sector these performance measures are considered to be commercially sensitive and that comparable AIM companies are not subject to equivalent disclosure obligations and accordingly are not disclosed.

Pension entitlements relate to Company contributions to personal pension schemes. The Company does not operate any defined benefit pension scheme.

The above section has been audited.

Directors' share options

Directors' share options for the year ended 31 March 2015:

	At 1 April 2014	Granted during year	Impact of share consolidation	**At 31 March 2015**
Paul Clegg				
Unvested – LTIP Element A (nil cost)	3,500,000	–	(2,800,000)	700,000
Unvested – LTIP Element B (nil cost)	5,200,000	–	(4,160,000)	1,040,000
Unvested – LTIP Element C (nil cost)	2,200,000	–	(1,760,000)	440,000
Total	**10,900,000**	**-**	**(8,720,000)**	**2,180,000**
Hans Pauli				
Unvested – LTIP Element A (nil cost)	1,000,000	–	(800,000)	200,000
Unvested – LTIP Element B (nil cost)	800,000	–	(640,000)	160,000
Unvested – LTIP Element C (nil cost)	400,000	–	(320,000)	80,000
Total	**2,200,000**	**-**	**(1,760,000)**	**440,000**
William Rudge				
Unvested – LTIP Element A (nil cost)	500,000	–	(400,000)	100,000
Unvested – LTIP Element B (nil cost)	550,000	–	(440,000)	110,000
Unvested – LTIP Element C (nil cost)	250,000	–	(200,000)	50,000
Total	**1,300,000**	**-**	**(1,040,000)**	**260,000**
Total	**14,400,000**	**-**	**(11,520,000)**	**2,880,000**

The Company's share price on the day on which the LTIP Awards became effective following approval of the new LTIP scheme at the AGM (20 September 2013) was €0.14, and thus the face value of the awards made to the Executive Directors was as follows: Paul Clegg €1,526,000, Hans Pauli €308,000, William Rudge €182,000.

The Committee approved the reduction of the number of awards issued to reflect the 5 to 1 share consolidation which took place on 12 September 2014.

The above table has been audited.

Awards granted under the LTIP are subject to continued employment and satisfaction of the performance conditions. Performance will be measured at the end of a three year performance period (following the grant date) for each Element.

Element A – Vesting is contingent upon continued employment for three years and share price not falling below €0.65 at the end of the performance period, being the three years ending 20 August 2016.

Element B – Measured against two equally weighted performance conditions:

	Threshold	Target	Maximum
EBITDA (50% of Element B)	€0m	€1.6m	€4m
Share price growth (50% of Element B)	Median of the constituents of the MSCI Europe Index	60th percentile of the constituents of the MSCI Europe Index	Upper quartile of the constituents of the MSCI Europe Index
Vesting level[1]	25%	60%	100%

Notes:
1. Vesting is on a straight line basis between the respective EBITDA and share price targets.

Element C – This element vests in full if the share price is at or above €1.30 at the end of the performance period.

Share Bonus Award – Employee Benefit Trust

On 11 August 2014 in connection with employee remuneration and incentivisation arrangements for the period from 1 April 2013 to 31 March 2014, 3,918,018 €0.01 new Ordinary shares were issued to an Employee Benefit Trust. This was reduced to 783,597 as a result of the 5 to 1 share consolidation. The beneficiaries of these shares included the Executive Directors as set out below:

	€0.05 Ordinary shares
Paul Clegg	302,261
Hans Pauli	101,700
William Rudge	69,355

Such new Ordinary shares were to vest if the Directors remained in employment with the Company at the vesting date, being 1 July 2015 (subject to certain other provisions including regulatory requirements, good-leaver, take-over and nomination and remuneration committee discretion provisions). The above shares correspond to the total figure of €426,000 disclosed in the remuneration table for the year ended 31 March 2015 in respect of the share bonus.

Employee Share Participation Plan

Details of the Employee Share Participation Plan (the 'Plan') are set out in Note 14. During the year, none of the Directors participated in the Plan.

Relative importance of spend on pay

During the year ended 31 March 2015, the total pay for all group employees was €7,138,000 (2014: €6,469,000). This compared to a total of €nil (2014: €nil) in respect of dividends and share buybacks.

Consideration of matters relating to directors' remuneration

The Nominations and Remuneration Committee consisted of Nick Meyer (Chairman), Patrick Shanley and, until April 2014, Gordon Campbell. In addition, from 27 November 2014, Sue Farr and Sean Christie were also members. All Non-Executive directors (including the Chairman on appointment) are considered to be independent.

The Committee's adviser is FIT Remuneration Consultants LLP which was appointed by the Committee in 2011 and which the Committee is satisfied remains independent and objective. It provided €14,000 of services to the Committee or the Company more generally during the financial year. During the previous period, the Committee did not receive formal independent advice but reviewed advice obtained by management from PwC in respect of the establishment of the new LTIP, for which they received fees of €27,000.

Directors' interests in the Ordinary shares of the Company

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

	Legal holdings		Beneficial interests[2]	
	31 March 2015	31 March 2014[3]	**31 March 2015**	31 March 2014[3]
Sean Christie	**-**	–	**-**	–
Paul Clegg[1]	**341,562**	68,222	**368,961**	460,040
Sue Farr	**-**	–	**-**	–
Montague John 'Nick' Meyer	**15,000**	15,000	**-**	–
Hans Pauli	**238,827**	163,685	**101,700**	139,171
William Rudge	**97,142**	50,000	**69,355**	90,105
Patrick Shanley	**33,333**	33,333	**-**	–

1. Beneficial interests at 31 March 2015 include 66,700 (2014: 80,040) shares held directly or indirectly by other members of Paul Clegg's immediate family.
2. Beneficial interests include shares awarded as part of the annual bonus and held in the Employment Benefit Trust.
3. For the purposes of comparison, the 31 March 2014 figures have been restated as if the 5 to 1 share consolidation which took place on 12 September 2014 had been effective at that date.

The above table has been audited.

CEO's relative remuneration

Since joining in 2009, the CEO's total remuneration together with the proportion attributable to bonus or vested incentives is as set out in the table below:

	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	**2015 €'000**
Total remuneration	341	421	325	619	616	**705**
Bonus/vested incentives	94	139	–	280	288	**348**
% Bonus/vested incentives of total	28%	33%	0%	45%	47%	**49%**
% Bonus/vested incentives of cap	N/A	N/A	N/A	N/A	N/A	**56%**

As no formal cap or maximum bonus existed in previous years, no figure has been disclosed setting out this percentage.

The CEO's total salary, taxable benefits and annual bonus increased by 14% in the period compared to the prior year (2014 increase: 0%). Excluding Directors, the average group salary, benefits and bonus increased by 0% (2014: 0%).

Statement of voting at general meeting

The Anual General Meeting held on 11 September 2014 included the following resolutions:

An ordinary resolution was passed in respect of the approval of the Directors' remuneration report (excluding the Remuneration policy) for the year ending 31 March 2014. 134,997,813 (89.8%) votes were cast for the resolution, 15,326,762 against and 46,000 withheld.

An ordinary resolution was passed in respect of the approval of the Directors' remuneration policy for the year ending 31 March 2014. 121,729,276 (88.8%) votes were cast for the resolution, 15,343,475 against and 13,297,824 withheld.

Auditable part of the remuneration report

In their audit opinion on pages 69 and 70, PricewaterhouseCoopers LLP refer to their audit of the disclosures required by the Companies Act 2006. These comprise the following disclosures in this Report:

- The table on page 26 showing total remuneration received by Directors during the year ended 31 March 2015;
- The table on page 26 showing total pension contributions made on behalf of the Directors during the year to 31 March 2015; and
- The share options table for the year ended 31 March 2015 on page 27.

Further details of the share option awards are set out in Note 14 of the financial statements.

Part B: Directors' Remuneration Policy

The Directors' Remuneration Policy as set out in this section of the Remuneration Report is effective for all payments made to Directors from 11 September 2014, being the date of the AGM in which it was approved. The policy remains as approved at the 2014 AGM except that the version below has been amended to include the proposed changes to the policy for Non-Executive directors. It is also noted assurances were given to apply an internal LTIP limit of 300% of salary and to apply holding periods to new grants. To assist the reader, the footnotes have been updated.

Remuneration policy

The Company's remuneration policy has been designed to attract, retain and motivate Executive Directors of the calibre required to deliver the business strategy. Individual remuneration packages are structured to align rewards with the performance of the Company and the interests of shareholders. The main principles are to:

- ensure that salaries are set at a market competitive level by benchmarking against appropriate external comparators;
- support high performance culture by rewarding upper quartile performance with upper quartile reward;
- maintain an appropriate balance between fixed and performance related pay;
- align long term rewards with shareholders; and
- ensure that the overall package reflects market practice and takes account of remuneration elsewhere in the Group.

Policy Table

Element and purpose	Policy and operation	Maximum	Performance measures
Base Salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	Base salaries are reviewed against suitable external comparators, although the Committee does not strictly follow data but uses it as a reference point in considering, in its judgment, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is paid monthly in cash.	In the normal course of events, the executive directors' salaries would not normally be increased by more than the average awarded to staff generally and, in any event, no increase from current salary levels would be made that would take an executive directors' salary above a limit of €400,000 p.a.	N/A
Benefits To provide benefits valued by recipient.	Provide market competitive benefits in kind. Details of the benefits provided are set out in the section above. The Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of Accsys to do so, having regard to the particular circumstances and to market practice. Where appropriate, the Company will meet certain costs relating to Executive Director relocations.	It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will operate within an annual limit of 20% of an Executive Director's base salary (plus a further 100% in the case of relocations). The Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Committee considers to be appropriate in all the circumstances.	N/A
Pension To provide retirement benefits and remain competitive within the market place.	Accsys contributes to personal pension arrangements and/ or offers a salary supplement in lieu.	A contribution limit of 15% of base salary p.a. per Executive Director has been set for the duration of this policy.	N/A

Element and purpose	Policy and operation	Maximum	Performance measures
Annual Bonus Plan To motivate employees and incentivise delivery of annual performance targets.	Annual bonus levels and the appropriateness of measures are reviewed annually to ensure they continue to support the strategy. Annual bonus is delivered primarily in shares although the Committee proposes to pay annual bonuses substantially or entirely in cash once the business sustains a constant and steady level of working capital to support the Company's growth strategy. Shares awarded as bonus vest one year after the date of award. Share awards attract dividends, should the company award any dividends.	To date, the annual bonus has operated on an uncapped ad hoc basis without a formal cap although the Committee has, in practice, remained within 120%. To comply with the legislation, a cap of 200% of base salary p.a. has been introduced but it should be particularly noted that this is not an aspiration.	The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate. Attaining the threshold level of performance produces a nil pay-out. The Committee retains discretion to adjust performance measures and targets during the year to take account of events outside of management control which were unforeseen when the measures and targets were originally set.
Long-Term Incentives To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Group operates the Accsys Technologies 2013 Long-Term Incentive Plan.	Awards under the LTIP may be granted as nil-cost options. Given the current absence of distributable reserves, it may not be possible to allot shares as fully paid so the Company reserves the right to require participants to pay par value and, in turn, allot further shares at par value which will generate a gain equal to the par value on shares subject to the award. Malus provisions apply to unvested awards on the discovery of deficient performance, or alternatively, award cash bonuses to the equivalent amount. Clawback of vested awards apply in the event of mis-booking of reserves, misstatement of earnings, censure by a regulatory authority or any other serious damage to Company reputation. Three types of awards can be granted: • Retention based awards, not subject to performance conditions but subject to continued employment for 3 years. • Performance based awards, subject to performance conditions. • Exceptional multiplier awards, subject to performance conditions which require the creation of significant value for shareholders.	The LTIP allows for the grant of awards over up to 10% of issued share capital over a 10 year period (including outstanding awards under all other share plans but excluding shares issued in respect of annual bonus arrangements, any options or awards which have lapsed and any awards to be satisfied by shares purchased by an employees' shares trust). Following the publication of last year's accounts, the Company confirmed via an RNS that: The Company will apply an internal limit such that no Executive Director will receive an award under the LTIP of more than 300% of base salary in any given financial year. In practice, the Company had not envisaged and continues not to envisage awards at even this level. The Committee expressly reserves discretion to make such awards as it considers appropriate within these limits.	The Committee may set such performance conditions on LTIP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Committee's opinion, make it appropriate to substitute, vary or waive the performance conditions in such manner as the Committee thinks fit. Performance periods may be over such periods as the Committee selects at grant. No less than 25% of awards vest for attaining the threshold level of performance conditions.

Element and purpose	Policy and operation	Maximum	Performance measures
Employee Share Participation Plan To encourage share ownership by employees, thereby allowing them to share in the long term success of the Group and align their interests with those of the shareholders.	Executive Directors are able to participate in all-employee share plans on the same terms as other Group employees.	The Employee Share Participation Plan allows for individuals to subscribe for shares on two occasions during the year up to a limit of €5,000 per annum. On each occasion a 1:1 match for shares subscribed is offered subject to still being employed by the Company after one year.	Consistent with normal practice, such awards are not subject to performance conditions.
Chairman and Non-Executive Director Fees **Amended – this part of policy is subject to approval at forthcoming AGM**	The fees paid to the Chairman and the fees of the other Non-Executive Directors are set to be competitive with other listed companies of equivalent size and complexity. Fee levels are periodically reviewed. The Company does not adopt a quantitative approach to pay positioning and exercises judgment as to what it considers to be reasonable in all the circumstances as regards quantum. Fees are paid quarterly in cash. Non-Executive Directors are not eligible to participate in incentive arrangements or receive pension provision or other benefits such as private medical insurance and life insurance.	The aggregate fees of the Chairman and Non-Executive Directors will not exceed €500,000 (increased from €250,000) p.a. in aggregate. The Company reserves the right to vary the structure of fees within this limit including, for example, introducing time-based fees or reflecting the establishment of new Board Committees.	N/A

Notes to the policy table

1. Annual bonus performance measures for year ended March 2016
   The Committee will continue to operate the annual bonus plan as it has in past years, with the award of bonuses being determined by the Committee taking account of a broad range of financial and operational performance measures. Given the competitive nature of the Company's sector these performance measures and related targets are considered to be commercially sensitive and accordingly are not disclosed, and are likely to remain so. As the Company matures, the Committee may seek to develop more formulaic KPIs and will consider the extent to which it is feasible to disclose such targets on a retrospective basis.

2. Performance conditions for LTIP awards in the year ending March 2016
   If LTIP awards are made in the year ending March 2016, then the performance conditions will be set within the permitted provisions of the rules. For awards made in the year ended March 2014, the conditions are set out in the Remuneration Report. The Committee selected these performance metrics for the year ended March 2014 as they provide a balance between delivery of earnings and external market performance, both of which are key measures of success for the Company.

3. Differences between the policy on remuneration for Directors from the policy on remuneration of other employees
   Where Accsys' pay policy for Directors differs to its pay policies for groups of employees, this reflects the appropriate market rate position for the relevant roles.

4. Stating maximum amounts for the remuneration policy
   The new UK regulations and related investor guidance encourages companies to disclose a cap within which each element of Remuneration Policy will operate. Where maximum amounts for elements of remuneration have been set within the Directors' Remuneration Policy, these will operate simply as caps and are not indicative of any aspiration.

5. Travel and hospitality
   While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Company or another) and business travel for directors (and exceptionally their families) may technically come within the applicable rules and so the Committee expressly reserves the right for the Committee to authorise such activities within its agreed policies.

Recruitment remuneration policy

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims. However, as an external recruitment has not taken place for a considerable period of time, the preparation of this policy is challenging as it provides for an event which has not been the Company's practice.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general policy for Executive Directors as set out above and structure a package in accordance with that policy. Consistent with the new UK regulations, the caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The annual bonus and long term incentive compensation arrangements will operate (including the maximum award levels) as detailed in the general policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy-out awards forfeited by the individual on leaving a previous employer. For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any recruitment-related awards which are not buy-outs will be subject to the limits for incentive pay as stated in the general policy.

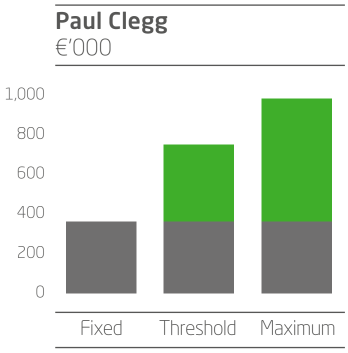
For any buy-outs the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing incentive pay structure. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing annual and equity-based pay structures. Details of any recruitment-related awards will be appropriately disclosed.

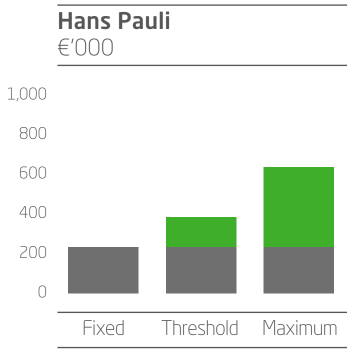
All buy-outs, whether under the annual bonus plan, LTIP or otherwise, will take account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek to make buy-outs subject to what are, in its opinion, comparable requirements in respect of, service and performance. However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed), and where the Committee considers it to be in the interests of shareholders, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited.

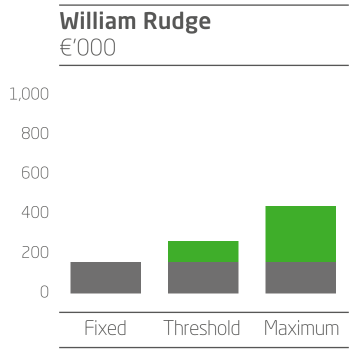
A new Non-Executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Potential rewards under different scenarios

The charts below show the potential payout under the proposed arrangements for each Executive Director under different scenarios.







Notes

1. Fixed pay out reflects basic salaries, benefits in kind and pension allowances (and assuming maximum take-up of the all-employee share award) in place at the start of the year ending 31 March 2016.
2. As the Company does not have a formal on-target level for bonus, the threshold pay-out levels for the last financial year (125% of salary for the CEO and 75% for each of the other Executive Directors) has been taken with the maximum based on a payment at 200% (the latter figure very much being regarded as cap rather than a realistic estimate).
3. Options were granted under the new LTIP plan in the year ended 31 March 2014, no new grants were made in the year ended 31 March 2015 and the year ending 31 March 2016 is under review and therefore no figure has been included in the above graphs.

Directors' service contracts

The Company's general approach on recruiting a new Executive Director would be to follow the terms of the contracts of Mr Pauli and Mr Rudge. However, it is difficult to be definitive regarding a currently unforeseen event and the Company reserves the right to introduce a longer initial notice period (of up to 2 years) reducing over time.

Executive Director service contracts, which do not contain expiry dates, provide that compensation provisions for termination without notice will only extend to salary, certain fixed benefits and pension. In the case of William Rudge and Hans Pauli such sums may be paid in instalments and cease if the individual finds an alternative role.

Following a change of control, if the Company terminates Paul Clegg's employment in breach of or in accordance with the terms of his service contract or if Paul Clegg terminates the employment in response to a fundamental breach of contract by the Company or in accordance with the terms of his service contract, then he will be entitled to a termination payment comprising 12 months base pay and benefits, plus an amount in respect of bonus of at least the level of the average of historic bonus levels (or a higher discretionary amount awarded in respect of Company and personal performance in the financial year of termination), unpaid expenses and the value of accrued holiday entitlement.

Name	Date of contract	Notice period from either party (months)
Paul Clegg	2 September 2009	12
Hans Pauli	1 March 2010	6
William Rudge	1 October 2012	3

Subject to Board approval, Executive Directors are permitted to accept (and retain the fees from) outside appointments on external boards as long as these are not deemed to interfere with the business of the Group.

Termination policy summary

In practice, the facts surrounding any termination do not always fit neatly into defined categories for good or bad leavers. Therefore, it is appropriate for the Committee to consider the suitable treatment on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatment which the Committee may choose to apply under the discretions available to it under the terms of the annual bonus and LTIP plans. The potential treatments on termination under these plans are summarised below.

Incentives	Good leaver	Bad leaver	Exceptional events
	If a leaver is deemed to be a 'good leaver'; i.e. leaving through redundancy, retirement, ill health, disability or death, sale of part of the Group or otherwise at the discretion of the Remuneration Committee	If a leaver is deemed to be a 'bad leaver'; typically voluntary resignation or leaving for disciplinary reasons	For example change in control or winding up of the Company
Annual bonus	Pro-rated bonus. Pro-rating to reflect only the period worked. Performance metrics determined by the Remuneration Committee. Annual bonus awarded in shares, but still held in the Employee Benefit Trust for a year, will fully vest	No awards made	Either the annual bonus will continue for the year or there will be a pro-rated bonus. Performance metrics determined by the Remuneration Committee
LTIP	Will receive a pro-rated award subject to the application of the performance conditions at the normal measurement date	All awards will normally lapse	Awards vest after taking into account both the application of the performance conditions at the date of the event and the period of time served (other than in the respect of retention based awards)

The Company has power to enter into settlement agreements with Executives and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of termination of an Executive Director, the Company may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Non-Executive Directors' contracts

The Non-Executive Directors, including the Chairman, have letters of appointment which set out their duties and responsibilities. Appointment is for a fixed term of three years, terminable by three months' notice on either side.

Name	Date of letter of appointment[1]	Appointment end date	Unexpired term (months)
Patrick Shanley	18 November 2010	18 November 2016	16
Nick Meyer	17 May 2011	17 May 2017	22
Sean Christie	27 November 2014	27 November 2017	29
Sue Farr	27 November 2014	27 November 2017	29

1. As amended by agreements dated 21 November 2013 and 10 February 2015 for Nick Meyer and Patrick Shanley respectively

Consideration of employment conditions elsewhere in the Group

As explained in the general policy section of the Remuneration policy, the Committee takes into account Group-wide pay and employment conditions. The Committee reviews the average Group-wide base salary increase and bonus costs and is responsible for all discretionary and all-employee share arrangements.

Consistent with normal practice, the Committee did not consult with employees in preparing the Directors' Remuneration Policy.

Consideration of shareholders' views

Each year the Committee takes into account the approval levels of remuneration related matters at our AGM in determining that the current Directors' remuneration policy remains appropriate for the Company.

The Committee seeks to build an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular.

Corporate Governance

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

The Board of Directors

During the period up until 26 April, the Board comprised a Non-Executive Chairman, two Non-Executive Directors and three Executive Directors. Gordon Campbell, the Non-Executive Chairman in the period, very sadly died on 26 April 2014. Patrick Shanley was appointed Chairman and a review of the composition of the Board was undertaken. On 20 November 2014 Patrick was confirmed as Non-Executive Chairman and on 27 November Sean Christie and Sue Farr were appointed as Non-Executive Directors.

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

During the year, all serving Directors attended the quarterly Board meetings that were held. In addition to the scheduled meetings there is frequent contact between all the Directors in connection with the Company's business including Audit and Nomination and Remuneration committee meetings which are held as required, but as a minimum twice per annum.

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

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

Audit Committee

The Audit Committee consisted of Patrick Shanley (Chairman), Nick Meyer and up until 26 April 2014, Gordon Campbell. From 27 November Sean Christie and Sue Farr were also appointed and Sean Christie was appointed Chairman of the Committee. The Audit Committee meets at least twice a year and is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Committee also discusses the scope of the audit and its findings and considers the appointment and fees of the external auditors. The Audit Committee continues to believe that it is not currently appropriate for the Company to maintain a dedicated internal audit function due to its size.

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

Nominations & Remuneration Committee

The Nominations and Remuneration Committee consists of Nick Meyer (Chairman), Patrick Shanley and, until April 2014, Gordon Campbell. Sean Christie and Sue Farr were appointed on 27 November. The Committee's role is to consider and approve the nomination of Directors and the remuneration and benefits of the Executive Directors, including the award of share options and bonus share awards. In framing the Company's remuneration policy, the Nominations & Remuneration Committee has given full consideration to Section D of The UK Corporate Governance Code.

Internal Financial Control

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

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

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

Relations with shareholders

Communications with shareholders are given high priority.

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

Directors' attendance record

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

	Board		Audit Committee		Nominations & Remuneration Committee	
Number of meetings	**Attended[1]**	**Serving**	**Attended**	**Serving**	**Attended**	**Serving**
Sean Christie	2	2	1	–	1	–
Paul Clegg	11	13	2	–	3	–
Sue Farr	2	2	1	–	1	–
Montague John 'Nick' Meyer	8	13	2	2	3	3
Hans Pauli	11	13	2	–	1	–
Patrick Shanley	9	13	2	2	3	3
William Rudge	11	13	2	–	1	–

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

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

Notes

1. A number of board committee meetings were held in the year in addition to the scheduled board meetings in order to address certain routine matters such as the issue of shares in respect of the Employee Share Scheme.

Statement of Directors' Responsibilities

Directors' responsibilities

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

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

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

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

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

Case study

BDA Architects Ltd were commissioned to design a new private owners' facility at a popular holiday park in the north of England. The team wanted to create a building which had the look and feel of a lodge. To achieve this look they designed the building to incorporate wooden cladding in its construction, surrounded by a decked area complemented by grey stone walls.

It was essential that the wood used for the cladding was durable and would require little maintenance, while providing a quality and natural looking finish. They strived to find a wood product which would be able to cope with the varied climate of north England, which is known to have high rainfall, as well as withstanding the harsh marine environment of the retreat's location.

NBDA Architects turned to STET James Latham for the solution, and they recommended using Accoya for the project. Over 170m^2 of Accoya was used to clad the exterior of the property. The Accoya cladding combined with stone walls provided the "lodge" feel specified within the brief.

Group Independent Auditors Report to the Members of Accsys Technologies PLC

Report on the Group financial statements

Our opinion

In our opinion, Accsys Technologies PLC's Group financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31 March 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

Accsys Technologies PLC's financial statements comprise:

- the consolidated statement of financial position as at 31 March 2015;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flow for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 36 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent Company. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Financial Statements (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the parent company financial statements of Accsys Technologies PLC for the year ended 31 March 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 June 2015

(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 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.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2015

	Note	Before exceptional items 2015 €'000	Exceptional items Note 4 2015 €'000	Total 2015 €'000	Before exceptional items (Restated) 2014 €'000	Exceptional items Note 4 (Restated) 2014 €'000	Total 2014 €'000
Accoya® wood revenue		**40,661**	**-**	**40,661**	29,293	–	29,293
Licence revenue		**389**	**-**	**389**	1,134	–	1,134
Other revenue		**5,027**	**-**	**5,027**	3,085	–	3,085
Total revenue	2	**46,077**	**-**	**46,077**	33,512	–	33,512
Total cost of sales		**(33,842)**	**-**	**(33,842)**	(25,753)	–	(25,753)
Gross profit		**12,235**	**-**	**12,235**	7,759	–	7,759
Other operating costs	3	**(15,985)**	**(2,937)**	**(18,922)**	(14,247)	(726)	(14,973)
Operating loss	7	**(3,750)**	**(2,937)**	**(6,687)**	(6,488)	(726)	(7,214)
Share of joint venture loss	8	**(1,098)**	**-**	**(1,098)**	(905)	–	(905)
Gain on acquisition of subsidiary	4	**-**	**267**	**267**	–	–	–
Finance income	9	**73**	**-**	**73**	155	–	155
Finance expense	10	**(208)**	**-**	**(208)**	(226)	–	(226)
Loss before taxation		**(4,983)**	**(2,670)**	**(7,653)**	(7,464)	(726)	(8,190)
Tax charge	11	**(607)**	**-**	**(607)**	(699)	–	(699)
Loss for the year		**(5,590)**	**(2,670)**	**(8,260)**	(8,163)	(726)	(8,889)
Gain/(Loss) arising on translation of foreign operations, which could subsequently be reclassified into profit or loss		**158**	**-**	**158**	(36)	–	(36)
Total comprehensive loss for the year attributable to owners of the parent		**(5,432)**	**(2,670)**	**(8,102)**	(8,199)	(726)	(8,925)
Basic and diluted loss per Ordinary share	13	**€(0.06)**		**€(0.09)**	€(0.09)		€(0.10)

The comparative figures for the year ended 31 March 2014 have been restated to reflect the exceptional costs (see note 4).

The notes on pages 46-68 form part of these financial statements.

Consolidated Statement of Financial Position
At 31 March 2015

Registered Company 05534340

	Note	2015 €'000	2014 €'000
Non-current assets			
Intangible assets	15	**10,014**	8,333
Investment in joint venture	8	**-**	340
Property, plant and equipment	16	**19,548**	20,740
Available for sale investments	17	**-**	–
		29,562	29,413
Current assets			
Inventories	20	**7,894**	6,053
Trade and other receivables	21	**4,998**	4,477
Cash and cash equivalents		**10,786**	15,185
Corporation tax		**388**	446
		24,066	26,161
Current liabilities			
Trade and other payables	22	**(9,625)**	(5,557)
Obligation under finance lease	26	**(264)**	(264)
Corporation tax		**(812)**	–
		(10,701)	(5,821)
Net current assets		**13,365**	20,340
Non-current liabilities			
Obligation under finance lease	26	**(1,799)**	(1,871)
		(1,799)	(1,871)
Net assets		**41,128**	47,882
Equity and reserves			
Share capital – Ordinary shares	23	**4,440**	4,392
Share premium account		**128,714**	128,648
Capital redemption reserve		**148**	148
Warrants reserve		**-**	235
Merger reserve		**106,707**	106,707
Accumulated loss		**(199,022)**	(192,223)
Own shares		**(39)**	(47)
Foreign currency translation reserve		**180**	22
Total equity		**41,128**	47,882

The financial statements were approved by the Board and authorised for issue on 15 June 2015, and signed on its behalf by:

Paul Clegg
Director

William Rudge
Director

The notes on pages 46-68 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital Ordinary €'000	Share premium €'000	Capital redemption reserve €'000	Warrant reserve €'000	Merger reserve €'000	Own shares €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000
Balance at 31 March 2013	**4,332**	**128,587**	**148**	**235**	**106,707**	**(39)**	**58**	**(184,511)**	**55,518**
Total comprehensive income/ (expense) for the period	–	–	–	–	–	–	(36)	(8,889)	(8,925)
Share based payments	–	–	–	–	–	–	–	1,177	1,177
Shares issued	60	–	–	–	–	(8)	–	–	52
Premium on shares issued	–	60	–	–	–	–	–	–	60
Share warrants issued	–	–	–	–	–	–	–	–	–
Balance at 31 March 2014	**4,392**	**128,648**	**148**	**235**	**106,707**	**(47)**	**22**	**(192,223)**	**47,882**
Total comprehensive income/ (expense) for the period	–	–	–	–	–	–	158	(8,260)	(8,102)
Expiry of warrants	–	–	–	(235)	–	–	–	235	–
Share based payments	–	–	–	–	–	–	–	1,226	1,226
Shares issued	48	–	–	–	–	8	–	–	56
Premium on shares issued	–	66	–	–	–	–	–	–	66
Balance at 31 March 2015	**4,440**	**128,714**	**148**	**-**	**106,707**	**(39)**	**180**	**(199,022)**	**41,128**

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

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

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

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

Own shares represents 783,597 shares issued to an Employee Benefit Trust at nominal value on 11 August 2014. These shares shall vest if the employees, including the Executive Directors, remain in employment with the Company to the vesting date, being 1 July 2015 (subject to certain other provisions including good-leaver, take-over and Committee discretion provisions) (note 14).

On 31 March 2015, Accsys agreed to acquire the remaining 50% equity in TTL from Ineos. As a result of this agreement and the termination of the joint venture agreement, all of the warrant instruments which had been executed in 2012 in favour of Ineos lapsed.

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

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

The notes on pages 46-68 form part of these financial statements.

Consolidated Statement of Cash Flow
For the year ended 31 March 2015

	2015 €'000	2014 €'000
Loss before taxation	**(7,653)**	(8,190)
Adjustments for:		
Amortisation of intangible assets	**375**	352
Depreciation of land, property, plant and equipment	**2,100**	2,024
Recognition of reduction of investment in joint venture	**1,172**	922
Net loss/(gain) on disposal of property, plant and equipment	**-**	77
Net finance expense	**135**	71
Equity-settled Share based payment expenses	**1,226**	1,177
Gain on acquisition of subsidiary	**(267)**	–
Cash flows from operating activities before changes in working capital	**(2,912)**	(3,567)
Increase in trade and other receivables	**(1,566)**	(253)
Increase in deferred income	**1,556**	–
(Increase) in inventories	**(1,860)**	(1,194)
Increase in trade and other payables	**909**	1,757
Net cash used in operating activities before tax*	**(3,873)**	(3,257)
Tax received	**263**	344
Net cash flows used in operating activities	**(3,610)**	(2,913)
Cash flows from investing activities		
Interest received	**70**	124
Expenditure on capitalised internal development	**(201)**	(459)
Purchase of property, plant and equipment	**(907)**	(572)
Purchase of intangible assets	**-**	(23)
Investments in joint ventures	**(1,000)**	(1,200)
Cash generated in acquisition of subsidiary, net of consideration	**1,338**	–
Net cash used in investing activities	**(700)**	(2,130)
Cash flows from financing activities		
Interest paid	**(208)**	(226)
Repayment of finance lease	**(72)**	(54)
Proceeds from issue of share capital	**123**	70
Net cash used in financing activities	**(157)**	(210)
Net decrease in cash and cash equivalents	**(4,467)**	(5,253)
Effect of exchange rate changes on cash and cash equivalents	**68**	(29)
Opening cash and cash equivalents	**15,185**	20,467
Closing cash and cash equivalents	**10,786**	15,185

* Cash out-flows from operating activities after changes in working capital included €3,159,000 in respect of exceptional costs (2014: €498,000).

The notes on pages 46-68 form part of these financial statements.

Notes to the Financial Statements
For the year ending 31 March 2015

1. Accounting policies

Basis of accounting
The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union, interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under adopted IFRS. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on page 71.

Going concern
The financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, 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 the collection of ongoing working capital items in line with internally agreed budgets.

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

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

Changes in accounting policies
No new accounting standards, amendments or interpretations have been adopted in the period which have any impact on these financial statements other than as noted below:

Exceptional Items
Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include items relating to the restructuring of a significant part of the Group, impairment losses (or the reversal of previously recorded exceptional impairments), expenditure relating to the integration and implementation of significant acquisitions and other one-off events or transactions. See note 4 for details of exceptional items.

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

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

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

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

The total carrying values of investments in joint ventures represent the cost of each investment including the carrying value of any goodwill, the share of post-acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of joint ventures are reviewed on a regular basis and if an impairment in value has occurred, the carrying value is impaired in the period in which the relevant circumstances are identified. The Group's share of a joint venture's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Revenue recognition

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

Manufacturing revenue

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

Licence fee and marketing income

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

Finance income

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

Finance expense

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

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

Share based payments

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

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

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

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

1. Accounting policies continued

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

Dividends

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

Pensions

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

Taxation

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

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

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

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

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

Foreign currencies

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

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

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

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

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

Goodwill
Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised, and is subject to annual impairment reviews by the Directors. Any impairment arising is charged to the statement of comprehensive income. Where the fair value of the identifiable assets and liabilities acquired is greater than the fair value of consideration paid, the resulting amount is treated as a gain on a bargain purchase and has been recognised in the income statement.

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

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

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charged. Cost includes the original purchase price of the asset as well as costs of bringing the asset to the working condition and location of its intended use. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, except freehold land, over its expected useful life on a straight line basis, as follows:

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

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

1. Accounting policies continued

Leases

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

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

Inventories

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

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

Financial assets

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities

Other financial liabilities

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

Share capital

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

Accounting estimates and judgements

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

Revenue recognition

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

Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of judgements in relation to discount rates and future forecasts (See note 15). The recoverability of these balances is dependent upon the Group's existing licensees progressing with the completion of their manufacturing facilities or the signing of new licence or consortium agreements. While the scope and timing of the production facilities to be built under the Group's existing and future agreements remains uncertain, the Directors remain confident that revenue from either existing licensees or under new license or consortium agreements will be generated, demonstrating the recoverability of these balances.

Intellectual property rights and property, plant and equipment

The Group tests the carrying amount of the intellectual property rights and property, plant and equipment whenever events or changes in circumstances indicate that the net book value may not be recoverable. These calculations require the use of estimates in respect of future cash-flows from the assets by applying a discount rate to the anticipated pre-tax future cash-flows. The Group also reviews the estimated useful lives at the end of each annual reporting period (See note 15 & 16). The price of the Accoya wood and the raw materials and other inputs vary according to market conditions outside of the Group's control. Should the price of the raw materials increase greater than the sales price or in a way which no longer makes Accoya competitive, then the carrying value of the property, plant and equipment or IPR may be in doubt and become impaired. The Directors consider that the current market and best estimates of future prices mean that this risk is limited.

Inventories

The Group reviews the net realisable value of, and demand for, its inventory on a monthly basis to provide assurance that recorded inventory is stated at the lower of cost and net realisable value after taking into account the age and condition of inventory (See note 20).

Available for sale investments

The Group has an investment in unlisted equity shares carried at nil value. The investment is valued at cost less any impairment as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Group makes appropriate enquiries and considers all of the information available to it in order to assess whether any impairment has occurred (See note 17).

New standards and interpretations in issue but not yet effective at the date of authorisation of these financial statements:
At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (amendments) 'Separate financial statements'
- IAS 28 (amendments) 'Associates and joint ventures'
- IAS 32 (amendments) 'Financial instruments presentation'
- IAS 36 (amendments) 'Recoverable Amount Disclosures for Non-Financial Assets'

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

2. Segmental reporting

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

Result by segment

Licensing, management and business development

	2015 €'000	2014 €'000
Revenue	1,051	1,134
Cost of sales	-	–
Gross profit	1,051	1,134
Other operating costs	(8,527)	(6,954)
Exceptional items	(2,937)	(726)
Other operating costs	(11,464)	(7,680)
Loss from operations	(10,413)	(6,546)
Loss from operations	(10,413)	(6,546)
Depreciation and amortisation	430	412
EBITDA	(9,983)	(6,134)

Revenue is attributable to fees from licensees of the Group's technology to third parties.

Other operating costs include all remaining costs unless they are directly attributable to manufacturing or research and development. This includes marketing, business development, management and the majority of the Group's administration costs including the head office in Windsor as well as the US office.

Headcount = 21 (2014: 21)

Manufacturing

	2015 €'000	2014 €'000
Revenue	45,026	32,378
Cost of sales	(33,842)	(25,753)
Gross profit	11,184	6,625
Other operating costs	(6,253)	(6,142)
Profit/(loss) from operations	4,931	483
Profit/(loss) from operations	4,931	483
Depreciation and amortisation	2,004	1,910
EBITDA	6,935	2,393

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

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

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

Headcount = 77 (2014: 67)

Research and development

	2015 €'000	2014 €'000
Revenue	-	–
Cost of sales	-	–
Gross result	-	–
Other operating costs	(1,205)	(1,151)
Loss from operations	(1,205)	(1,151)
Loss from operations	(1,205)	(1,151)
Depreciation and amortisation	41	54
EBITDA	(1,164)	(1,097)

Costs are associated with various research and development activities associated with Accoya and processes. The costs are reported excluding €201,000 of costs which have been capitalised in accordance with IFRS. (2014: €455,000).

Headcount = 13 (2014: 13)

Total

	2015 €'000	2014 €'000
Revenue	**46,077**	33,512
Cost of sales	**(33,842)**	(25,753)
Gross profit	**12,235**	7,759
Other operating costs	**(15,985)**	(14,247)
Exceptional items	**(2,937)**	(726)
Other operating costs	**(18,922)**	(14,973)
Loss from operations	**(6,687)**	(7,214)
Share of joint venture loss	**(1,098)**	(905)
Finance income	**73**	155
Finance expense	**(208)**	(226)
Exceptional gain on acquisition of subsidiary	**267**	–
Loss before taxation	**(7,653)**	(8,190)

Loss from operations	**(6,687)**	(7,214)
Share of joint venture loss	**(1,098)**	(905)
Depreciation and amortisation	**2,475**	2,377
EBITDA	**(5,310)**	(5,742)
EBITDA (before exceptional items)	**(2,372)**	(5,017)

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

Analysis of Revenue by geographical area of customers

	2015 €'000	2014 €'000
UK and Ireland	**17,760**	11,300
Benelux	**8,431**	8,822
Rest of Europe	**10,704**	7,501
Americas	**5,522**	3,376
Asia-Pacific	**3,151**	1,901
Rest of World	**509**	612
	46,077	33,512

Revenue generated from two customers exceeded 10% of Group revenue of 2015, represented by 34% and 31% respectively, of the revenue from the United Kingdom and Ireland and relates to manufacturing revenue. Revenue generated from one single customer exceeded 10% of Group revenue in 2014 (43% of United Kingdom).

Analysis of non-current assets (other than financial assets and deferred tax)

	2015 €'000	2014 €'000
UK	**5,803**	4,491
Other countries	**19,528**	20,690
Unallocated – goodwill	**4,231**	4,231
	29,562	29,412

The segmental assets in the current year and the previous year were predominantly held in Europe. Additions to property, plant, equipment and intangible assets in the current year and the previous year were predominantly incurred in Europe. There are no significant intersegment revenues.

Notes to the Financial Statements continued
For the year ending 31 March 2015

3. Other operating costs

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

	2015 €'000	2014 €'000
Sales and marketing	**3,191**	2,882
Research and development	**1,205**	1,151
Depreciation and amortisation	**2,475**	2,377
Other operating costs	**2,395**	2,243
Administration costs	**6,719**	5,594
Exceptional items	**2,937**	726
	18,922	14,973

During the period, €201,000 (2014: €459,000) of development costs were capitalised and included in intangible fixed assets. This includes nil in respect of the Accoya licence Process Design Package (2014: €152,000).

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

Exceptional costs relate to the arbitration with Diamond Wood – see note 4.

4. Exceptional items

On 25 July 2014 Accsys announced that the arbitration tribunal (the "Tribunal") appointed in relation to the dispute between Accsys and Diamond Wood China Limited ("Diamond Wood") had delivered a 'First Partial Final Award' (the "Award").

In response to Diamond Wood's claim against Accsys, namely for damages in excess of €140 million as previously published by Diamond Wood, and for the continuation of the Licence Agreement, the Tribunal ruled that Diamond Wood could only claim for limited damages (if any) up to a maximum of €250,000. However, the Tribunal also ruled that the licence agreement between the two parties is to continue.

On 19 September 2014 Accsys announced that the Tribunal issued a final award in respect of costs relating to the ruling which are payable to Diamond Wood, being approximately £1.6m.

The exceptional item therefore includes €2.4m in respect of the awards for damages and Diamond Wood's costs. In addition, Accsys has incurred a further €0.5m in respect of its own legal costs in the period. This is in addition to €0.7m incurred in the previous financial year which has also been represented as an exceptional item.

In addition there is also an exceptional item gain of €267,000 recorded in the period relating to the acquisition of the remaining 50% of Tricoya Technologies Limited – see note 8.

5. Employees

	2015 €'000	2014 €'000
Staff costs (including Directors) consist of:		
Wages and salaries	**7,138**	6,469
Social security costs	**1,051**	926
Other pension costs	**516**	434
Share based payments	**1,427**	1,177
	10,132	9,006

The average monthly number of employees, including Executive Directors, during the year was as follows:

	Number	Number
Administration, research and engineering	**67**	67
Operating	**44**	34
	111	101

6. Directors' remuneration

	2015 €'000	2014 €'000
Directors' remuneration consists of:		
Directors' emoluments	**992**	894
Company contributions to money purchase pension schemes	**50**	47
	1,042	941

Compensation of key management personnel included the following amounts:

	Salary, bonus and short term benefits €'000	Pension €'000	Share based payments charge €'000	2015 Total €'000	2014 Total €'000
Paul Clegg	403	31	482	**916**	826
Hans Pauli	266	12	154	**432**	393
William Rudge	179	7	83	**269**	232
	848	50	719	**1,617**	1,451

The Group made contributions to 3 (2014: 3) Directors' personal pension plans.

7. Operating loss

	2015 €'000	2014 €'000
This has been arrived at after charging:		
Staff costs	**10,131**	9,006
Legal costs – Diamond Wood arbitration (note 4)	**2,937**	726
Depreciation of property, plant and equipment	**2,100**	2,024
Amortisation of intangible assets	**375**	352
Operating lease rentals	**1,030**	1,011
Foreign exchange (gains)/losses	**(31)**	65
Research & development (excluding staff costs)	**658**	535
Loss on disposal of property, plant and equipment	**-**	77
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**72**	63
Fees payable to the Company's auditors for other services:		
– audit of the Company's subsidiaries pursuant to legislation	**91**	80
– audit related assurance services	**27**	24
Total audit and audit related services:	**190**	167
– tax compliance services	**71**	53
– all other services	**15**	27
Total tax and other services:	**86**	80

8. Joint venture and business combination

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

As part of the transaction, TTL was granted rights to exploit Accsys' Tricoya technology and also benefited from a licence of any intellectual property held by Ineos that may assist the joint venture in maximising the value of the Tricoya proposition. Results generated by TTL were to be shared between Accsys and Ineos in a way that reflected each party's interest, which was 50% during the period.

TTL has been accounted for during the period using the equity method reflecting that it was a joint venture. On 31 March 2015, Accsys agreed to acquire Ineos's 50% equity interest as part of terms which included the termination of the joint venture agreement and for consideration of €1. Therefore as at 31 March 2015, Accsys owned 100% of the share capital of TTL and its balance sheet has been fully consolidated.

8. Joint venture and business combination continued

The fair value of the assets and liabilities acquired was determined to be the same as the book value held in TTL's own books (as below) and no additional assets or liabilities were identified in the business combination. A resulting gain of €267,000 has been recorded in the period as a gain on acquisition of subsidiary due to this bargain purchase, and is shown as an exceptional item.

Income statement of TTL joint venture:

	2015 €'000	2014 €'000
Revenue	**483**	153
Costs:		
Staff costs	**1,346**	1,230
Research & development (excluding staff costs)	**515**	278
Intellectual Property	**242**	133
Sales & marketing	**576**	322
Joint venture loss	**2,196**	1,810
Group share of joint venture loss	**1,098**	905
Investment in joint venture at 1 April	**340**	62
Group share of loss reported	**(1,098)**	(905)
Less elimination of mark-up on recharged costs	**29**	(17)
Investments in joint venture	**1,600**	1,200
Disposal of investment in joint venture on acquisition of investment in subsidiary	**(871)**	–
Carrying value of joint venture at 31 March	**-**	340

Tricoya Technologies Limited statement of financial position at 31 March 2015:

	2015 €'000	2014 €'000
Non-current assets		
Intangible assets	**1,855**	1,382
Current assets		
Receivables due within one year	**71**	150
Cash and cash equivalents	**1,338**	499
	1,409	649
Current liabilities		
Trade and other payables	**(2,229)**	(1,302)
Net current assets	**(820)**	(653)
Net assets	**1,035**	729
100% attributable to Accsys Technologies (2014: 50%)	**1,035**	365
Less elimination of mark-up on recharged costs	**29**	(17)
Equity and reserves		
Share capital	**5,900**	3,400
Accumulated loss	**(4,865)**	(2,671)
Total equity	**1,035**	729

9. Finance income

	2015 €'000	2014 €'000
Interest receivable on bank and other deposits	**73**	155

10. Finance expense

	2015 €'000	2014 €'000
Arnhem land sale and leaseback finance charge	**208**	226

11. Tax expense

(a) Tax recognised in the statement of comprehensive income comprises

	2015 €'000	2014 €'000
Current tax expense		
UK corporation tax on profits for the year	-	–
Research and development tax credit in respect of current year	(190)	(169)
	(190)	(169)
Overseas tax at rate of 15%	39	2
Overseas tax at rate of 25%	758	–
Deferred tax		
Utilisation of deferred tax asset	-	866
Total tax charge reported in the statement of comprehensive income	607	699

(b) The tax credit for the period is lower than the standard rate of corporation tax in the UK (2015: 21%, 2014: 23%) due to

	2015 €'000	2014 €'000
Loss profit before tax	(7,653)	(8,190)
Expected tax credit at 21% (2014: 23%)	(1,607)	(1,884)
Expenses not deductible in determining taxable profit	79	367
Under/(over) provision in respect of prior years	802	(383)
Losses transferred to deferred tax asset but not recognised	1,042	2,420
Effects of overseas taxation	109	67
Other temporary differences	(8)	(57)
Research and development tax credit in respect of prior years	(29)	–
Research and development tax credit in respect of current year	219	169
Total tax charge reported in the statement of comprehensive income	607	699

12. Dividends paid

	2015 €'000	2014 €'000
Final dividend €nil (2014: €nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	–

13. Loss per share

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

Basic and diluted earnings per share

	Before exceptional items 2015	Total 2015	Before exceptional items 2014	Total 2014
Weighted average number of Ordinary shares in issue ('000)	88,538	88,538	87,482	87,482
Loss for the year (€'000)	(5,590)	(8,260)	(8,163)	(8,889)
Basic and diluted loss per share	€(0.06)	€(0.09)	€(0.09)	€(0.10)

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

The weighted average number of shares has been represented for all periods to take account of the 5 to 1 share consolidation which became effective on 12 September 2014.

14. Share based payments

The Group operates a number of share schemes which give rise to a share based payment charge. During the prior period, the Group introduced a LTIP in order to reward members of the senior management team and the executive directors. As part of the award of nil costs options under the LTIP, the recipients relinquished all share options that they held which had been awarded under the 2005 and 2008 Share Option Plans. Other employees continue to hold options awarded under these earlier schemes.

In addition, the Group operates an Employee Share Participation Plan, which is available to all employees, and also makes annual awards under the Employee Benefit Trust. Details of all these schemes are given below.

Options – total

The following figures take into account options awarded under the LTIP in the period together with share options awarded in previous years under the 2005 and 2008 Share Option schemes.

Outstanding options granted are as follows:

	Number of outstanding options at 31 March		Weighted average remaining contractual life, in years	
Date of grant	**2015**	2014	**2015**	2014
1 March 2005	**–**	269,265	**–**	0.9
28 March 2007	**115,586**	747,958	**2.0**	3.0
20 November 2007	**48,444**	242,236	**2.6**	3.6
18 June 2008	**8,498**	42,498	**3.3**	4.3
8 December 2008	**37,110**	206,821	**3.7**	4.7
27 July 2010	**164,321**	821,620	**5.3**	6.3
1 August 2011	**160,000**	800,000	**6.3**	7.3
19 September 2013 (LTIP)	**4,278,630**	21,393,185	**8.5**	9.5
Total	**4,812,589**	24,523,583	**7.9**	8.9

Movements in the weighted average values are as follows:

	Weighted average exercise price	Number
Outstanding at 31 March 2013	€0.38	25,448,374
Granted during the year – LTIP	€0.00	21,393,185
Cancellation of options (in relation to LTIP)	€0.32	(22,281,145)
Forfeited during the year	€1.66	(36,831)
Outstanding at 31 March 2014	€0.10	24,523,583
Forfeited before 12 September 2014	€0.97	(21,248)
Outstanding 11 September 2014	€0.11	24,502,335
Adjustment for 12 September 2014 share consolidation	€0.45	(19,601,898)
Outstanding – after impact of 2014 share consolidation	€0.56	4,900,437
Forfeited after 12 September 2014	€9.15	(33,998)
Expired during the year	€1.60	(53,850)
Outstanding at 31 March 2015	**€0.48**	**4,812,589**

The exercise price of options outstanding at the end of the year ranged between €nil (for LTIP options) and €12.90 (2014: nil and €12.90) and their weighted average contractual life was 7.9 years (2014: 8.9 years).

Of the total number of options outstanding at the end of the year, 77,057 (2014: 202,500) had vested and were exercisable at the end of the year. No options were exercised in the current or previous year.

Long-Term Incentive Plan ('LTIP')

During the prior period, the group established a Long-Term Incentive Plan, the participants of which are key members of the management team. The establishment of the LTIP was approved by the shareholders at the AGM in September 2013.

A prerequisite of participation in the LTIP was for the management team to agree to the cancellation of their entire outstanding share options, providing the Company with a 5% reduction in the level of dilution to make the new awards. A cancellation was agreed as the most appropriate action as it would focus the management team on the new LTIP and not on historical awards or arrangements. Details of the cancellation of the share options in the prior period (previously awarded under the 2005 and 2008 Share Option schemes) are set out further below.

LTIP overview

Under the LTIP, awards can be granted on a discretionary basis to key members of the management team. During the prior period, an initial 'one off' grant was made in order to focus the management team on the growth of the Company over the next three years. Awards were granted in the form of nil-cost options and consist of the following 'Elements':

Element	Objective	Description
A	Retention based award to lock-in executives who have contributed to the turnaround.	In consideration to agreeing to the cancellation of the participant's existing options, a proportion of the new share award vests on continuity of employment over the next three years. To ensure there is no value shift to the participants via the cancellation, this element requires an additional three years of services from the participant and will be forfeited if the share price at the end of the performance period is below €0.65.
B	Performance based share award.	This element aligns the participant to the future success of the Company by linking the level of vesting to EBITDA and share price growth against the constituents of the MSCI Europe Index (or another other broad based European index as deemed appropriate by the Remuneration Committee).
C	Exceptional performance multiplier.	This element ensures that if significant value is created for shareholders then participants will be entitled to receive an appropriate proportion of this value.

Performance conditions

Awards granted under the LTIP are subject to continued employment and satisfaction of the performance conditions. Performance will be measured at the end of a three year performance period for each Element.

Element A – Vesting is contingent upon continued employment for 3 years and share price not falling below €0.65 at the end of the performance period.

Element B – Measured against two equally weighted performance conditions:

	Threshold	Target	Maximum
EBITDA (50% of Element B)	€0m	€1.6m	€4m
Share price growth (50% of Element B)	Median of the constituents of the MSCI Europe Index	60th percentile of the constituents of the MSCI Europe Index	Upper quartile of the constituents of the MSCI Europe Index
Vesting level[1]	25%	60%	100%

1. Vesting is on a straight line basis between the respective EBITDA and share price targets.

Element C – This element vests in full if the share price is at or above €1.30 at the end of the performance period.

Awards made in prior period

Immediately following the establishment of the new LTIP in September 2013, awards were made to members of the management team. A total of 4,278,630 nil cost options were awarded. 1,593,331 were allocated as Element A, 1,837,572 as Element B and 847,727 were allocated as Element C. At the same time, a total of 4,456,229 of old options were cancelled.

All recipients were still employed by the Group as at 31 March 2015.

14. Share based payments continued

Element A was designed to recognise the contribution made by individuals to the turnaround of the Company and the cancellation of the existing options was a prerequisite for participation in the LTIP. The quantum of Element A for each participant was linked to the expected value of the existing options which were cancelled where there was a reasonable probability of pay out. As a result, under IFRS 2, the award of Element A was accounted for as a modification of the existing share options and as the award was designed to avoid any transfer of value, the resulting Share based payment charge is the same as if the existing options had not been cancelled.

Elements B and C have been accounted for as new awards with the fair value calculated based on a modified Black-Scholes model assuming inputs described below:

Element	Element B (EBITDA)	Element B (Share price growth)	Element C
Grant date	19 Sep 13	19 Sep 13	19 Sep 13
Share price at grant date (€)	0.70	0.70	0.70
Exercise price (€)	0.00	0.00	0.00
Expected life (years)	3	3	3
Contractual life (years)	10	10	10
Vesting conditions (details set out above)	EBITDA	Share Price	Exceptional Multiplier
Risk free rate	0.48%	0.48%	0.48%
Expected volatility	40%	40%	40%
Expected dividend yield	0%	0%	0%
Fair value of option	**€0.647**	**€0.388**	**€0.220**

The figures in the table above have been adjusted to reflect the 5 for 1 share consolidation which became effective on 12 September 2014. No LTIP options vested in the period and no new awards were made in the period.

2005 and 2008 Share Option schemes

The following share options awarded under the Group's 2005 and 2008 Share Option schemes impacted the current or preceding financial year;

Options granted on 1 March 2005 fully vested during 2011. These options may be exercised until 30 March 2015. At 31 March 2015, nil (2014: 53,850) of these options were outstanding with an exercise price of €1.60.

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

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

Once vested, these options may be exercised until 31 March 2017. At 31 March 2015, 115,586 (2014: 149,584) of these options were outstanding at an exercise price of €9.15.

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

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

Once vested these options may be exercised until 20 November 2017. At 31 March 2015, 48,444 (2014: 48,444) of these options were outstanding at an exercise price of €12.90.

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

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

Once vested these options may be exercised until 18 June 2018. At 31 March 2015, 8,498 (2014: 8,498) of these options were outstanding at an exercise price of €9.90.

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

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

Once vested these options may be exercised until 8 December 2018. At 31 March 2015, 37,110 (2014: 41,359) of these options were outstanding at an exercise price of €4.85.

Options granted on 27 July 2010 were partially exchanged in the period for new awards issued under the LTIP. 30% of the options vest on achievement of median Total Shareholder Return (TSR). Once vested, these options may be exercised until 27 July 2020. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. At 31 March 2015, 164,321 (2014: 164,321) of these options were outstanding at an exercise price of €1.20.

Options granted on 1 August 2011 were partially exchanged in the period for new awards issued under the LTIP. 30% of the options vest on achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. Once vested, these options may be exercised until 1 August 2021. At 31 March 2015, 160,000 (2014: 160,000) of these options were outstanding at an exercise price of €0.50.

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

The weighted average fair value of each option granted during the prior year was €0.30. No options were granted under the 2005 or 2008 Share Option schemes in the current or previous period.

The fair value of share options granted under the 2005 and 2008 Share Option Schemes during the previous years was calculated based on a modified Black Scholes model assuming inputs shown below for more recent awards:

Grant date	August 2011	July 2010
Share price at grant date (€)	0.50	1.70
Exercise price (€)	0.50	1.70
Expected life (years)	3	3
Contractual life (years)	10	10
Risk free rate	1.54%	2.30%
Expected volatility	85%	60%
Expected dividend yield	0%	0%
Fair value of option	**€0.200**	**€0.532**

The figures in the table and notes above have been adjusted to reflect the 5 for 1 share consolidation which became effective on 12 September 2014. Volatility was estimated by reference to the historic volatility since October 2005 when the Company's shares were listed on AIM. The resulting fair value is expensed over the vesting period of the options on the assumption that a proportion of options will lapse over the service period as employees leave the Group.

Employee Benefit Trust – Share bonus award

On 11 August 2014, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2013 to 31 March 2014, 783,597 (2014: 953,133) new Ordinary shares were issued to an Employee Benefit Trust, the beneficiaries of which are primarily the Executive Directors and Senior Managers. Such new Ordinary shares vest if the employees remain in employment with the Company at the vesting date, being 1 July 2015 (subject to certain other provisions including regulations, good-leaver, take-over and nomination and remuneration committee discretion provisions). As at 31 March 2015, the Employment Benefit Trust was consolidated by the Company and the 783,597 shares are recorded as Own Shares within equity. During the period, 945,133 Ordinary shares awarded in the prior year vested.

14. Share based payments continued

Employee Share Participation Plan

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

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

During the year ended 31 March 2015 the plan was open for subscription twice. In July 2014 various employees subscribed for a total of 27,819 Shares at an acquisition price of €1.15 per Share. In December 2014 various employees subscribed for a total of 53,922 Shares at an acquisition prices of €0.79 per Share.

Also during the year, 1 for 1 Matching shares were awarded in respect of subscriptions that were made in the previous year as a result of all participants continuing to remain in employment at the point of vesting. 99,559 Matching shares were issued to employees in July 2014.

15. Intangible assets

	Internal development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2013	1,396	73,292	4,231	78,919
Additions	459	–	–	459
At 31 March 2014	1,855	73,292	4,231	79,378
Additions	201	–	–	201
Addition on acquisition of subsidiary	1,981			1,981
At 31 March 2015	4,037	73,292	4,231	81,560
Accumulated amortisation				
At 31 March 2013	55	70,638	–	70,693
Amortisation	77	275	–	352
At 31 March 2014	132	70,913	–	71,045
Amortisation	100	275	–	375
Addition on acquisition of subsidiary	126	–	–	126
At 31 March 2015	358	71,188	–	71,546
Net book value				
At 31 March 2015	3,679	2,104	4,231	10,014
At 31 March 2014	1,723	2,379	4,231	8,333
At 31 March 2013	1,341	2,654	4,231	8,226

The carrying value of internal development costs, intellectual property rights and goodwill on consolidation are considered part of a single cash generating unit which incorporates the manufacturing and licensing operations. The recoverable amount of internal development costs, intellectual property rights and goodwill relating to this operation is determined based on a value in use calculation which uses cash flow projections based on board approved financial budgets. Cash flows have been projected for a period of 10 years plus assumptions concerning a terminal value, corresponding with the expected minimum life of the intellectual property rights and based on a pre-tax discount rate of 20% per annum (2014: 20%). The key assumption used in the value in use calculations is the level of future licence fees estimated by management over the budget period. These have been based on past experience and expected future revenues. The Directors have considered whether a reasonably possible change in assumptions may result in an impairment. An impairment would arise if the total volume of forecast Accoya manufactured is 95% lower than projected sales in future years.

16. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2013	5,208	27,190	656	33,054
Additions	43	444	85	572
Disposals	–	(116)	–	(116)
Foreign currency translation gain/(loss)	–	–	(9)	(9)
At 31 March 2014	5,251	27,518	732	33,501
Additions	–	847	63	910
Foreign currency translation gain/(loss)	–	–	27	27
At 31 March 2015	5,251	28,365	822	34,438
Accumulated depreciation				
At 31 March 2013	192	10,057	534	10,783
Charge for the year	115	1,818	91	2,024
Disposals	–	(39)	–	(39)
Foreign currency translation gain/(loss)	–	–	(7)	(7)
At 31 March 2014	307	11,836	618	12,761
Charge for the year	117	1,896	87	2,100
Foreign currency translation gain/(loss)	–	–	29	29
At 31 March 2015	424	13,732	734	14,890
Net book value				
At 31 March 2015	4,827	14,633	88	19,548
At 31 March 2014	4,944	15,682	114	20,740
At 31 March 2013	5,016	17,133	122	22,271

Included within property, plant and equipment are assets with an initial cost of €6,252,000 and a net book value at 31 March 2015 of €3,409,000 which has been accounted for as a finance lease under the terms of the sale and leaseback agreement entered into in a prior year (see note 25).

17. Other financial assets

	2015 €'000	2014 €'000
Available for sale investments	–	–

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

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

The historical cost of the unlisted shares held at 31 March 2015 is €10m (2014: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded as at 31 March 2015 (see note 4).

18. Deferred Taxation

The Group has a deferred tax asset of €nil (2014: €nil) relating to trading losses brought forward. €0.9m of deferred tax was utilised in the prior year.

The Group also has an unrecognised deferred tax asset of €23,200,000 (2014: €23,087,000) which is largely in respect of trading losses of the UK subsidiary. The deferred tax asset has not been recognised due to the uncertainty of the timing of future expected profits of the related legal entity attributable to licensing activities.

19. Subsidiaries

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

20. Inventories

	2015 €'000	2014 €'000
Materials and work in progress	3,068	3,492
Finished goods	4,826	2,561
	7,894	6,053

The amount of inventories recognised as an expense during the year was €30,158,361 (2014: €23,969,284). The cost of inventories recognised as an expense includes a net debit of €157,836 (2014: credit of €409,412) in respect of the inventories sold in the period which had previously been written down to net realisable value.

21. Trade and other receivables

	2015 €'000	2014 €'000
Trade receivables	3,024	3,060
Other receivables	1,086	385
Prepayments	888	1,031
	4,998	4,476

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. The majority of trade and other receivables is denominated in Euros, with €600,000 of the trade receivables denominated in US Dollars (2014: €355,000).

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

	2015 €'000	2014 €'000
Up to 30 days overdue	466	183
Over 30 days and up to 60 days overdue	13	136
Over 60 days and up to 90 days overdue	21	(14)
Over 90 days overdue	2	3
	502	308

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Included in the provision for doubtful debts are individually impaired trade receivables and accrued income with a balance of €25,001,000 (2014: €25,001,000) due from Diamond Wood.

Movement in provision for doubtful debts:

	2015 €'000	2014 €'000
Balance at the beginning of the period	25,019	25,051
Net increase/(release) of impairment if not required	2	(32)
Balance at the end of the period	25,021	25,019

Summary of Receivable Impairments:

	2015 €'000	2014 €'000
Trade receivables – Accoya wood*	20	18
	20	18

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

22. Trade and other payables

	2015 €'000	2014 €'000
Trade payables	**3,847**	3,790
Other taxes and social security payable	**202**	110
Other payables	**1,000**	–
Accruals and deferred income*	**4,576**	1,657
	9,625	5,557

* Accruals and deferred income includes £1.4m of deferred income resulting from the acquisition of Tricoya Technologies Limited.

23. Share capital

	2015 €'000	2014 €'000
Allotted – Equity share capital		
88,800,894 Ordinary shares of €0.05 each (2014: 439,219,864 Ordinary shares of €0.01 each)	**4,440**	4,392

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5 for 1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary shares. (Shares issued prior to this date have been restated accordingly.)

In year ended 31 March 2014:
On 5 July 2013, a total of 953,133 shares were issued to an Employment Benefit Trust, the beneficiaries of which were to be the Executive Directors and Senior Managers (see note 14).

On 13 September 2013, a total of 83,066 of Ordinary shares were issued and released to employees together with the 99,570 of Ordinary shares issued to a trust on 12 August 2013 (see note 14).

On 20 January 2014, a total of 73,884 of Ordinary shares were issued and released to employees.

In year ended 31 March 2015:
Own shares represents 783,597 €0.05 Ordinary shares issued to an Employee Benefit Trust ('EBT') at nominal value on 18 August 2014.

953,133 €0.05 Ordinary shares had been issued to the EBT at nominal value on 9 July 2013 of which 945,133 Ordinary shares vested on 8 August 2014.

On 18 August 2014, a total of 27,819 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

On 12 August 2014, a total of 99,559 of €0.05 Ordinary shares were issued and released to employees together with the 99,559 of €0.05 Ordinary shares issued to trust on 12 August 2013.

In 19 January 2015, a total of 53,922 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

24. Commitments under operating leases

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

	2015 €'000	2014 €'000
Operating lease payments due		
Within one year	**963**	1,003
In the second to fifth years inclusive	**1,067**	1,210
In greater than five years	**1,477**	1,477
	3,507	3,690

The majority of commitments under operating leases relate to the Group's offices in the UK, the Netherlands and USA and land in the Netherlands which is adjacent to our plant.

25. Commitments under finance leases

Agreements were reached in August 2011 for the sale and leaseback of the land and buildings in Arnhem for a total of €4m. €2.2m was received in 2011 with the remaining amount received in the following year, but accounted for as an operating lease. The transaction has resulted in a finance lease creditor of €2.1m as at 31 March 2015:

	Minimum lease payments 2015 €'000	2014 €'000
Amounts payable under finance leases:		
Within one year	**280**	280
In the second to fifth years inclusive	**1,120**	1,120
After five years	**1,773**	2,053
Less: future finance charges	**(1,110)**	(1,318)
Present value of lease obligations	**2,063**	2,135

26. Financial instruments

Finance lease

Agreements were reached in August 2011 for the sale and leaseback of the land and buildings in Arnhem under which a total of €4m was received. €2.2m was received in 2011 with the remaining amount received in the following year. Subject to the terms of the agreement, the buyer has committed to build new storage facilities which will also allow for an improvement in wood handling logistics. The transaction has resulted in a finance lease creditor of €2,063,000 as at 31 March 2015 (2014: €2,135,000). The total lease term is 15 years (see note 24 and 25).

Warrants

In 2012 the Company executed a warrant instrument in favour of Ineos, allowing Ineos the opportunity to purchase up to a further 3,293,647 shares at a price of €1.05 per share at certain times up until 19 October 2016. All 3,293,647 warrants lapsed on 31 March 2015.

Capital risk management

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

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

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

No final dividend is proposed in 2015 (2014: €nil). The Board deems it prudent for the Company to protect as strong a statement of financial position as possible during the current phase of the Company's growth strategy.

Categories of financial instruments

	2015 €'000	2014 €'000
Available for sale investments	-	–
Loans and receivables		
Trade receivables	3,024	3,060
Other receivables	1,086	385
Money market deposits in Euro	5,348	11,791
Money at call in Euro	3,807	2,483
Money at call in US Dollars	781	602
Money at call in Sterling	635	114
Money at call in New Zealand Dollars	215	195
Financial liabilities at amortised cost		
Trade payables	(3,847)	(3,790)
Accruals	(1,577)	(1,149)
Finance lease payable	(2,063)	(2,135)
Other payables	(1,000)	–
	6,409	11,556

Money market deposits have interest rates fixed for less than three months at a weighted average rate of 0.86% (2014: 1.58%). Money market deposits are held at financial institutions with high credit ratings (Standard & Poor's rating of AA).

All assets and liabilities mature within one year except for the finance lease, for which details are given in note 25.

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

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

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

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

26. Financial instruments continued

Credit risk management

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

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

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

Liquidity risk management

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

In addition to the sale and leaseback of the Arnhem land and buildings described above, the Group has finance facilities available which are secured on trade receivables and inventories:

Trade receivables facility

On 28 February 2011 the Group entered a trade receivable financing and credit management agreement with Fortis Commercial Banking for a period of at least two years from the closing date and with a facility limit of €1.5m. After two years the agreement renews for rolling one year periods. The facility is secured upon the Group's trade receivable.

Inventories facility

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

Both facilities are subject to interest at 1.5% above the ABN AMRO base rate of 3.8% as at 31 March 2015 (2014: 4.0%). At 31 March 2015, the Group had €nil (2014: €nil) borrowed under both of the facilities.

Fair value of financial instruments

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

27. Related party transactions

In the year ended 31 March 2015, there were a number of related party transactions with the Tricoya Technologies Limited joint venture, all of which arose in the normal course of business, totalling €1,391,000 (2014: €1,070,000). At the end of the period €792,308 (2014: €298,404) of the total amount was payable from TTL to Accsys group companies.

28. Capital Commitments

	2015 €'000	2014 €'000
Contracted but not provided for in respect of property, plant and equipment	–	–

Independent Auditors' Report to the Members of Accsys Technologies PLC

Report on the parent company financial statements

Our opinion

In our opinion, Accsys Technologies plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 31 March 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Accsys Technologies plc's financial statements comprise:

- the company balance sheet as at 31 March 2015;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report to the Members of Accsys Technologies PLC continued

Other matter

We have reported separately on the group financial statements of Accsys Technologies plc for the year ended 31 March 2015.

Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 June 2015

(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 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.

Condensed Company Balance Sheet
As at 31 March 2015

Registered Company 05534340

	Note	2015 €'000	2014 €'000
Fixed assets			
Investments in subsidiaries	4	**12,620**	11,394
Other investments	5	**-**	-
		12,620	11,394
Current assets			
Debtors	6	**127,645**	122,253
Cash at bank and in hand		**3,107**	6,270
		130,752	128,523
Creditors: amounts falling due within one year	7	**(6,927)**	(3,740)
Net current assets		**123,825**	124,783
Total assets less current liabilities		**136,445**	136,177
Capital and reserves			
Called up Share capital	8	**4,440**	4,392
Share premium account	9	**128,714**	128,648
Own shares	9	**(39)**	(47)
Capital redemption reserve	9	**148**	148
Warrant reserve	9	**-**	235
Profit and loss account	9	**3,182**	2,801
Total shareholders' funds	10	**136,445**	136,177

The financial statements were approved by the Board and authorised for issue on 15 June 2015, and signed on its behalf by

Paul Clegg
Director

William Rudge
Director

The notes on pages 72-75 form part of these financial statements.

Notes to the Company Financial Statements
For the year ending 31 March 2015

1. Accounting policies
The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and accounting standards applicable in the United Kingdom. The following principal accounting policies, which have been applied consistently throughout the year are set out below:

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

Share based payments
When the parent entity grants options over equity instruments directly to the employees of a subsidiary undertaking, then in the parent company financial statements the effect of the Share based payment, as calculated in accordance with FRS 20, is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

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

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

Deferred taxation
Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes except for deferred tax assets which are only recognised to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

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

Related party transactions
The Company has taken advantage of the exemption available under FRS 8, 'Related Party Disclosure', not to disclose transactions between Group companies on the grounds that 100% of the voting rights are controlled within that Group and that Company is included in the consolidated financial statements.

Cash flow statement
The Company is the parent company of the Accsys Technologies PLC group of companies and is included in the consolidated financial statements as set out on pages 42 to 68 and has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

2. Profit and loss account
A loss of €1,080,000 (2014: loss of €561,000) is dealt with in the company financial statements of Accsys Technologies PLC. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company. Fees payable to the Company's auditors for the audit of the Company's annual financial statements was €72,000 (€63,000). Fees payable to the Company's auditors for the audit of the Company's subsidiaries was €91,000 (2014: €80,000) and fees payable for other services were €98,000 (2014: €55,000).

3. Employees
The Company had no employees other than Executive Directors (2015: 3 and 2014: 3) during the current or prior year. Non-Executive Directors received emoluments in respect of their services to the Company of €144,000 (2014: €145,000). The details of the remuneration of all Directors have been included in the Remuneration Report. The Company did not operate any pension schemes during the current or preceding year.

4. Investments in subsidiaries

	€'000
Cost	
At 31 March 2013	14,897
Share based payments	1,177
At 31 March 2014	16,074
Share based payments	1,226
At 31 March 2015	**17,300**
Impairment	
At 1 April 2014 and 31 March 2015	4,680
Net book value	
At 31 March 2015	**12,620**
At 31 March 2014	11,394
At 31 March 2013	10,217

The Directors believe that the carrying value of the investments are supported by the underlying net assets and future profitability.

The following were the principal subsidiary undertakings at the end of the year and have all been included in the financial statements:

Subsidiary undertakings	Class	**2015 % shares and voting rights held**	2014 % shares and voting rights held
Titan Wood Technology BV (Netherlands)	Ordinary	**100**	100
Titan Wood BV (Netherlands)	Ordinary	**100**	100
Titan Wood Limited (UK)	Ordinary	**100**	100
Titan Wood Inc (USA)	Ordinary	**100**	100
Tricoya Technologies Limited (UK)*	Ordinary	**100**	50

* Acquired remaining 50% share on 31st March 2015 (see note 8 of the group financial statements).

The shares in Titan Wood BV and Titan Wood Inc are held indirectly by the Company.

The principal activities of these companies were as follows:

Titan Wood Technology B.V.	The provision of technical and engineering services to licensees, and the technical development of acetylation opportunities.
Titan Wood B.V.	The manufacture and sale of Accoya®, acetylated wood.
Titan Wood Limited	Establishing global market penetration of Accoya and Tricoya® as the premium wood and wood elements brands respectively for external applications requiring durability, stability and reliability through the licensing of the Group's proprietary process for wood acetylation.
Titan Wood Inc.	Provision of Sales, Marketing and Technical services.
Tricoya Technologies Limted	Engaged in the commercialisation of technology for the production of Tricoya Wood Elements around the world.

5. Other investments

	2015 €'000	2014 €'000
Unlisted securities available for resale	–	–

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

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

The historical cost of the unlisted shares held at 31 March 2015 is €10m (2014: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded as at 31 March 2015 (see note 4 of the group financial statements).

6. Debtors

	2015 €'000	2014 €'000
Amounts owed by Group undertakings	**127,599**	122,109
Prepayments and accrued income	**46**	144
	127,645	122,253

The amounts owed by Group undertakings are payable on demand, however the Company has indicated it has no intention of demanding payment within the next twelve months. The Directors have considered the recoverability of the balances, taking into account the net assets as well as the long term expected performance of the subsidiaries and do not consider that any impairment is currently required. However, a degree of risk remains over the carrying value given the relative uncertainty of the future results.

7. Creditors: amounts falling due within one year

	2015 €'000	2014 €'000
Trade creditors	**173**	202
Amounts owed to Group undertakings	**6,638**	3,452
Accruals and deferred income	**116**	86
	6,927	3,740

8. Called up share capital

	2015 €'000	2014 €'000
Allotted – Equity share capital		
88,800,894 Ordinary shares of €0.05 each (2014: 439,219,864 Ordinary shares of €0.01 each)	**4,440**	4,392
	4,440	4,392

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5 for 1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary shares. (Shares issued prior to this date have been restated accordingly.)

In year ended 31 March 2014:
On 5 July 2013, a total of 953,133 shares were issued to an EBT, the beneficiaries of which were to be the Executive Directors and Senior Managers (see note 14). On 13 September 2013, a total of 83,066 of Ordinary shares were issued and released to employees together with the 99,570 of Ordinary shares issued to a trust on 12 August 2013 (see note 14). On 20 January 2014, a total of 73,884 of Ordinary shares were issued and released to employees.

In year ended 31 March 2015:
Own shares represents 783,597 €0.05 Ordinary shares issued to an EBT at nominal value on 18 August 2014. 953,133 €0.05 Ordinary shares had been issued to the EBT at nominal value on 9 July 2013 of which 945,133 Ordinary shares vested on 8 August 2014. On 18 August 2014, a total of 27,819 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan. On 12 August 2014, a total of 99,559 of €0.05 Ordinary shares were issued and released to employees together with the 99,559 of €0.05 Ordinary shares issued to trust on 12 August 2013. In 19 January 2015, a total of 53,922 of €0.05 Ordinary shares were issued to a trust under the terms of the Employee Share Participation Plan.

9. Reserves

	Called up share capital €'000	Share premium account €'000	Capital redemption reserve €'000	Own shares €'000	Warrant reserve €'000	Profit and loss account €'000	Total shareholders funds €'000
Balance at 1 April 2014	4,392	128,648	148	(47)	235	2,801	136,177
Loss for the financial year	–	–	–	–	–	(1,080)	(1,080)
Expiry of warrants	–	–	–	–	(235)	235	–
Share based payments	–	–	–	–	–	1,226	1,226
Shares issued	48	–	–	8	–	–	56
Premium on shares issued	–	66	–	–	–	–	66
Share issue costs	–	–	–	–	–	–	–
Share warrants issued	–	–	–	–	–	–	–
Balance at 31 March 2015	**4,440**	**128,714**	**148**	**(39)**	**-**	**3,182**	**136,445**

The profit and loss account includes €8,010,000 of non-distributable reserves arising from the liquidation of Accsys Chemicals Limited in the year ended 31 March 2007. The profit and loss account also includes €6,128,000 of non-distributable reserves relating to Share based payments.

10. Reconciliation of movements in shareholders' funds

	2015 €'000	2014 €'000
Loss for the financial year	**(1,080)**	(561)
Share based payments charged to subsidiaries	**1,226**	1,177
Proceeds from issue of shares	**122**	112
Share issue costs	**-**	–
Warrants issued	**-**	–
Net increase in shareholders' funds	**268**	728
Opening shareholders' funds	**136,177**	135,449
Closing shareholders' funds	**136,445**	136,177

11. Dividends paid

	2015 €'000	2014 €'000
Final dividend €nil (2014: €nil) per Ordinary share proposed and paid during year relating to the previous year's results	**-**	–

12. Deferred taxation

The Company has an unrecognised deferred tax asset of €1.0m (2014: €0.8m) which is largely in respect of trading losses. The deferred tax asset has not been recognised due to the uncertainty of the timing of future expected profits of the fellow subsidiary (in which the Company is in the same tax group) attributable to licensing activities.

Shareholder Information

Accsys Technologies PLC is a public limited company incorporated in England

Directors	Sean Christie	Non-Executive Director
	Paul Clegg	Chief Executive Officer
	Sue Farr	Non-Executive Director
	Nick Meyer	Non-Executive Director
	Hans Pauli	Chief Operating Officer
	William Rudge	Finance Director
	Patrick Shanley	Non-Executive Chairman
Company Secretary	Angus Dodwell	
Company Number	5534340	
Registered Office	Royal Albert House Sheet Street Windsor SL4 1BE	
Banks	Barclays Bank 50 Pall Mall London SW1A 1QJ	Rabobank Croeselaan 18 Utrectht 3521 CB The Netherlands
	JPMorgan Chase Bank PO Box 260180 Baton Rouge LA, 70826-0180 USA	ABN AMRO Bank Velperweg 37 6824 BM Arnhem The Netherlands
Registrars	SLC Registrars Ashley Park House 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ	
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory auditors 1 Embankment Place London WC2N 6RH	
Lawyers	Slaughter & May One Bunhill Row London EC1Y 8YY	
Broker and Nomad	Numis Securities Ltd The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT	
Investor Relations	MHP Communications 6 Agar Street London WC2N 4HN	

Designed and produced by Emperor
www.emperordesign.co.uk +44 (0)121 262 3830

Accsys Technologies
Royal Albert House
Sheet Street
Windsor, SL4 1BE
United Kingdom

www.accsysplc.com

T. +44 (0) 1753 757500

www.accoya.com

www.tricoya.com