Regulatory Announcement

Company	Accsys Technologies PLC
TIDM	AXS
Headline	Interim results
Released	22 November 2016
Number	

ACCSYS
TECHNOLOGIES
World leaders in wood technology

AIM: AXS
Euronext Amsterdam: AXS

22 November 2016

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Accsys, the chemical technology group, focused on the acetylation of wood, today announces interim results for the consolidated group for the six months ended 30 September 2016.

	Unaudited six months ended 30 Sept 2016	**Unaudited six months ended 30 Sept 2015**
Accoya® revenue	€22.5m	€21.9m
Total Revenue	€25.1m	€26.3m
Gross Profit	€6.8m	€9.4m
EBITDA	€(1.3m)	€1.3m
Loss before taxation	€(2.9m)	€(0.1m)
Period end cash balance	€7.9m	€7.5m

See note 2 of the Group financial statements for reconciliation of Operating loss to EBITDA

Financial highlights

- Demand for Accoya continues to grow with sales volumes increasing by 4% to 17,506m^3 and with growth accelerating into the second half of the financial year;
- Group revenue decreased by 5% due to an expected reduction in licence related income and an unexpected supply chain bottleneck which has now been resolved;
- Further licensing income expected in the second half of the financial year;
- A number of factors contributed to a lower EBITDA including lower licence related income, timing of annual plant maintenance stop, a new pricing regime with Solvay and higher costs associated with the proposed Tricoya consortium; and
- A cash balance of €7.9m at 30 September 2016 (31 March 2016: €8.2m) reflects operating loss in the period and new plant investment, off-set by €4.2m proceeds from the sale of land in Arnhem.

Operational highlights

- Building work commenced on the expansion of Accoya manufacturing plant in Arnhem;
- We remain on track to increase manufacturing capacity by 20,000m^3 by December 2017;
- Significant progress has been made towards completion of the proposed Tricoya consortium with BP and Medite with final agreements, including funding from third parties, expected later this year; and
- Detailed planning progressing in respect of the wood chip acetylation plant to be located in Hull.

COMPANY REGISTRATION NUMBER: 5534340
REGISTERED OFFICE: BRETTENHAM HOUSE, 19 LANCASTER PLACE, LONDON WC2E 7EN

Paul Clegg, Chief Executive commented: "In this financial period we have made further significant strategic and operational progress to increase our Accoya and Tricoya manufacturing capacity which will be transformational for the Group. The expansion of the Accoya plant in Arnhem and the formation of the Tricoya consortium are both fundamental for the future of the Company. Despite results being down on the previous half year, we remain confident of the results for the full year and beyond."

There will be a presentation relating to these results at 10:00 GMT on 22 November 2016. The presentation will take the form of a web based conference call, details of which are below:

Webcast link:

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

http://edge.media-server.com/m/p/bcsg2woj

Conference call details for participants:

Confirmation Code:	2293862
Participants, Local - London, United Kingdom:	+44(0)20 3450 9987
Participants, National free phone - United Kingdom:	0800 279 4992

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

For further information, please contact:

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Overview

We have made good progress in the period, in particular with two major projects intended to significantly increase manufacturing capacity for Accoya and Tricoya. These will ultimately enable us to substantially increase our revenue, through additional capacity and generate profitability whilst enabling us to exploit our products and technologies in what we continue to believe is a very significant market.

Sales of Accoya continued to grow with total sales volumes increasing by 4% to 17,506m^3. We experienced supply bottleneck issues in the period which, although these have now been resolved, will necessitate further investment in inventory going forward. Further sales growth is expected in the second half of the year. This will continue to be constrained until the expansion of our manufacturing facility in Arnhem is completed. Total revenue decreased by 5% to €25.1m (2015: €26.3m) largely as result of an expected reduction in lower income associated with our licensing contract with Solvay.

Group EBITDA was a loss of €1.3m for the period with the reduction from last year primarily resulting from the lower licence related income noting that the prior year included €1.8m of one-off licensing related income. In addition, profitability was impacted by the timing of our annual maintenance stop moving back to September compared to October last year, together with a proportion of Accoya sales sold at lower prices to Solvay from January 2016 following their assumption of responsibility for sales and marketing and the commencement of the 76,000m^3 five year off-take agreement. Operating costs increased by 9% in the period to €10.2m largely as a result of business development activities as we actively pursued long term opportunities and incurred one-off advisory fees.

Our cash balance decreased to €7.9m at 30 September 2016 from €8.2m at 31 March 2016. A €2.7m cash out-flow was partly attributable to the loss in the period, and also impacted by a €1.1m working capital out-flow. €1.8m was invested during the period in our existing manufacturing operations together with the initial stages and planning work associated with the Arnhem expansion and the proposed Tricoya plant. This was off-set by €4.2m proceeds from the sale of our land adjacent to our plant in Arnhem, which also resulted in a gain on disposal of €0.6m.

We have commenced construction work in respect of the expansion of our Accoya manufacturing plant in Arnhem. We have obtained all necessary permits, completed the sale and leaseback of our land and placed orders for key long lead time items of equipment. Work has commenced on site and we appointed Fabricom B.V. as the Engineering, Procurement and Construction contractor enabling the third reactor to be built by the end of 2017, increasing our manufacturing capacity by 50% to approximately 60,000m^3.

We have also made significant progress towards the completion of the proposed Tricoya consortium with BP and Medite, to build and operate the world's first wood chip acetylation plant on the Saltend Chemicals Park in Hull. The parties expect to finalise the detailed agreements associated with the site and the consortium by the end of this year. In addition, substantial progress has been made in respect of the remaining funding, with term sheets obtained in respect of bank debt and non-binding heads of terms agreed with third party funders which are expected to enable the consortium to proceed. Under these arrangements Accsys is expected to retain the majority ownership of the consortium and consolidate its results.

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Outlook

I am pleased by the progress made towards achieving additional manufacturing capacity for both Accoya and Tricoya. I believe these represent key milestones in our ambition to maximise the value associated with our technologies, and will enable us to meet the demand for our products, with significant benefits to our profitability.

Demand for Accoya and Tricoya remains strong and we were disappointed that we could not satisfy demand in the first half due to the supply bottleneck issues. These are now resolved and we expect sales volumes to continue to grow in the immediate term, although such growth will be limited until our new manufacturing capacity comes on stream.

Overall, I continue to be confident that we are in a strong position and look forward to reporting further progress in respect of the Tricoya consortium in the near future.

Patrick Shanley
Chairman
21 November 2016

Introduction

Accsys has taken important steps towards securing additional manufacturing capacity and in turn being able to meet the substantial opportunity which exists to monetise our products and technology.

We have been very busy progressing the two major projects for the Group; the expansion of our Accoya manufacturing plant and the completion of the proposed Tricoya consortium to build the new Tricoya Plant in Hull. Demand remains strong for Accoya and we have been focused on ensuring the additional manufacturing capacity is built by the end of the next calendar year to meet this demand and grow sales.

Progress with Accoya® manufacturing and sales

Revenue from the sale of Accoya® increased by 3% to €22.5m in the first half of the year compared to a particularly strong period in the previous year. The increase was attributable to a 4% increase in Accoya volumes sold to 17,506m^3. The relatively small increase reflects supply chain bottleneck issues that resulted in us being unable to meet some sales potential. These issues are now resolved but in the future we will need to invest in further inventory as sales grow. We will continue to manage demand as we approach the maximum capacity of our existing manufacturing plant.

Demand for Accoya continues to remain strong, and we continue to believe the overall market opportunity is in excess of 1 million m^3 annually. It remains very strong in the UK with no impact from the Brexit result having so far been evident. We have previously reported that the Benelux economies experienced a prolonged period of downturn in the construction industry and some of our customers were particularly impacted. We are now seeing an improvement and increased level of activity with sales increasing in Belgium, but with sales and marketing in the Netherlands requiring additional focus that is now under way.

Sales in Solvay's region, covering key states in central Europe and Scandinavia, decreased following the immediate transition of responsibility to Solvay on 1 January 2016, however we are pleased that the transition has otherwise gone smoothly and we expect sales to increase in the immediate future. Sales to North America have increased strongly following the addition of new sales team members last year and we continue to believe the region represents a substantial opportunity in the longer term.

We have 61 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 Middle-East and the USA.

The gross manufacturing margin of 25%, which compared to 30% in the same period last year, was impacted by the timing of our annual maintenance stop and pricing. No price increases were implemented in the period, however sales to Solvay from 1 January 2016 were at a lower price to reflect Solvay taking responsibility for sales and commitment to buy a minimum of 76,000m^3 over a five-year period.

Our annual maintenance period, during which no Accoya is produced, took place in September 2016 compared to October 2015, resulting in increased costs in this period. The underlying manufacturing margin however continues to benefit from economies of scale associated with higher manufacturing volumes and this is expected to improve in the second half of the year. The 25% margin represents an increase compared to the 23% recorded in the second half of the last financial year.

The manufacturing segment's profitability helps demonstrate the potential returns achievable from manufacturing Accoya® on an even larger scale. This will be particularly relevant when we benefit from the economies of scale expected from operating a larger plant. Also our profitability has been impacted by significant volumes (approximately 16% of total Accoya® volume in the period (2015: 18%)) sold to Medite at lower prices, reflecting the on-going Tricoya market development activities as well as the reduced prices for Accoya sold to Solvay under the five year off-take agreement.

Expansion of Accoya capacity in Arnhem

We have made good progress in respect of the expansion of our Accoya manufacturing plant in Arnhem. During the period we have obtained all necessary permits, which has enabled us to start work on site.

We completed the sale of the land adjacent to our existing plant to the same purchaser who acquired the existing plant's land and buildings in 2011 and 2012. The sale resulted in proceeds of €4.2m and a gain on sale of the land of €0.6m. The landlord has commenced work on building a warehouse and new office building which will connect to our existing plant and enable us to operate the expanded plant more efficiently.

We have placed the order for the third reactor, a key item of equipment with a long lead-time. In addition, we have recently appointed Fabricom B.V. as the EPC (Engineering, Procurement and Construction) contractor who will carry out the majority of the work on site. The expansion is expected to be complete by the end of 2017 with sales growth expected to increase thereafter. This is expected to initially include increased sales to Medite to enable further market development ahead of the dedicated wood chip acetylation plant in Hull becoming operational.

The expansion involves the addition of a third reactor which will increase the capacity of the plant to approximately 60,000m^3, enabling Accoya manufacturing revenue to increase to in excess of €80m over time. In addition, this first stage of the expansion includes the full chemical infrastructure in readiness for a fourth reactor to be added at a later date when needed, increasing capacity by a further 20,000m^3. The capital expenditure for this first stage of the expansion is being funded by a loan from Solvay, incremental fees due from Solvay, including fees expected in the second half of the financial year, together with the Group's internal financial resources.

The expansion allows the market development of Accoya to continue at the fastest pace possible, increasing the certainty of supply for Accoya customers and users. It also enables Accsys to continue to develop global markets effectively, building on the expertise that it has developed over the last few years.

The significant market opportunity also requires us to invest in developing our supply chain to ensure that Accsys is able to secure our necessary raw materials to meet the demand over the longer term.

Tricoya Technologies Limited ('TTL')

In February 2016 we announced BP's participation in the proposed consortium (the 'Consortium') to fund, build and operate the world's first Tricoya® wood elements acetylation plant. Accsys and BP Ventures ('BPV') agreed initial funding in respect of the Consortium, with BPV acquiring an initial 3% equity interest in Tricoya Technologies Limited , implying a valuation of TTL at €35 million.

Since then, significant progress has been made with our Consortium partners, BP and Medite, in respect of detailed planning and the agreements associated with the Consortium and the proposed wood chip acetylation plant. The Hull plant will have an initial capacity of 30,000 tonnes per annum (tpa) (sufficient to manufacture 40,000m^3 of panels) with scope for expansion. A minimum of 40% of the plant's output is expected to be sold to Medite under committed take-or-pay agreements, which corresponds to break-even cash flow level. The plant is expected to cost approximately €62m, with a further €14m required for continued market seeding, operations, marketing, IP development and engineering functions.

Final agreements relating to the Consortium, the site, the supply of chemicals from BP and the off-take agreement with Medite are expected to be completed by the end of the year. BP and Medite are also expected to invest a total of €30m with the remainder funded by third parties, including bank debt. In this respect, the Consortium has also made good progress on securing finance with term sheets received from a number of providers of project finance debt and heads of terms agreed with further third party providers of finance which is expected to result in sufficient funding to allow the Consortium to be completed. The agreements are expected to result in Accsys consolidating the Consortium, retaining a majority ownership of the shares.

Subsequent to the period end, the Consortium parties agreed further interim funding to enable the next stages of the project to progress, including the land clearance of the site in Hull and initial steps associated with the detailed engineering.

Medite Tricoya® has continued to be manufactured during the period using Accoya sold by Accsys to Medite using a temporary process, pending construction of the dedicated Tricoya plant. This has enabled sales of Medite Tricoya to grow, with sales volumes of Medite Tricoya panels increasing by 39% in the calendar year to September. The increasing sales continue to support our belief that in time, sales of Tricoya panels could exceed 1.6 million m^3 per annum.

Intellectual property

Accsys has increased its number of patent applications in the recent period by expanding its patent families to 23, including those relating to Tricoya®. Applications filed now number 198, filed in 43 countries. To date 45 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 continues to invest in the generation and protection of valuable know-how and confidential information relating to its products and processes.

Outlook

The start of our Accoya plant expansion is a key milestone for the Company. The initial 50% increase in capacity will help us to meet customer demand and will also increase our profitability as we benefit from economies of scale and strive to improve our manufacturing efficiency. This will strengthen Accsys financially and will better position us to take advantage of the significant opportunity that we continue to believe exists to monetise our intellectual property.

The proposed Tricoya Consortium is an exciting prospect and the parties are working hard to conclude the necessary agreements and funding later this year, which will enable the first plant to be built. This would represent a further significant increase in our overall manufacturing capability and another route to monetise our intellectual property.

In the shorter term we will continue to grow the Accoya market in key regions by focusing on sales and marketing activities, which enable us to develop underlying demand and market acceptance while at the same time managing the demand ahead of new capacity becoming on stream by the end of next year.

Paul Clegg
Chief Executive
21 November 2016

Statement of comprehensive income

Group revenue decreased by 5% to €25.1m for the six months ended 30 September 2016 (2015: €26.3m). Manufacturing revenue increased by 1% to €24.4m, with revenue from Accoya® increasing by 3% to €22.5m, largely as a result of higher sales volumes. Included in this is revenue attributable to Medite for the manufacture of Tricoya®, which decreased by 2% to €2.7m (2015: €2.8m) largely due to timing of deliveries, noting that Medite's own sales continued to grow in excess of 30%. Licensing and business development revenue of €0.7m (2015: €2.2m) was attributable to our Accoya licensee, Solvay, in respect of the commencement of the Arnhem expansion and marketing services. The prior year included €1.3m in respect of the expired Global Marketing agreement with Solvay with a further €0.5m of income recorded in respect of monies received attributable to the Tricoya project, neither of which was repeated in the current period.

Gross margin decreased from 36% to 27% compared to the same period in the previous year largely due to the reduction in licence related income as described above and an increase in cost of sales. Gross manufacturing margin decreased from 30% to 25% due to the impact of the timing of the annual maintenance stop, noting that the gross manufacturing margin in the second half of the last financial year, which included the annual maintenance stop, was 23%. In addition there was a reduction in pricing to Solvay effective from 1 January 2016 on the assumption by Solvay of responsibility for sales and marketing associated with their 76,000m^3 five-year off-take agreement.

Other operating costs, increased from €9.4m to €10.2m. Staff costs increased by €0.2m to €4.8m due to annual inflation salary increases, an increase in headcount and a change to management bonuses in which a larger proportion was paid in cash rather than deferred shares compared to previous periods. This increase was mitigated as our UK cost base benefited from the strengthening of the Euro against Sterling during the period. The Group has undertaken various business development projects including incurring costs associated with the Arnhem expansion, the proposed Tricoya consortium and pursuing other long term opportunities which also contributed to the increase by €0.4m. The remaining increase in costs was largely attributable to corporate head office costs.

Research and development costs decreased from €0.8m to €0.6m as a result of an increase in internal activities which have been capitalised as intangible assets. See note 7.

Full details of TTL's results have been included in note 6.

Group average headcount increased from 119 in the period to 30 September 2015, to 120 in the period to 31 March 2016 and 124 in the period to 30 September 2016, with the increase predominantly attributable to temporary staff supporting the two major projects.

The increase in the loss before tax by €2.8m to €2.9m (2015: €0.1m) can largely be attributed to the lower revenue and gross margin.

The tax charge of €0.4m (2015: €0.2m) is based on our expected tax rate for the year and is attributable to the profits arising from manufacturing operations, offset by expected research and development tax credits.

Cash flow and financial position

At 30 September 2016, the Group held cash balances of €7.9m, representing a €0.3m reduction compared to 31 March 2016. The reduction in cash in the period is attributable to an increase in working capital of €1.1m, investment in tangible and intangible fixed assets of €1.8m, out-flows from operating activities of €1.5m and offset by the proceeds from the sale of land of €4.2m.

Cash out-flow from operating activities before changes in working capital of €1.5m represented a decrease compared to €1.8m cash in-flow in the equivalent period in the previous year, reflecting the underlying decline in profits of the Group. The change in working capital in the six months to September 2016 of €1.1m (2015: €3.3m) included an increase relating to inventories of €1.7m in the period due to the expected increase in sales in the second half of the year and our need to build inventory levels generally to satisfy customer demand. There was also an increase in trade and other receivables of €0.8m and trade and other payables of €1.4m due to shorter-term working capital fluctuations.

Investment in tangible fixed assets of €1.5m (2015: €0.7m) consisted predominantly of equipment and services in respect of the Accoya plant expansion and equipment subsequently installed during the maintenance stop in September which is expected to result in improved efficiency and reliability of the plant. €0.2m of capitalised internal development costs consisted predominantly of capitalised costs in respect of Tricoya Technologies Limited (2015: €1.2m, included capitalised costs associated with the pre-construction engineering for the Hull plant).

Trade and other receivables increased to €6.4m (2015: €4.3m) largely as a result of an increase in pre-paid inventory due to be received shortly after the period end in order to satisfy the expected higher sales in the second half of the year compared to the second half of the prior year. Inventory otherwise decreased marginally to €10.2m compared to September 2015 (2015: €10.3m).

The increase in trade and other payables to €9.5m (2015: €8.1m) includes the expenses associated with various projects currently being undertaken by the Group such as the Arnhem plant expansion, Tricoya Technologies Limited plant construction and business development activities.

Risks and uncertainties

The Group's principal risks and uncertainties are unchanged from those set out in its 2016 Annual Report. In addition, as described above, there is a risk associated with ensuring that our supply chain is able to meet the demand associated with the increasing sales. The Group expects to further invest in inventory going forward as part of the strategy to ensure there are no supply chain bottlenecks.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved. As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

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

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

William Rudge
Finance Director
21 November 2016

Directors responsibility statement

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 interim results include a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The interim Management Report (Narrative) include a fair review of the information required by DTR 4.28R being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

Angus Dodwell
Company Secretary
21 November 2016

Accsys Technologies PLC

Consolidated interim statement of comprehensive income for the six months ended 30 September 2016

	Note	**Unaudited 6 months ended 30 Sept 2016 €'000**	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
		Total	Total	Total
Accoya® wood revenue		22,534	21,862	43,466
Licence revenue		500	328	2,849
Other revenue		2,025	4,104	6,454
Total revenue	2	**25,059**	26,294	52,769
Total cost of sales		**(18,236)**	(16,916)	(34,597)
Gross profit		**6,823**	9,378	18,172
Other operating costs	3	**(10,176)**	(9,389)	(18,460)
Other gains	4	**601**	-	-
Loss from operations		**(2,752)**	(11)	(288)
Finance income		**1**	16	13
Finance expense		**(104)**	(98)	(191)
Loss before taxation		**(2,855)**	(92)	(466)
Tax charge		**(373)**	(240)	(402)
Loss for the period		**(3,228)**	(332)	(868)
Gain arising on translation of foreign operations		**-**	33	(27)
Total comprehensive loss for the period		**(3,228)**	(299)	(895)
Total comprehensive loss for the year is attributable to:				
Owners of Accsys Technologies PLC		**(3,186)**	(299)	(885)
Non-controlling interests		**(42)**	**-**	(10)
Total comprehensive loss for the period		**(3,228)**	(299)	(895)
Basic and diluted loss per ordinary share	5	€(0.04)	€(0.00)	€(0.01)

The notes set out on pages 15 to 24 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of financial position at 30 September 2016

	Note	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
Non-current assets				
Intangible assets	7	10,945	10,965	10,980
Property, plant and equipment	8	16,914	19,201	20,272
		27,859	30,166	31,252
Current assets				
Inventories		10,184	10,272	8,345
Trade and other receivables		6,441	4,267	5,647
Cash and cash equivalents		7,866	7,501	8,186
Corporation tax		545	470	412
		25,036	22,510	22,590
Current liabilities				
Trade and other payables		(9,455)	(8,136)	(8,063)
Obligation under finance lease		(347)	(265)	(354)
Corporation tax		(1,929)	(1,132)	(1,425)
		(11,731)	(9,532)	(9,842)
Non-current liabilities				
Obligation under finance lease		(1,868)	(1,759)	(1,947)
		(1,868)	(1,759)	(1,947)
Net current assets		13,305	12,978	12,748
Total net assets		39,296	41,385	42,053
Equity and reserves				
Share capital - Ordinary shares	9	4,531	4,489	4,495
Share premium account		128,792	128,779	128,792
Other reserves	10	107,421	106,855	107,441
Retained deficit		(201,586)	(198,839)	(198,842)
Own shares		(34)	(46)	(47)
Foreign currency translation reserve		153	147	153
Capital value attributable to Accsys Technologies PLC		39,277	41,385	41,992
Non-controlling interest in subsidiary		19	-	61
Total equity		39,296	41,385	42,053

The notes set out on pages 15 to 24 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of changes in equity for the 6 months ended 30 September 2016

	Share capital Ordinary	Share premium	Other reserves	Own Shares	Foreign currency trans-lation reserve	Retained earnings	Total equity attributable to equity shareholders of the company	Non-Controllin g interests	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 30 Sept 2015 (unaudited)	4,489	128,779	106,855	(46)	147	(198,839)	41,385	-	41,385
									-
Total comprehensive income/(expense) for the period	-	-	-	-	6	(526)	(520)	(10)	(530)
Share based payments	-	-	-	-	-	523	523	-	523
Shares issued	6	-	-	(1)	-	-	5	-	5
Premium on shares issued	-	13	-	-	-	-	13	-	13
Issue of subsidiary shares to non-controlling interests	-	-	586	-	-	-	586	71	657
Balance at 31 March 2016	4,495	128,792	107,441	(47)	153	(198,842)	41,992	61	42,053
Total comprehensive expense for the period	-	-	-	-	(0)	(3,186)	(3,186)	(42)	(3,228)
Share based payments	-	-	-	-	-	442	442	-	442
Shares issued	36	-	-	13	-	-	49	-	49
Issue of subsidiary shares to non-controlling interests	-	-	(20)	-	-	-	(20)	-	(20)
Balance at 30 Sept 2016 (unaudited)	4,531	128,792	107,421	(34)	153	(201,586)	39,277	19	39,296

See note 8 for details concerning other reserves.

Non-controlling interests relates to the investment of BP Ventures into Tricoya Technologies Limited (note 6)

The notes set out on pages 15 to 24 form an integral part of these condensed financial statements.

Accsys Technologies PLC

Consolidated interim statement of cash flow for the six months ended 30 September 2016

	Unaudited 6 months 30 Sept 2016 €'000	Unaudited 6 months 30 Sept 2015 €'000	Audited Year End 31 March 2016 €'000
Loss before taxation	(2,855)	(92)	(466)
Adjustments for:			
Amortisation of intangible assets	276	254	524
Depreciation of property, plant and equipment	1,090	1,075	2,148
Net (gain)/loss on disposal of property, plant and equipment	(601)	(3)	35
Net Finance expense	103	82	177
Equity-settled share-based payment expenses	442	515	1,038
Cash outflows from operating activities before changes in working capital	(1,545)	1,831	3,456
Decrease/(Increase) in trade and other receivables	(765)	609	(714)
(Decrease)/Increase in deferred income	(23)	(1,586)	(1,661)
(Decrease)/Increase in inventories	(1,712)	(2,379)	(453)
(Increase)/Decrease in trade and other payables	1,394	203	(176)
Net cash absorbed by operating activities before tax	(2,651)	(1,322)	452
Tax (paid)/received	(2)	(2)	229
Net cash absorbed by operating activities	(2,653)	(1,324)	681
Cash flows from investing activities			
Interest received	1	17	5
Expenditure on intangible assets	(244)	(1,206)	(1,490)
Disposal of property, plant and equipment	4,223	2	3
Purchase of property, plant and equipment	(1,507)	(728)	(2,565)
Net cash absorbed by investing activities	2,473	(1,915)	(4,047)
Cashflows from financing activities			
Repayment of finance lease	(86)	(39)	(106)
Interest Paid	(104)	(98)	(191)
Proceeds from issue of share capital	50	107	1,124
Share issue costs	-	-	(44)
Net cash from financing activities	(140)	(30)	783
Net decrease in cash and cash equivalents	(320)	(3,269)	(2,583)
Effect of exchange loss on cash and cash equivalents	-	(16)	(15)
Opening cash and cash equivalents	8,186	10,786	10,786
Closing cash and cash equivalents	7,866	7,501	8,186

The notes set out on pages 15 to 24 form an integral part of these interim financial statements.

1. Accounting policies

General Information

The principal activity of the Group is the production and sale of Accoya® solid wood and exploitation of technology for the production and sale of Accoya® wood and Tricoya® wood elements via the Company's 100% owned subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc. and 97% owned subsidiary, 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.

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

The condensed consolidated interim financial statements were approved on 21 November 2016.

These condensed consolidated interim financial statements have been reviewed, not audited.

Basis of accounting

The Group's condensed financial statements in these interim results have been prepared in accordance with IFRS issued by the International Accounting Standards Board as endorsed by the European Union, in particular International Accounting Standard (IAS) 34 "interim financial reporting". The financial information for the six months ended 30 September 2016 and the six months ended 30 September 2015 is unaudited. The comparative financial information for the full year ended 31 March 2016 does not constitute the group's statutory financial statements for that period although it has been derived from the statutory financial statements for the year then ended. A copy of those statutory financial statements has been delivered to the Registrar of Companies and which were approved by the Board of Directors on the 14 June 2016. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2016.

The accounting policies adopted are consistent with those of the previous financial year except for taxes on income in the interim periods which are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

Changes in accounting policies

No new accounting standards, amendments or interpretations have been adopted in the period which have any impact on these condensed financial statements, or are expected to affect the Group's 2017 Annual Report other than as noted below. The accounting policies and methods of computation are consistent with those applied in the 31 March 2016 annual financial statements.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date these interim results were approved. As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem and the collection of on-going working capital items in line with internally agreed budgets.

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

2. Segmental reporting

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

Result by Segment:

	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
Licensing, management and business development			
Revenue	714	2,205	5,422
Cost of sales	-	-	-
Gross profit/(loss)	714	2,205	5,422
Other operating costs	(6,308)	(5,420)	(10,063)
Loss from operations	(5,594)	(3,215)	(4,641)
Loss from Operations	(5,594)	(3,215)	(4,641)
Depreciation and amortisation	341	281	609
EBITDA	(5,253)	(2,934)	(4,032)
Manufacturing			
Revenue	24,345	24,089	47,347
Cost of sales	(18,236)	(16,916)	(34,597)
Gross profit/(loss)	6,109	7,173	12,750
Other operating costs	(3,297)	(3,205)	(6,487)
Other gain	601	-	-
Profit/(loss) from operations	3,413	3,968	6,263
Profit/(loss) from operations	3,413	3,968	6,263
Depreciation and amortisation	1,057	1,022	2,016
EBITDA	4,470	4,989	8,279
Research and development			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit/(loss)	-	-	-
Other operating costs	(571)	(764)	(1,910)
Loss from operations	(571)	(764)	(1,910)
Loss from Operations	(571)	(764)	(1,910)
Depreciation and amortisation	26	23	47
EBITDA	(545)	(741)	(1,863)
Total			
Revenue	25,059	26,294	52,769
Cost of sales	(18,236)	(16,916)	(34,597)
Gross profit/(loss)	6,823	9,378	18,172
Other operating costs	(10,176)	(9,389)	(18,460)
Other gain	601	-	-
Loss from operations	(2,752)	(11)	(288)
Finance income	1	17	13
Finance expense	(104)	(98)	(191)
Loss before taxation	(2,855)	(92)	(466)
Loss from Operations	(2,752)	(11)	(288)
Depreciation and amortisation	1,423	1,325	2,672
EBITDA	(1,329)	1,314	2,384

Licensing, management and business development:

Revenue is attributable to the licensing of the Group's technology to third parties and other monies received in respect of its business development activities.

Other operating costs include all remaining costs unless they are directly attributable to Manufacturing or Research and Development. This includes marketing, business development and the majority of the Group's administration costs including the head office in London (previously Windsor) as well as the US office.

Headcount = 27 (2015: 22)

Manufacturing:

Revenue includes the sale of Accoya® and other revenue, principally relating to the sale of acetic acid. All costs of sales are allocated against manufacturing activities unless they can be directly attributable to a licensee.

Other operating costs include depreciation of the Accoya plant all other costs associated with the operation of the manufacturing site, including directly attributable administration costs.

Headcount = 86 (2015: 84)

Research and development:

Costs are associated with various R&D activities associated with Accoya® and Tricoya® products and processes.

Headcount = 12 (2015: 13)

Total:

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

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
UK and Ireland	10,577	9,571	21,426
Rest of Europe	5,924	7,868	14,085
Benelux	3,762	3,904	7,764
Americas	2,849	2,449	4,846
Asia-Pacific	1,814	2,345	4,382
Rest of World	133	156	266
	25,059	26,294	52,769

The segmental assets in the current and previous periods were predominantly held in Europe. Additions to property, plant, equipment and intangible assets in the current and previous periods were predominantly incurred in Europe. Sales to UK and Ireland included the sales to Medite.

3. Other operating costs

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

	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
Sales and marketing	2,006	1,805	3,743
Research and development	571	764	1,863
Depreciation and amortisation	1,423	1,326	2,672
Other operating costs	2,259	2,097	3,554
Administration costs	3,917	3,397	6,628
	10,176	9,389	18,460

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

The total cost of €10.2m in the current period includes €1.4m in respect of Tricoya Technologies Limited ('TTL') compared to €0.9m in the previous period.

The Group headcount increased from 119 during period to 30 September 2015 to 121 during period to 31 March 2016 and then to 125 to period to 30 September 2016.

During the period €0.2m of costs were capitalised and are included within intangible fixed assets (2015: €1.2m). In addition €0.3m of development costs have been capitalised and are included within tangible fixed assets (2015: €0.5m) in relation to the expansion of the manufacturing facility in Arnhem. The previous period figure includes €1m in respect of the Tricoya® Front End Engineering and Design Package.

4. Other gains

	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
Gain from disposal of land	635	-	-
Net gain/(loss) from disposal of equipment	(34)	-	-
	601	-	-

Agreements were reached in August 2016 for the sale and leaseback for the land in Arnhem resulting in proceeds of €4.2m received in the period. A resulting gain of €635,000 was recognised as a result of the book value of the land being lower than the sale price. Under the arrangements, the landlord has agreed to construct a new warehouse and office building which will be connected to Accsys's existing manufacturing site. This building will be built by the landlord and leased to Accsys over a 20 year period with further option to renew. The landlord is the same landlord that Accsys sold land and buildings to in 2011 and 2012 associated with the existing manufacturing plant.

5. Loss per share

Basic and diluted loss per share	Unaudited 6 months ended 30 Sept 2016	Unaudited 6 months ended 30 Sept 2015	Audited Year ended 31 March 2016
	Total	Total	Total
Weighted average number of Ordinary shares in issue ('000)	90,248	89,287	89,568
Loss for the period (€'000)	(3,186)	(332)	(858)
Basic and diluted loss per share	€(0.04)	€(0.00)	€(0.01)

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

6. Tricoya Technologies Limited

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

In February 2016 BP's participation in the proposed consortium (the 'Consortium') to fund, build and operate the world's first Tricoya® wood elements acetylation plant was announced. Accsys and BP Ventures ('BPV') agreed initial funding in respect of the Consortium, with BPV acquiring an initial 3% equity interest in Tricoya Technologies Limited ('TTL'), implying a valuation of TTL at €35 million today. The plant is expected to be located at the Saltend Chemicals Park in Hull, UK, adjacent to BP's existing acetyls facility.

Since then, significant progress has been made with our Consortium partners, BP and Medite, in respect of detailed planning and the agreements associated with the Consortium and the proposed wood chip acetylation plant. The Hull plant will have an initial capacity of 30,000 tonnes per annum (tpa) (sufficient to manufacture 40,000m³ of panels) with scope for expansion. A minimum of 40% of the plant's output is expected to be sold to Medite under committed take-or-pay agreements, which corresponds to break-even cash flow level. The plant is expected to cost approximately €62m, with a further €14m required for continued market seeding, operations, marketing, IP development and engineering functions.

Final agreements relating to the Consortium, the site, the supply of chemicals from BP and the off-take agreement with Medite are expected to be completed by the end of the year. BP and Medite are also expected to invest a total of €30m with the remainder funded by third parties, including bank debt. In this respect, the Consortium has also made good progress on securing finance with term sheets received from a number of providers of project finance debt and heads of terms agreed with further third party providers of finance which is expected to result in sufficient funding to allow the Consortium to be completed.

Subsequent to the period end, the Consortium parties agreed further interim funding to enable the next stages of the project to progress, including the land clearance of the site in Hull and initial steps associated with the detailed engineering.

There was increased activity in the current period in relation to preparing to commence detailed work following completion of the Consortium agreements. The increased cost consists of higher staff costs, research and development and Intellectual Property.

During the period ended 30 September 2016, TTL has been fully consolidated and the results are included as part of the overall group results and included within the Business Development segment as set out in Note 2.

Subsequent to the period end, the Consortium parties agreed further interim funding to enable the next stages of the project to progress, including the land clearance of the site in Hull and initial steps associated with the detailed engineering.

The TTL results for the period from 1 April 2016 to 30 September 2016, together with the balance sheet as at 30 September 2016 are set out below:

Income statement for TTL:

	Consolidated Unaudited 6 months ended 30 Sept 2016 €'000	Consolidated Unaudited 6 months ended 30 Sept 2015 €'000	Consolidated Audited Year ended 31 March 2016 €'000
Licence revenue	-	75	75
Other income	23	30	243
Total revenue	23	105	318
Costs:			
Staff costs	814	612	864
Research & development (excluding staff costs)	38	60	142
Intellectual Property	338	151	303
Sales & marketing	26	18	214
Amortisation	84	66	143
Total operating costs	1,300	907	1,666
Finance income	-	-	-
EBIT	1,277	802	1,348
Group share of EBIT	1,235	802	1,338

Tricoya Technologies Limited statement of financial position at 30 September 2016:

	Unaudited 6 months ended 30 Sept 2016 €'000	Unaudited 6 months ended 30 Sept 2015 €'000	Audited Year ended 31 March 2016 €'000
Non-current assets			
Intangible assets	3,192	2,899	3,065
Current assets			
Receivables due within one year	160	160	230
Cash and cash equivalents	298	117	1,519
Total current assets	458	277	1,749
Current liabilities			
Trade and other payables	(2,404)	(2,099)	(2,220)
Net current assets	(1,946)	(1,822)	(471)
Net assets	1,246	1,078	2,594
97% attributable to Accsys Technologies 2016 (2015: 100%)	1,209	1,078	2,517
Less elimination of mark-up on recharged costs	-	(14)	-
Equity and reserves			
Share capital	8,206	5,900	8,206
Accumulated loss	(7,560)	(5,422)	(6,212)
Other reserves	600	600	600
Total equity	1,246	1,078	2,594

Intangible assets represents internal development costs capitalised relating to the development of the Tricoya product and production process, including Front End Engineering and Design which has been undertaken in the period in respect of the first Tricoya production plant envisaged to be funded, constructed and operated by the proposed new Consortium.

7. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2015	4,037	73,292	4,231	81,560
Additions	1,206	-	-	1,206
At 30 September 2015	5,243	73,292	4,231	82,766
Additions	285	-	-	285
At 31 March 2016	5,528	73,292	4,231	83,051
Additions	241	-	-	241
At 30 September 2016	5,769	73,292	4,231	83,292
Accumulated amortisation				
At 31 March 2015	358	71,188	-	71,546
Amortisation	117	138	-	255
At 30 September 2015	475	71,326	-	71,801
Amortisation	132	138		270
At 31 March 2016	607	71,464	-	72,071
Amortisation	138	138		276
At 30 September 2016	745	71,602	-	72,347
Net book value				
At 30 September 2016	5,024	1,690	4,231	10,945
At 31 March 2016	4,921	1,828	4,231	10,980
At 30 September 2015	4,768	1,966	4,231	10,965
At 31 March 2015	3,679	2,104	4,231	10,014

8. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2015	5,251	28,365	822	34,438
Additions	-	682	46	728
Disposals	-	-	(12)	(12)
Foreign currency translation (loss)	-	-	(7)	(7)
At 30 September 2015	5,251	29,047	849	35,147
Additions	-	1,792	389	2,181
Disposals	-	(114)	1	(113)
Foreign currency translation gain	-	-	(1)	(1)
At 31 March 2016	5,251	30,725	1,238	37,214
Additions	-	1,343	53	1,396
Disposals	(3,606)	(64)	-	(3,670)
Foreign currency translation (loss)	-	-	2	2
At 30 September 2016	1,645	32,004	1,293	34,942
Depreciation				
At 31 March 2015	424	13,732	734	14,890
Charge for the period	59	971	45	1,075
Disposals	-	-	(12)	(12)
Foreign currency translation (loss)	-	-	(7)	(7)
At 30 September 2015	483	14,703	760	15,946
Charge for the period	58	941	74	1,073
Disposals	-	(76)	-	(76)
Foreign currency translation gain	-	-	(1)	(1)
At 31 March 2016	541	15,568	833	16,942
Charge for the period	59	947	84	1,090
Disposals	-	(6)	-	(6)
Foreign currency translation (loss)	-	-	2	2
At 30 September 2016	600	16,509	919	18,028
Net book value				
At 31 March 2015	4,827	14,633	88	19,548
At 30 September 2015	4,768	14,344	89	19,201
At 31 March 2016	4,710	15,157	405	20,272
At 30 September 2016	1,045	15,495	374	16,914

9. Share capital

In the period ended 30 September 2015:

Own shares represents 786,893 ordinary shares of €0.05 each in the capital of the Company ("Ordinary Shares") issued to an Employee Benefit Trust ('EBT') at nominal value on 30 June 2015.

On 6 July 2015, a total of 20,000 Ordinary Shares were issued to employees under the Company's share option scheme.

In addition, of the 783,597 Ordinary Shares which had been issued to the EBT at nominal value on 18 August 2014, 746,241 Ordinary Shares vested on 1 July 2015. Of these beneficiaries elected to sell 390,683 Ordinary Shares in the market.

On 8 August 2015, a total of 27,825 Ordinary Shares were issued and released to employees together with the 22,825 Ordinary Shares issued to an employee trust on 8 August 2014 under the terms of the Employee Share Participation Plan (the "Trust").

On 13 August 2015, a total of 63,909 Ordinary Shares were issued to a trust under the terms of the Trust.

In the period ended 31 March 2016:

On 10 December 2015, a total of 16,123 Ordinary Shares were issued to a Trust under the terms of the Employee Share Participation Plan.

In the period ended 31 September 2016:

Own shares represents 673,355 Ordinary Shares issued to the EBT at nominal value on 4 July 2016.

In addition, of the Ordinary Shares which had been issued to the EBT previous year, 938,449 Ordinary Shares vested on 15 July 2016. Of these beneficiaries elected to sell 498,318 Ordinary Shares in the market.

On 15 August 2016, a total of 63,909 Ordinary Shares were issued and released to various employees under the terms of the Employee Share Participation Plan.

10. Other Reserves

	Capital redemp-tion reserve	Warrant reserve	Merger reserve	Other reserve	Total Other reserves
	€000	€000	€000	€000	€000
Balance at 30 September 2015	148	-	106,707	-	106,855
Issue of subsidiary shares to non-controlling interests	(299)	-	-	885	586
Balance at 31 March 2016	(151)	-	106,707	885	107,441
Adjustment to liability relating to non-controlling interests	(20)	-	-	-	(20)
Balance at 30 September 2016	(171)	-	106,707	885	107,421

The opening balance from September 2015 of the capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares in a previous period. The movement for the year ended 31 March 2016 and in the

current period reflects obligations arising from the investment by BP Ventures into Tricoya Technologies Limited and that BP Venture's on-going participation is conditional upon the finalisation of the full proposed Consortium.

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

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests (note 11).

11. Transactions with non-controlling interests

On 3 February 2016, TTL issued 500,000 Series A Preference shares for the consideration of €1m for 3% equity share capital of TTL. The carrying amount of the non-controlling interests in TTL on the date of acquisition was €71,000. The Group recognised an increase in other reserves in the prior period, as summarised below.

Transactions with non-controlling interests	**Unaudited 6 months ended 30 Sept 2016 €'000**	**Unaudited 6 months ended 30 Sept 2015 €'000**	**Audited Year ended 31 March 2016 €'000**
Carrying amount of non-controlling interests issued	885	-	(71)
Consideration paid by non-controlling interests	-	-	1,000
Share issue costs relating to non-controlling interests	-	-	(44)
Excess of consideration paid recognised in Group's equity	885	-	885

12. Events occurring after the reporting period

On 24 October 2016, TTL issued further shares for the consideration of €1m. €0.4m was contributed by Accsys with €0.6m contributed by BP Ventures, bringing their total investment to €1.6m.

Independent review report to Accsys Technologies PLC

Our conclusion

We have reviewed Accsys Technologies PLC's consolidated interim financial statements (the "interim financial statements") in the interim results for the six months ended 30 September 2016 of Accsys Technologies Plc for the 6 month period ended 30 September 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 30 September 2016;
- the consolidated interim statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results for the six months ended 30 September 2016 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

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

Our responsibilities and those of the directors

The interim results for the six months ended 30 September 2016, including the interim financial statements, is the responsibility of, and has been approved by, the directors of the Company. The directors are responsible for preparing the interim results for the six months ended 30 September 2016 in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the Company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim results for the six months ended 30 September 2016 based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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

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

We have read the other information contained in the interim results for the six months ended 30 September 2016 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

21 November 2016