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Accsys Technologies PLC
("Accsys", the "Group" or the "Company")

Preliminary Results for the year ended 31 March 2019

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, today announces its preliminary results for the financial year ended 31 March 2019.

	Year to 31 March 2019	Year to 31 March 2018	Change %
Total Group Revenue	**€75.2m**	€60.9m	23%
Gross profit	**€18.6m**	€13.6m	37%
Underlying EBITDA[1]	**€0.9m**	(€3.5m)	
Underlying loss before tax	**(€6.2m)**	(€8.8m)	
Loss before tax	**(€7.7m)**	(€10.4m)	
Period end cash balance	**€8.9m**	€39.7m	
Period end net (debt)[2] balance	**(€50.1m)**	(€3.8m)	

[1] Underlying EBITDA is defined as Operating (loss)/gain before Exceptional items and other adjustments, depreciation and amortisation.
[2] Net debt is defined as short term and long term borrowings (including finance lease obligations) less cash and cash equivalents.

Strong financial performance on all key metrics:

- Group revenues increased by 23% with strong demand for Accoya® and Tricoya®.
- Gross profit increased by 37% driven by higher volumes, improved Accoya® gross margin and licence income.
- €2.3m underlying EBITDA recorded in the second half of the year resulting in positive underlying EBITDA for the full year of €0.9m (2018: €3.5m loss).
- Significant capex investment of €48.2m during the year, reflecting capacity increases for both Accoya® and Tricoya®, and the purchase of the Arnhem land and buildings contributed to an expected increase in net debt to €50.1m.
- Cash-flow generated from operations continued to improve with a positive cash inflow for the year of €0.3m (2018: €3.8m outflow) whilst the effective interest rate for the year reduced to 7.3% from 9.3% in the prior year.

Further major capacity expansion:

Accoya® demand continues to exceed increased production:
- Accoya® sales volumes up 16% compared to last year; with a 33% increase in the second half (vs H1 2019) benefiting from the third Reactor coming on stream.
- Accoya® gross margin improved to 26% in the second half (H2 2018: 24%).

- Accoya® underlying EBITDA up 94%, to €9.0m for the year (2018: €4.6m).
- 30% gross margin from the manufacturing of Accoya® continues to be achievable.
- Completion of third reactor; operating at full capacity from Q4 FY19. Annualised capacity increased by 50% to 60,000 cubic metres.
- Plans progressing to add a fourth Accoya® reactor in Arnhem, to further increase capacity to 80,000 cubic metres.
- Discussions progressing with potential partner concerning possible Accoya® plant in USA given increasing demand.
- High levels of certification across the product range including Cradle to Cradle - Gold certification (Platinum certification for Material Health).

Tricoya®:

- Construction work on the Hull plant continues to progress:
    - Hull plant expected to be operational in mid-2020 calendar year.
    - The longer term profitability of the Tricoya® plant and market opportunity remains unchanged.
- Accoya® sales to MEDITE and FINSA increased by 49% to support seeding of key European markets ahead of Tricoya® production in Hull.
- Work progressing with PETRONAS Chemicals Group to evaluate the feasibility of building and operating an integrated acetic anhydride and Tricoya® wood chip production plant in Malaysia.

Paul Clegg, Chief Executive commented:
"We are delighted to report continued increasing demand for our sustainable alternatives to tropical hardwoods, man-made plastics and fossil based building materials. The strong demand for both Accoya® and Tricoya® continues to be driven by both product quality and their sustainable credentials, reflecting the increasing importance for all building and construction activities to become more environmentally responsible.
The Accoya® capacity expansion at Arnhem has been a major boost to our financial performance enabling us to report positive EBITDA results for the financial year with EBITDA of €2.3m in the second half. This transformative expansion is starting to make a real difference to both margins and sales volumes.

Plans for a fourth Accoya® reactor are well underway to complete the doubling of capacity at our Arnhem site. Construction issues at the new Tricoya® plant in Hull have been resolved and strong sales of Accoya® to our partners MEDITE and FINSA underline the long term potential for the Hull project.

Our ambitions to extend the global footprint and reach of Accsys as a sustainably profitable business progress on several fronts. We are delighted to be working with PETRONAS Chemicals Group in Malaysia, and are encouraged by the discussions with a potential partner in the USA.

The new financial year has started well. We are excited about the many significant and transformational developments to the business and look forward to the future with confidence."

There will be a presentation relating to these results at 09:30 BST on Tuesday 25 June 2019. 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:
https://edge.media-server.com/m6/p/cuo38ohj
Conference call details for participants:
Participant Telephone Number:

United Kingdom:	+44(0) 207 192 8000
Netherlands:	+31(0) 207 143 545

Confirmation Code: 5994629
Participants will have to quote the above code when dialling into the conference.

Accsys Technologies PLC
("Accsys", de "Groep" of de "Onderneming")

Voorlopige resultaten voor het jaar eindigend op 31 maart 2019

Accsys, het snelgroeiende en milieuvriendelijke bedrijf dat chemie en technologie combineert om hoogwaardige, duurzame bouwproducten van hout te creëren, maakt vandaag de voorlopige resultatenbekend voor het boekjaar dat eindigde op 31 maart 2019.

	Jaar tot 31 maart 2019	Jaar tot 31 maart 2018	Verandering %
Totaal Groepsomzet	**€75,2m**	€60,9m	23%
Brutowinst	**€18,6m**	€13,6m	37%
Onderliggende EBITDA[1]	**€0,9m**	(€3,5m)	
Onderliggend verlies voor belastingen	**(€6,2m)**	(€8,8m)	
Verlies voor belastingen	**(€7,7m)**	(€10,4m)	
Periode einde kassaldo	**€8,9m**	€39,7m	
Periode einde nettosaldo (schuld) [2]	**(€50,1m)**	(€3,8m)	

[1] De onderliggende EBITDA wordt gedefinieerd als Bedrijfs(verlies)/winst vóór bijzondere posten en andere aanpassingen, afschrijvingen en amortisatie.
[2] De nettoschuld wordt gedefinieerd als leningen op korte en lange termijn (inclusief financiële leaseverplichtingen) verminderd met geldmiddelen en kasequivalenten.

Sterke financiële prestaties op alle belangrijke punten:

- De omzet van de Groep steeg met 23 %, ten gevolge van een sterke vraag naar Accoya® en Tricoya®.
- De brutowinst steeg met 37 % dankzij hogere volumes, een verbeterde brutomarge van Accoya® en hogere licentie-inkomsten.
- 2,3 miljoen onderliggende EBITDA in de tweede helft van het jaar, wat resulteerde in een positieve onderliggende EBITDA voor het volledige jaar van 0,9 miljoen euro (2018: 3,5 miljoen euro verlies).
- Significante investeringen van € 48,2 miljoen gedurende het jaar, als gevolg van capaciteitsuitbreidingen voor zowel Accoya® als Tricoya® en de aankoop van de terreinen en gebouwen in Arnhem droegen bij aan een verwachtte stijging van de nettoschuld tot € 50,1 miljoen.
- De kasstroom uit bedrijfsactiviteiten verbeterde verder met een positieve kasinstroom van € 0,3 miljoen (2018: (3,8 miljoen euro uitstroom) , terwijl de effectieve rentevoet voor het jaar daalde van 9,3% in het voorgaande jaar tot 7,3%.

Verdere grote capaciteitsuitbreiding:

De vraag naar Accoya® blijft de toegenomen productie overtreffen:
- De verkoopsvolumes van Accoya® stegen met 16% in vergelijking met het vorige jaar. In de tweede jaarhelft (ten opzichte van het eerste helft van 2019) steeg het verkoopsvolume met 33 %, dankzij de opstart van de derde Reactor.
- De brutomarge van Accoya® verbeterde tot 26% in de tweede jaarhelft (H2 2018: 24%).
- Accoya® onderliggende EBITDA stijgt met 94% tot €9,0 miljoen voor het jaar (2018: €4,6m).
- 30% brutomarge van de productie van Accoya® blijft haalbaar.
- Voltooiing van de derde reactor, die op volle capaciteit werkt vanaf Q4 FY19. De jaarlijkse capaciteit is met 50% toegenomen tot 60.000 kubieke meter.
- Plannen om een vierde Accoya® -reactor in Arnhem toe te voegen, om de capaciteit verder uit te breiden tot 80.000 kubieke meter.

- De besprekingen met potentiële partners over een mogelijke Accoya®-fabriek in de Verenigde Staten vorderen, dankzij de toenemende vraag.
- Hoge certificatieniveaus voor het gehele productassortiment, inclusief Cradle to Cradle - Gold certificering (Platinum-certificering voor materiaalgezondheid).

Tricoya®

- De bouwwerkzaamheden aan de fabriek in Hull worden voortgezet:
  - De fabriek in Hull zal naar verwachting medio 2020 operationeel zijn.
  - De winstgevendheid van de Tricoya®-fabriek en de marktkansen op langere termijn blijven onveranderd.
- De verkoop van Accoya® aan MEDITE en FINSA is met 49% gestegen om de seeding van belangrijke Europese markten te ondersteunen, vooruitlopend op de Tricoya® productie in Hull.
- De evaluatie werkzaamheden in samenwerking met PETRONAS Chemicals Group om de haalbaarheid van de bouw en de exploitatie van een geïntegreerde fabriek voor de productie van azijnzuuranhydride en Tricoya®-houtsnippers in Maleisië vorderen gestaag.

Paul Clegg, CEO licht toe:
"We zijn verheugd te kunnen melden dat er steeds meer vraag is naar onze duurzame alternatieven voor tropisch hardhout, kunststoffen en bouwmaterialen op basis van fossiele brandstoffen. De sterke vraag naar zowel Accoya® als Tricoya® wordt nog steeds gedreven door zowel de productkwaliteit als hun duurzame reputatie, waaruit blijkt dat het steeds belangrijker wordt dat alle bouw- en constructieactiviteiten milieuvriendelijker worden.
De capaciteitsuitbreiding van Accoya® in Arnhem is een belangrijke stimulans geweest voor onze financiële prestaties en heeft ons in staat gesteld om positieve EBITDA-resultaten over het boekjaar te rapporteren met een EBITDA van € 2,3 miljoen in de tweede helft van het jaar. Deze transformatieve expansie begint een echt verschil te maken voor zowel de marges als de verkoopvolumes.

De plannen voor een vierde Accoya® -reactor zijn in volle gang om de capaciteitsverdubbeling op onze locatie in Arnhem te voltooien. De bouwproblemen in de nieuwe Tricoya® fabriek in Hull zijn opgelost en de sterke verkoop van Accoya® aan onze partners MEDITE en FINSA onderstrepen het langetermijnpotentieel van het Hull-project.

Onze ambities om de wereldwijde voetafdruk en het bereik van Accsys als een duurzaam winstgevende onderneming uit te breiden vordert op verschillende fronten. Het verheugt ons dat we met PETRONAS Chemicals Group in Maleisië kunnen samenwerken en de gesprekken met een potentiële partner in de USA zijn bemoedigend.

Het nieuwe boekjaar is goed begonnen. We zijn enthousiast over de vele belangrijke en transformerende ontwikkelingen voor het bedrijf en zien de toekomst met vertrouwen tegemoet."

Op dinsdag 25 juni 2019 om 09.30 uur BST zal er een presentatie over deze resultaten plaatsvinden. De presentatie zal plaatsvinden in de vorm van een webgebaseerde conference call, waarvan de details hieronder staan:

Webcast link:
Klik hier of kopieer en plak alle volgende tekst in uw browser:
https://edge.media-server.com/m6/p/cuo38ohj
Details van de conferentiegesprekken voor de deelnemers:
Nummer mobiele telefoon

Verenigd Koninkrijk:	+44(0) 207 192 8000
Nederland:	+31(0) 207 143 545

Bevestigingscode: 5994629
Deelnemers moeten bovenstaande code vermelden als ze bij de conferentie inbellen.

Chairman's Statement

This year, Accsys has continued to make significant progress towards its strategic goals of:
(i) becoming an EBITDA profitable business with strong, long-term growth drivers, and
(ii) delivering that growth by providing consistently high performing, sustainable wood products that enable new opportunities for the built environment.

The completion of the 50% expansion of our Accoya® plant was a notable milestone for the business and led to increased sales from the new production capacity, helping the Group to achieve an EBITDA positive result for the year. The new financial year should see the full benefits of this expansion as the plant reached full capacity in the fourth quarter of the financial year, leading us to believe we will see further growth in underlying profitability in the near term.

Our Accoya® operations have seen underlying EBIT for the division more than double from €2.0m to €5.5m, providing a clear indication of the appetite in the market and further potential returns from both our technologies and our products.

To satisfy that demand, we are increasing our focus on further developing our production capabilities. We have commenced planning for a fourth Accoya® reactor in Arnhem, as well as progressing discussions concerning a potential Accoya® plant in North America, a market where there is increasing demand.

There has been significant work undertaken to construct the Tricoya® wood chip acetylation plant in Hull. Though the delay we reported in March 2019 was very disappointing, I am pleased to confirm that work on the site is again progressing, and incorporates the necessary reinforcement works. We now expect the plant to be operational in mid-2020 calendar year. We continue to see strong demand for Tricoya® which reinforces our confidence that the long-term profitability of the plant remains as expected.

The commencement of the feasibility study concerning a potential Tricoya® plant in Malaysia also represents an important milestone as we look to expand into new markets, and we are very pleased to be working with the PETRONAS Chemical Group as we explore this opportunity.

Our focus on developing additional manufacturing capability requires us to ensure we have the organisational framework and appropriately skilled staff to support our growth ambitions and strategic direction. We expect to go from operating one facility to operating four facilities in three continents in the medium-longer term. This level of growth requires significant investment in our employees to keep pace with this growth.

I am grateful for the continued support of our many stakeholders, who are crucial to our ongoing growth and success. This group comprises: our commercial partners such as MEDITE and BP, our customers who have continued to support the Accoya® success story despite the challenges of supply allocations, our suppliers from New Zealand wood mills to our creative agency partners and of course our growing and loyal shareholder base. We also welcome Investec Bank PLC on board as our new joint corporate broker to work alongside Numis Securities. I must also make a special mention to all of our staff, whose continued passion for what we do is always a reminder of the positive impact our business is achieving in the area of sustainability.

We continue to ensure we put good governance at the heart of what we do, and in this respect I am very pleased that we were able to confirm full compliance with the QCA Corporate Governance code in September 2018 and will continue to review this on an annual basis.

The new financial year has started well, with the third reactor continuing to operate at full capacity. I believe our improved financial performance and clear strategy for building new manufacturing capability demonstrates how we expect to increase shareholder value over the coming years.

Finally, we have also announced that Paul Clegg will step down as CEO after ten years in the role. Since 2009 the Group has restructured and grown considerably and now has a solid platform as reflected by these results. Both Paul and the Board feel that at this important time in the Company's evolution, as it seeks to expand, build and operate wood acetylation plants around the world, it requires a CEO with extensive manufacturing expertise.

I and the rest of the Board wish to express our appreciation for the very important contribution Paul has made to the development of the business throughout his time with Accsys. A search for a new CEO is underway however I am grateful that Paul has agreed to stay on as CEO and a Board member, until the end of December, allowing adequate time to complete the search for his successor.

Patrick Shanley
Non-executive Chairman
24 June 2019

Introduction

2019 has been a year of strong operational and financial progress. Demand from our existing customers alone continued to exceed our increased production capacity, demonstrating the growing call for our sustainable, environmentally-friendly, high performance wood products which are alternatives to non-sustainably sourced tropical hardwood, man-made plastics and highly carbon polluting construction building materials. I would like to thank all of our stakeholders and, in particular, our employees for their continued support throughout this period.

I am pleased to report that we are continuing to increase our ability to supply that demand, with the completion of the third reactor, our first significant addition to manufacturing capacity. The expanded plant reached full capacity in the fourth quarter of the financial year and has already helped us deliver a 23% increase in revenues and underlying profitability at an EBITDA level in the second half of the year. This bodes well for further growth sustainable revenue and underlying profitability.

We are committed to a better, more sustainable future – not just as a business, but with the impact our activities and products have on the wider world. Accoya® and Tricoya® are long-lasting, environmentally responsible and consistently high performing sustainable wood products that enable new opportunities for the built environment. As we improve and increase our supply capabilities, we are moving the world towards a more sustainable, circular economic model.

Looking ahead, we continue to develop our organisational capability in all areas and have added 21 employees in the period to support the rapid growth of the business. Our employees remain a priority, with a continued focus on maintaining and improving our health and safety standards and practices across the Group.

I continue to be immensely excited by the potential for the Tricoya® development in Hull, and while the project has been delayed due to civil construction issues, a tremendous amount of work has already been successfully completed. The issues have been identified, addressed and are being overcome; we are now on track for completion by mid-2020 calendar year. This will mean our manufacturing capacity will increase from 40,000 cubic metres at the start of the 2019 financial year to the equivalent of approximately 100,000 cubic metres once the Hull plant is delivered.

Accoya® – Global performance

	Year ended 31 March 2019	**Year ended 31 March 2018**	***Six months ended 31 March 2019***	***Six months ended 30 September 2018***
Accoya® sales volume – cubic metres	**49,716**	**42,676**	*28,337*	*21,379*
Accoya® sales	**€66.9m**	**€56.3m**	*€38.8m*	*€28.1m*
Licence income	**€1.0m**	**€nil**	*€0.5m*	*€0.5m*
Acetic acid sales	**€5.5m**	**€3.6m**	*€3.2m*	*€2.3m*
Manufacturing margin	**23.0%**	**21.8%**	*24.7%*	*20.7%*
Underlying EBITDA	**€9.0m**	**€4.6m**	*€6.2m*	*€2.8m*

Note – H2 FY 18 manufacturing margin = 23.8%

Total Accoya® sales volume for the year ended 31 March 2019 increased by 16% to 49,716 cubic metres (2018: 42,676 cubic metres). This volume coupled with price increases led to total Accoya® wood revenue increasing by 19% to €66.9m (2018: €56.3m). When excluding sales to MEDITE and FINSA for Tricoya® panel production, sales volumes increased by 9% to 37,716 cubic metres (2018: 34,617 cubic metres).

The increase in sales volumes is attributable to consistent and growing demand for our products, with sales volumes limited only by our manufacturing capacity throughout the year, even after the plant expansion. We continue to effectively manage this situation, with all customers being on allocation. As we work to increase our production capabilities, I am grateful for their understanding and ongoing desire to work with us as we continue to build the market for Accoya® in the longer term, supported by the knowledge that Accsys offers a specialty product that our distributors can sell at consistently high margins throughout the cycle.

Sales volumes increased by 33% in the second half of the year compared to the first half. While the first half included our annual maintenance stop, of more significance was the additional manufacturing capacity from the third Accoya® reactor starting up to benefit the second half. Sales increased in the second half of the year as production ramped up, to reach capacity levels in the final quarter of the financial year, during which we sold 14,926 cubic metres of Accoya®.

The 9% growth in Accoya® volumes (excluding sales to MEDITE and FINSA for Tricoya®) continues to be driven by repeat business, primarily for use in windows, doors, decking and cladding, and has been fulfilled by our reliable and consistent network of global distributors. Demand has remained very strong throughout the period and remains so into the new financial year. Demand has continued to exceed our production capacity throughout the year. As such, we reduced the number of active distributors by 12 in the past 18 months to allow us to concentrate volume allocation to our core markets whilst further developing the relationships with our core distributor base.

Sales volumes by region are set out in the table below:

	2019	2018	Increase
	m^3	m^3	%
UK & Ireland	13,419	11,994	12%
Tricoya®	12,000	8,059	49%
Cerdia	10,640	9,464	12%
Americas	5,602	5,495	2%
Benelux	4,179	3,405	23%
Asia-Pacific	3,553	3,540	0%
RoW	323	719	(55%)
	49,716	42,676	16%

The 49% increase in sales to our Tricoya® licencees, MEDITE and FINSA, was higher than the average increase to support the seeding of key European markets ahead of the start-up of the Tricoya® plant in Hull. As a result sales to the Americas grew at a relatively lower rate year on year, also reflecting that the previous financial year saw a significantly above-average increase (43%) for the region. Demand remains very strong in USA in what continues to be a priority market. Sales in the Rest of the World decreased as we prioritised allocations with our more established regions and customers.

€1.0m of Accoya® licence related income was reported in the year (2018: €nil), reflecting the contractual milestones in place with our licensee Cerdia (formerly called Rhodia).

Accoya® pricing and margin

The gross manufacturing margin (which excludes licensing income) increased from 21.8% to 23.0% largely due to higher prices and efficiencies arising from higher production volumes. The gross manufacturing margin improved from 20.7% in the first half of the year to 24.7% in the second half of the year, with the second half benefitting from higher production volumes and no maintenance stop. Margins also benefitted from the absence of some one-off factors which influenced the previous year, which included an additional production stop in May 2017 associated with the expansion project.

Raw wood supply incurred small cost price increases compared to the previous year, while acetyl prices initially increased more significantly before eventually decreasing toward the end of the year. The annual price increase for Accoya® implemented in January 2019 to cover these raw material cost increases has also benefitted gross margin into the 2019 calendar year. We expect raw material prices to remain relatively stable over the course of the next year.

Overall, margins continue to be significantly influenced by the quantity of material sold for Tricoya® production as well as to Cerdia, under our off-take agreement, which together made up 46% of total volume sold in the period (2018: 41%). These discounted prices are expected to end in 2020 with the start-up of the Hull plant and scheduled end of the Cerdia off-take agreement, leading to higher overall margins.

The new financial year will therefore further benefit from economies of scale of operating the expanded plant for the full year, with further margin improvements expected from 2020 calendar year. As a result, we continue to expect the Accoya® business to achieve a 30% gross manufacturing margin in the longer term.

Accoya® manufacturing capacity

We successfully completed the construction and commissioning of the third Accoya® reactor in the year, increasing our manufacturing capacity by 50% to 60,000 cubic metres per annum. The new reactor commenced operation in summer 2018, and the successful resolution of some post-commissioning teething issues led to a full ramp-up of production levels. All three reactors have now been operating at full capacity since the start of the 2019 calendar year, and we have started the new financial year at the same operating rate.

With demand continuing to exceed supply, our focus has quickly turned to the next stage of the expansion: the potential addition of a fourth reactor to take the Arnhem site capacity to 80,000 cubic metres per annum. We have commenced work on this project with preliminary design and planning underway.

The third reactor project included some of the chemical infrastructure for a fourth reactor, however we expect that further work beyond the core fourth reactor unit itself will be required to support full speed operation of four reactors simultaneously.

This additional work will, however, have the potential to improve efficiency of the entire Arnhem operation, with the addition of new chemical storage facilities and new wood handling equipment. Further details of the required capital expenditure and how this is to be financed will be confirmed as the detailed planning progresses. We would expect the addition of a fourth reactor to further improve gross margins as a result of the economies of scale of operating on the same site, and with only a limited increase in related overhead costs.

We acquired the majority of the land and buildings associated with our Accoya® plant in Arnhem in August 2018. We acquired the assets for a total of €23m from Bruil, the property development company to whom we had previously sold the land over a number of transactions and who subsequently constructed our new offices, laboratory, warehouse and distribution centre. The purchase gives us full ownership of a key asset and should provide considerable strategic and financial benefits to the Group over time as we continue to explore ways of further improving our processes and the efficiency of the site.

We have also made further progress towards the creation of a new Accoya® plant in the USA. Discussions with a prospective partner there are becoming more detailed as we explore the challenges and opportunities associated with the location. Such discussions are encouraging given the scale of the potential market for Accoya® in the USA which we believe represents the largest global market, however we expect it to take a while longer before we can conclude whether a partnership and the resulting new Accoya® plant will proceed.

Tricoya® Consortium

The market for Tricoya® panels continues to grow, with our partner MEDITE, who has been responsible for the majority of sales so far, continuing to seed new markets in the UK, Ireland and Northern Europe. This has resulted in our sales of Accoya® for the production of Tricoya® panels increasing by 49% to 12,000 cubic metres during the year.

The construction of the first dedicated Tricoya® wood chip acetylation plant in Hull has been substantially progressed in the year, with €28m invested and several significant milestones reached. Many of the wood handling aspects of the plant have been constructed and all equipment has been ordered, with most now on site already. We have recruited the first employees who will make up the on-going operations team of 31, and they are currently planning the commissioning and start-up of the plant.

A delay in building means that we now expect the plant to be operational in mid-2020 calendar year, as we were notified by our lead contractor responsible for the delivery of the project that certain structural engineering issues needed to be addressed. Principally this entailed the reinforcement of the main tower foundations and steelwork.

The issue related to civil works and does not relate to Accsys' Tricoya® acetylation technology, meaning that there is no impact on the long-term expected profitability of the project, with gross margin of approximately 40% achievable once the plant reaches near capacity levels over the next few years. This issue is the responsibility of the contractor and work is now progressing well to rectify the issue. The delay is likely to add some additional costs associated with our project team and related activities being required for a longer period.

We expect demand from MEDITE and FINSA will utilise the majority of the capacity of the Hull plant after it ramps up operation. I remain very optimistic about the potential for Tricoya® and the development of the Hull plant, with the continued market demand for the acetylated chips pointing to an encouraging return on investment.

I was very pleased to announce in January 2019 that we had signed an agreement with the PETRONAS Chemicals Group Berhad ('PCG') to evaluate the feasibility of jointly funding, designing, building and operating an integrated acetic anhydride and Tricoya® production plant in Malaysia. It is envisaged that Tricoya® wood elements produced at the Malaysian plant would use acetic acid from PCG's existing joint venture in Malaysia. The plant would then supply the wood panel industry within South East Asia, under licence, as the key raw material for the formation of Tricoya® panels for the use in the substantial construction industry in the region.

Since January, our teams have been progressing work on the various work streams which include evaluating preliminary engineering studies, and regional customer and market feasibility assessments. The evaluation is expected to last for a period of at least another 12 months before a decision is made as to whether to proceed further.

Intellectual Property

We continue to focus on and invest heavily in the generation and protection of intellectual property ('IP') relating to the innovation associated with our acetylation processes and products, ensuring ongoing differentiation and competitive advantage in the market place. Accsys has increased its number of patent applications in the recent period to 316, in 50 countries. In addition, the number of granted patents has significantly increased to 139, including patents relating to key technologies in various countries throughout the world.

Using a combination of patents and know-how, Accsys continues to invest in the generation and protection of core IP associated with our technology for the acetylation of solid wood and wood chips, as well as on complementary technologies for use with Accoya® and Tricoya® wood products.

Management of valuable know-how remains an essential element of safeguarding our innovations and market position, with confidentiality protocols in place to prevent unauthorised access to such know-how. We also place strict contractual obligations on third parties collaborating with Accsys, with particular focus on minimising risks by ensuring Accsys' know-how is only shared when absolutely necessary. Controls are also placed on receiving confidential information, to prevent protection associated with our internal research efforts being compromised. Increased and regular training ensures Company-wide awareness of the importance of protecting and controlling our know-how. Critical attention continues to be given to protecting Accsys Confidential Information and IP as it expands its' production capabilities and licensing opportunities through collaborations with third parties.

Our well-established trade mark portfolio continues to grow geographically and covers the key distinctive brands Accoya®, Tricoya® and the unique device under which products are marketed, alongside the corporate Accsys® brand, including transliterations in Arabic, Chinese and Japanese. All of our key brands have now been registered in over 60 countries, becoming valuable and recognisable names in the timber and panel industries. Additional trade mark registrations have increased the strength of the Company brands, with more recent and ongoing activity focused on securing protection for our new Company logo.

Accsys continues to maintain an active watch on the commercial and IP activity of third parties to monitor and take action if its IP rights are infringed, to identify potentially valuable third-party IP which could be exploited via a strategic alliance, in-licence or acquisition, and to obtain an early insight into any IP which could potentially hinder our commercial activity. The scope of the IP watch is under regular review so as to align with the increased diversity of our research programmes.

Careful IP management, effected via our qualified in-house IP manager working in close conjunction with our technology, engineering, product development, marketing and commercial teams, and supported where appropriate by external patent and trade mark attorneys, ensures our IP portfolio is maintained, protected, and grown in a cost-effective manner, adding value to our manufacturing and licensing businesses. The IP portfolio continues to be regularly reviewed to ensure alignment with the Company objectives, and to confirm fulfilment of obligations to current and potential future licensees.

Outlook

The new financial year has started well. We continue to be challenged by demand exceeding our manufacturing capacity but the completion of the third Accoya® reactor enabled significant growth for our output and sales. We aim to continue to increase both our production capabilities and the market's appetite for our uniquely attractive products. Demand is being further driven by ongoing trends towards ecologically responsible and sustainable business practices.

The fourth reactor project represents the next opportunity for a significant increase in our ability to meet demand, and we will continue to explore other ventures while developing the opportunities in Malaysia and the USA.

It is with great pleasure that this year we have reported underlying EBITDA-positive results, and I am confident our profitability will continue to grow in the medium and longer term as we benefit from our increased capacity. The anticipated start-up of the Tricoya® plant in Hull in 2020 will not only produce a new revenue stream, but is expected to also free up capacity in our Arnhem plant for more, higher-priced Accoya® sales, improved efficiencies, and therefore higher margins.

We believe that continued success will be delivered by fulfilling our key strategic objectives: practicing manufacturing excellence, growing product demand, building our organisational capability and continuing to develop our technology. All of our stakeholders will continue to be instrumental in our future success and in particular our employees who I would again like to thank for their on-going passion and commitment to what we do.

We are Accsys, and we are changing wood to change the world.

Paul Clegg
Chief Executive Officer
24 June 2019

Ever increasing concerns over pollution related to plastics and other man-made materials means that the superior qualities of our products are driving customers to choose our environmentally-friendly materials over established wood and man-made materials including fossil based products. This gives enormous scope to increase our penetration of this vast global market.

Our technology

Accoya® and Tricoya® are based upon our proprietary wood acetylation technology.

The physical properties of any material are determined by its chemical structure. Wood contains an abundance of chemical groups called "free hydroxyls". Free hydroxyl groups absorb and release water according to changes in the climatic conditions to which the wood is exposed. This is the main reason why wood shrinks and swells. 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, which already naturally exist in wood at lower levels. This is done by reacting the wood with acetic anhydride, which comes from acetic acid (commonly known as vinegar in its diluted form). When the free hydroxyl group is transformed to an acetyl group, boosting the acetyl level, 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.

Market

We believe the potential market for Accoya® and Tricoya® is in excess of 2.6 million cubic metres annually.

In the year ended 31 March 2019 we sold 49,716 cubic metres of Accoya®, however the total global solid wood market is understood to exceed 400 million cubic metres annually and we believe Accoya® sales in excess of 1 million cubic metres annually are ultimately achievable. While it may take some time for Accoya® and Tricoya® to reach their full market potential and may be limited by availability of manufacturing capacity, we are confident that continued strong sales growth can be generated.

Accoya® captures the market share in those applications which require high performing, long lasting, sustainable products. The impressive durability and stability benefits are highly valued in top end applications.

The majority of our Accoya® sales are to a network of timber distributors which in turn supply a variety of industries, principally for joinery (windows and doors) and for decking and cladding. As we expand, we expect that other opportunities will be developed as we become able to meet the demands of larger scale manufacturers and as we continue to develop our product and its applications.

Tricoya® panels' enhanced performance and moisture resistance makes them particularly suited to external applications including facades and cladding, soffits and eaves, exterior joinery, wet interiors, door skins, flooring, signage and marine uses. Tricoya® displaces alternative more expensive or less easily handled products and opens up major new market opportunities in the construction sector.

The global market for Tricoya® panel products is estimated to be in excess of 1.6 million cubic metres and up to approximately 4.5 million cubic metres per annum. This would equate to around 1% of global MDF manufacturing capacity. Tricoya® panels were introduced to the market by MEDITE in 2012, manufactured using chipped Accoya® as a production solution in the period before the dedicated wood chip acetylation plant is completed. Sales of Tricoya® panels have increased significantly each year since MEDITE introduced them to the market in 2012.

Both products offer environmental advantages which enable them to compete with a variety of other less sustainable wood and man-made products. We believe this will become more important as global attention increases in respect of the potential harm that other products, such as plastics and micro plastics can cause.

Creating value for all our stakeholders

Our differentiators

We utilise the following resources and relationships, which offer us a competitive advantage in our marketplace:

Our technology and IP

We have developed families of patents, providing robust protection over our proprietary products and processes.

50 countries in which we hold 316 patents and patent applications

Our People & Engineering expertise

Our passionate employees are key to the successful execution of the Group's strategy, together with their valuable know-how and a dedication to the future success of the Group.

15% headcount increase in the year

Environment

Accoya® & Tricoya® fit perfectly in the bio-cycle of the circular economy.

C2C™ Gold accredited

Strong industry relationships

We work with equipment manufacturers, wood suppliers, the acetyls industry, testing and certification bodies, and other system supply specialists, to help us develop our technology, products and their place in the market.

Industry leading brands

Our brands Accoya® and Tricoya® are globally registered trademarks, portraying our products' sustainable, high quality and long-term performance.

66 countries in which our products are registered trademarks

Financial strength

Solid financial base to fund growth organically and through further investment.

EBITDA positive for the Group this year

Proven sustainability credentials

Our products are fully recyclable and lock in CO_2 during their longer lifespan. We give the world a choice, to build sustainably, with our wood products offering a sustainable alternative to fossil fuel based or man-made products.

Our activities

We combine chemistry, technology and ingenuity to make high performance wood products that are extremely durable and stable, opening new opportunities for the built environment. We continue to prove the value and quality of our products and processes, opening up growth opportunities for the Group.

Sourcing

We obtain timber from FSC® certified, sustainable, fast-growing forests, primarily in New Zealand and Europe.

Proprietary manufacturing

We manufacture our wood products using our proprietary low emission, acetylation wood modification process at our existing plant in the Netherlands.

49,716 m^3 Accoya® sold this year

Global sales and distribution

We work with a network of global distributors to get our sustainable wood products to our customers, who utilise Accoya® and Tricoya® materials to create branded products such as windows, doors, decking, cladding, facades and other external applications.

23% revenue growth this year which continues to be driven by repeat business

How we are investing in our future

A key part of our business model involves focusing on growth opportunities, to take advantage of the substantial global market opportunity we believe is achievable with our products.

Building new plants and optimising existing sites

We develop and optimise existing sites and processes to benefit from existing skills and leverage operational and financial scale.

We identify new international locations and appropriate partners to develop additional capacity in order to meet our longer-term growth potential in global markets.

50% increase in Accoya® manufacturing capacity completed in the year to 60,000m^3.

Research and development (R&D)

We have developed innovative, proprietary and protected technologies which chemically modify wood through a low emissions acetylation process.

We continue to invest in R&D, focused on optimising our existing product offering and technologies and investing in focused technology solutions, which materially enhance our productivity and cost of production.

Working with business partners

Working with business partners provides the greatest prospect for taking advantage of the substantial global market opportunity for our products.

We continue to work with our partners in order to achieve our objective of expanding the production footprint globally, in particular, with partners which have resources or technologies which complement our own.

In January 2019, agreement signed with the Petronas Chemicals Group, to evaluate feasibility of jointly funding, designing, building and operating a Tricoya® plant in Malaysia.

Our strategy

Strategic Objective	**Grow product demand**
Ambition	To develop market opportunities to drive revenue growth KPIs: - Accoya® and Tricoya® volume sold by key target geographies

Approach	- Focus on significant and growth markets, for example Original Equipment Manufacturers and joinery market
	- Working with our customers to sell our products:
	  o Building long term customer relationships
	  o Targeting repeat business
	  o Develop critical mass within key markets
	- Build and protect our brands
	- Developing the substantial environmental advantages that our products offer
	- Development of partnerships to allow the above in a cost effective manner

Progress in year ended March 2019	- Total volume sold increased by 16% to 49,716 cubic metres, (See CEO report for regional split):
	  o Accoya® sales volumes (excluding to MEDITE and FINSA) increased by 9% to 37,716 cubic metres
	  o 49% increase in volume sold for production of Tricoya® panels; however
	- Sales volumes continue to be capacity constrained with all customers on allocation
	- Tricoya® feasibility plan agreed with Petronas Chemicals Group includes evaluation of Tricoya® markets in region to be carried out

Key results to be achieved for year ending March 2020	- Construction of Hull Tricoya® plant to generate additional capacity in 2020. Develop market plan for Tricoya® in Asia and enhanced market plan for USA to support possible Accoya® plant - Meeting pent up demand for Accoya® from expanded capacity following a significant period of customers being on sales allocation

Strategic Objective	**Practice manufacturing excellence**
Ambition	To grow manufacturing position in Europe and establish new platforms in key markets in support of, and to enable, demand growth. KPIs, by geography: - Operational manufacturing capacity - Manufacturing capacity under construction
Approach	- Safe operations, everywhere - Develop and optimise existing sites and leverage operational and financial scale - Develop existing skills to ensure continuous improvement at all locations - Identify new international locations and appropriate partners to develop additional capacity in order to meet longer term growth potential in global markets - Product development focused on significant volume and value propositions - Ensuring adequate supply of raw materials at acceptable economics
Progress in year ended March 2019	- Record production from Arnhem plant of 48,787 cubic metres - Third Accoya® reactor construction successfully completed, increasing capacity by approximately 20,000 cubic metres per annum - Tricoya® plant construction underway, although has incurred a delay. This will have a capacity of approximately 30,000 metric tonnes of Tricoya® wood chips per annum from mid-2020
Key results to be achieved for year ending March 2020	- Tricoya® plant construction expected to be near complete ahead of operation in mid-2020 calendar year - Front end engineering associated with fourth Accoya® reactor and related capacity improvements in Arnhem - Progress towards understanding feasibility of locating a Tricoya® plant in Malaysia - Development of key supply chain relationships and options in order to support longer term ambition

Our strategy continued

Strategic Objective	**Develop our technology**
Ambition	To develop technology and IP programmes based on evidence and commercial viability
Approach	- Optimisation of existing products and technologies - Pursuit of focused technology solutions which materially enhance productivity and cost of production
Progress in year ended March 2019	- Further progress made in development of potential coloured Accoya® and other potential end product developments which would lead to new applications
Key results to be achieved for year ending March 2020	- Finalisation of development of coloured Accoya® - Development of acetyls programme focusing on maximising value of our acid bi-product - Continued development of application of acetylation to other solid wood applications - Fully define detailed and focused technology development programme for implementation from 2019, based on existing assets, know-how and development programmes

Strategic Objective	**Build organisational capability**
Ambition	To develop our people and organisational capability to enable us to meet our growth objectives
Approach	- Develop, articulate and live our values and culture - Develop management and leadership capabilities to support growth ambition - Develop the governance appropriate for the growth of the business - Engagement and investment of the whole workforce
Progress in year ended March 2019	- Review of corporate governance resulting in statement confirming full compliance with QCA code - Implementation of new HR tool to allow for greater employee engagement - Commenced review of corporate brand, with particular focus on internal stakeholders - Undertaken review of many HR related functions to identify areas for development
Key results to be achieved for year ending March 2020	- Develop the framework of creating and assessing fully aligned employee objectives and key results - Develop company's values programme

Statement of comprehensive income

	Year to 31 March 2019	Year to 31 March 2018	Change %	H2 2019	H1 2019	H2 2018	H2 2019 v H1 2019 Change %	H2 2019 v H2 2018 Change %
Total Group Revenue	**€75.2m**	€60.9m	23%	**€43.6m**	€31.6m	€32.6m	38%	34%
Gross profit	**€18.6m**	€13.6m	37%	**€11.6m**	€7.0m	€8.0m	66%	45%
Underlying EBITDA	**€0.9m**	(€3.5m)		**€2.3m**	(€1.4m)	(€0.7m)		
Underlying loss before tax	**(€6.2m)**	(€8.8m)		**(€1.7m)**	(€4.5m)	(€3.6m)		
Statutory loss before tax	**(€7.7m)**	(€10.4m)		**(€2.3m)**	(€5.4m)	(€3.6m)		
Year end cash balance	**€8.9m**	€39.7m		**€8.9m**	€22.0m	€39.7m		
Year end net (debt)/cash balance	**(€50.1m)**	(€3.8m)		**(€50.1m)**	(€34.2m)	(€3.8m)		

Group revenue increased by 23% to €75.2m for the year ended 31 March 2019 (2018: €60.9m). Revenue from Accoya® wood increased by 19% to €66.9m largely as a result of higher sales volumes and higher average selling prices. Included within Accoya® revenue, are sales for the manufacture of Tricoya® panels, which increased to €11.8m (2018: €7.8m). These sales are used to develop the market for Tricoya® products, ahead of the start-up of the Tricoya® plant, currently under construction in Hull.

Tricoya® wood revenue of €0.6m represented sales of Tricoya® panels, purchased from our Tricoya® licensees, to sell into other geographies in order to provide initial market seeding material for the global Tricoya® market.

Licence revenue of €1.6m (2018: €0.2m) was principally attributable to our Accoya® licensee, Cerdia International GmbH ('Cerdia') (previously named Rhodia Acetow), reflecting the milestone nature of our contract with them and licence income in our Tricoya® segment. Other revenue of €6.0m (2018: €4.4m) predominantly relates to the sale of acetic acid which increased compared to the prior year given higher production levels and higher acetic acid prices.

Gross margin increased from 22% to 25% compared to the previous year due to higher licencing income and an improved Accoya® manufacturing gross margin. The increase in Accoya® manufacturing gross margin from 22% to 23% was driven by higher average selling prices, however, this was somewhat offset by an increase in the proportion of lower margin sales. 46% of Accoya® sold in the year was sold to Cerdia or for Tricoya®, both of which are at discounted prices, compared to 41% in the prior year. This proportion decreased in the second half of the financial year and is expected to decrease further in the new financial year, allowing for greater volumes for non-discounted sales to other Accoya® customers. The Accoya® manufacturing gross margin increased to 25% in the second half of the financial year as we benefited from higher prices and higher production and sales volumes. Gross margins of 30% for the Accoya® business continue to be achievable in the longer term when taking account of higher production volumes as well as excluding the impact of the sales at discounted prices.

In addition, the previous year included an additional plant shut down which was required as part of the third reactor construction project and which was not required in the current year.

Underlying other operating costs (excluding depreciation and amortisation), increased from €17.1m to €17.7m. This increase was largely due to higher underlying staff costs which increased by €1.9m to €14.1m due to inflationary salary increases and an increase in average headcount by 21 compared to the prior year. The increase in headcount is predominantly attributable to an increase in Arnhem operations staff following the commissioning of the third Accoya® reactor and recruitment of the first phase of staff for the Hull Tricoya® plant.

The increase in staff costs were partially offset by a decrease in third party sales and marketing expenditure and a decrease in R&D expenditure during the year. The lower R&D expenditure recognised in the consolidated statement of comprehensive income was principally due to an increased amount of patent related costs qualifying for capitalisation.

Depreciation charges increased compared to the prior year following the completion of the third reactor and the purchase of the previously leased Arnhem land and buildings, mentioned below.

Underlying finance expenses increased to €3.1m (2018: €2.2m) due to interest payable on our loan with Cerdia no longer being capitalised following the completion of the third Accoya® reactor, together with finance charges attributable to the lease arrangements relating to the new building in Arnhem, which was occupied in November 2017 and which was subsequently replaced by loans with ABN AMRO and Bruil following the purchase of the land and buildings during the year.

An exceptional finance charge (€1.1m) has been recognised in respect of the acquisition of the land and buildings in Arnhem from Bruil as previously reported in the first half of the financial year. The non-cash charge reflects the difference between the assets held under the finance lease and the finance lease liability which was terminated at the point the acquisition was completed. The prior year included €1.6m of exceptional expenses. See note 5 for further details.

Other adjustments for the year include foreign exchange differences on cash and loans held in pounds Sterling. The cash is held primarily in pounds Sterling to act as a cash-flow hedge against future Sterling project expenditure on the new plant being constructed in Hull. The effective portion of the cash-flow hedge is recognised in Other comprehensive income. See note 5 for further details.

Underlying loss before tax decreased by €2.6m to €6.2m (2018: €8.8m). After taking into account exceptional items and other adjustments, loss before tax decreased by €2.7m to €7.7m (2018: €10.4m).

The tax credit of €0.8m (2018: tax credit of €0.3m) reflects a prior period adjustment and results from a change to the Group's transfer pricing policy to more accurately reflect the Group's business model.

Cash-flow

Cash-flow generated from operating activities of €0.3m compared to €3.8m out-flow in the previous year, reflects the improving operational cash-flow being generated by the Group.

At 31 March 2019, the Group held cash balances of €8.9m, representing a €30.8m decrease in the year from 31 March 2018. The decrease in cash in the year is largely attributable to investment in tangible fixed assets of €37.4m (excluding the land and buildings purchase), offset by €5.7m in-flow from the issue of new ordinary shares in Accsys to VP Participaties BV, drawdown of €3m on the Tricoya® RBS facility and of €1.8m on our working capital facility.

Loan repayments (including rolled up interest) of €3.2m commenced during the year, with repayments commencing to BGF, Cerdia and on the ABN AMRO/Bruil borrowings mentioned below.

Loan receipts of €23m from ABN AMRO and Bruil related to the land and buildings purchase in Arnhem, affecting both investing and financing activities, with the freehold purchase included within Property, plant & equipment, offset by the termination of the associated finance lease. See note 29.

Financial position

Plant and machinery additions of €36.7m (2018: €31.1m) in the year principally consisted of the construction of the third Accoya® reactor (€8.4m) which was completed during the year and the continuing Tricoya® plant construction in Hull (€27.8m). Net additions of €9.8m were made in the year as a result of the purchase of the land and buildings in Arnhem, representing the purchase price of €23.0m net with €13.2m of assets which had previously been accounted for as a finance lease. This purchase was financed by loans from ABN AMRO and Bruil, set out below.

Trade and other receivables increased to €13.0m (2018: €9.3m) largely as a result of increased sales in the year compared to prior year and strong sales in the month of March.

Inventory levels increased in the period to €14.0m (2018: €13.1m), driven by an increase in finished goods principally due to the start-up of Reactor 3 in the year, increasing our production capacity by 50%. Levels of Accoya® inventory remain low, with the finished goods balance representing 2-3 weeks of sales.

The increase in trade and other payables to €20.0m (2018: €18.0m) is primarily due to accruals associated with the capital projects, which are due for payment in the next financial year.

Amounts payable under loan agreements increased to €56.9m (2018: €29.3m). New financing arrangements in respect of the Arnhem property of €23m were undertaken in the year, comprising of a €19m partially amortising five year package from ABN AMRO, and a commercial loan from the seller and former landlord, Bruil, of €4m. The loans fully financed the purchase of the land and buildings associated with the Group's Accoya® plant and logistics centre in Arnhem. The financing terms will result in a lower overall income statement charge over the next 20 years and ownership of the land is expected to provide enhanced strategic options, operational security and greater flexibility in respect of the use of the land. The purchase replaced the previously held finance and operating lease which was terminated in the year. The net impact of the above transaction was to increase Property, plant and equipment by €9.8m with net debt increasing by €10.9m.

The first €3m of the Tricoya® RBS €17.2m (€15m net) facility was drawn down during the year, as anticipated, in conjunction with funding the ongoing construction of the Tricoya® plant in Hull.

The remainder of the Tricoya® RBS facility remains as available headroom, as well as €4.2m available headroom on the €6m working capital facility with ABN AMRO.

Going concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are approved.

As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future taking into account the banking and finance facilities which are currently in place (see note 29 for details of these facilities). 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 with the collection of on-going working capital items in line with internally agreed budgets. The Directors' have also considered the level and timing of capital expenditure required in relation to the new plant in Hull which is currently being built and further expansion of the Arnhem operation (with further details of the required capital expenditure and how this is to be financed to be confirmed as the detailed planning progresses).

The Directors believe that while some uncertainty always inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there is no material uncertainty. There are a sufficient number of alternative actions and measures within the control of the Group that can and would be taken in order to achieve the Group's medium and long term objectives including reducing / deferring costs in some discretionary areas.

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

William Rudge
Finance Director
24 June 2019

Accsys Technologies PLC

Consolidated statement of comprehensive income for the year ended 31 March 2019

	Note	2019 €'000 Underlying	2019 €'000 Exceptional items and other adjustments *	2019 €'000 Total	2018 €'000 Underlying	2018 €'000 Exceptional items and other adjustments *	2018 €'000 Total
Accoya® wood revenue		66,949	-	66,949	56,331	-	56,331
Tricoya® panel revenue		634	-	634	-	-	-
Licence revenue		1,614	-	1,614	200	-	200
Other revenue		5,956	-	5,956	4,380	-	4,380
Total revenue	3	**75,153**	**-**	**75,153**	**60,911**	**-**	**60,911**
Cost of sales		(56,517)	-	(56,517)	(47,270)	-	(47,270)
Gross profit		18,636	-	18,636	13,641	-	13,641
Other operating costs excluding depreciation and amortisation	4	(17,733)	24	(17,709)	(17,140)	(2,184)	(19,324)
Other gains	5	-	-	-	-	32	32
EBITDA		**903**	**24**	**927**	**(3,499)**	**(2,152)**	**(5,651)**
Depreciation and amortisation	4	(3,965)	-	(3,965)	(3,078)	-	(3,078)
Total other operating costs[1]	4	(21,698)	24	(21,674)	(20,218)	(2,184)	(22,402)
Operating (loss)/gain	8	**(3,062)**	**24**	**(3,038)**	**(6,577)**	**(2,152)**	**(8,729)**
Finance income	10	-	-	-	-	-	-
Finance expense	11	(3,117)	(1,529)	(4,646)	(2,174)	502	(1,672)
Loss before taxation		**(6,179)**	**(1,505)**	**(7,684)**	**(8,751)**	**(1,650)**	**(10,401)**
Tax credit	12	782	-	782	251	-	251
Loss for the year		**(5,397)**	**(1,505)**	**(6,902)**	**(8,500)**	**(1,650)**	**(10,150)**
Gain/(loss) arising on translation of foreign operations		54	-	54	(56)	-	(56)
Gain/(loss) arising on foreign currency cash flow hedges		-	11	11	-	202	202
Total other comprehensive (loss)/income		54	11	65	(56)	202	146
Total comprehensive loss for the year		(5,343)	(1,494)	(6,837)	(8,556)	(1,448)	(10,004)
Total comprehensive loss for the year is attributable to:							
Owners of Accsys Technologies PLC		(4,337)	(1,494)	(5,831)	(7,592)	(1,448)	(9,040)
Non-controlling interests		(1,006)	-	(1,006)	(964)	-	(964)
Total comprehensive loss for the year		(5,343)	(1,494)	(6,837)	(8,556)	(1,448)	(10,004)
Basic and diluted loss per ordinary share	14	€(0.04)		€(0.05)	€(0.07)		€(0.08)

* See note 5 for details of exceptional items and other adjustments

[1] Total operating costs includes other operating costs excluding depreciation and amortisation & depreciation and amortisation

Accsys Technologies PLC

Consolidated statement of financial position as at 31 March 2019

Registered Company 05534340

	Note	2019 €'000	2018 €'000
Non-current assets			
Intangible assets	16	10,790	10,653
Property, plant and equipment	17	105,272	60,835
Financial asset at fair value through profit or loss	18	-	-
		116,062	71,488
Current assets			
Inventories	21	14,008	13,125
Trade and other receivables	22	13,038	9,335
Cash and cash equivalents		8,857	39,698
Corporation tax receivable		478	1,347
FX derivative asset		143	-
		36,524	63,505
Current liabilities			
Trade and other payables	23	(19,963)	(18,012)
Obligation under finance lease	28	(246)	(1,323)
Short term borrowings	29	(6,176)	(2,062)
Corporation tax payable		(34)	(17)
		(26,419)	(21,414)
Net current assets		10,105	42,091
Non-current liabilities			
Obligation under finance lease	28	(1,775)	(12,849)
Other long term borrowing	29	(50,733)	(27,235)
		(52,508)	(40,084)
Net assets		73,659	73,495
Equity			
Share capital	24	5,900	5,576
Share premium account		145,429	140,036
Other reserves	25	109,521	109,425
Accumulated loss		(217,348)	(211,830)
Own shares		(9)	(15)
Foreign currency translation reserve		43	(11)
Capital value attributable to owners of Accsys Technologies PLC		43,536	43,181
Non-controlling interest in subsidiaries	9	30,123	30,314
Total equity		73,659	73,495

The financial statements were approved by the Board of Directors on 24 June 2019 and signed on its behalf by

Paul Clegg

William Rudge **Directors**

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the year ended 31 March 2019

	Share capital Ordinary €000	Share premium €000	Other reserves €000	Own Shares €000	Foreign currency trans-lation reserve €000	Accumula-ted Loss €000	Total equity attributable to equity shareholders of the company €000	Non-Controlling interests €000	Total Equity €000
Balance at 31 March 2017	4,531	128,792	113,460	(33)	45	(202,944)	43,851	12,620	56,471
Total comprehensive income/(expense) for the period	-	-	202	-	(56)	(9,186)	(9,040)	(964)	(10,004)
Share based payments	-	-	-	-	-	300	300	-	300
Shares issued	1,045	-	-	18	-	-	1,063	-	1,063
Premium on shares issued	-	13,007	-	-	-	-	13,007	-	13,007
Share issue costs	-	(1,763)	-	-	-	-	(1,763)	-	(1,763)
Issue of subsidiary shares to non-controlling interests	-	-	(4,237)	-	-	-	(4,237)	18,658	14,421
Balance at 31 March 2018	5,576	140,036	109,425	(15)	(11)	(211,830)	43,181	30,314	73,495
Total comprehensive income/(expense) for the period	-	-	11	-	54	(5,896)	(5,831)	(1,006)	(6,837)
Share based payments	-	-	-	-	-	382	382	-	382
Shares issued	324	-	-	6	-	(4)	326	-	326
Premium on shares issued	-	5,421	-	-	-	-	5,421	-	5,421
Share issue costs	-	(28)	-	-	-	-	(28)	-	(28)
Issue of subsidiary shares to non-controlling interests	-	-	85	-	-	-	85	815	900
Balance at 31 March 2019	5,900	145,429	109,521	(9)	43	(217,348)	43,536	30,123	73,659

Share capital is the amount subscribed for shares at nominal value (note 24).

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.

See note 25 for details concerning Other reserves.

Non-controlling interests relates to the investment of various parties into Tricoya Technologies Limited and Tricoya Ventures UK Limited (notes 9 and 26).

Own shares represents a total of 173,915 shares issued to an Employee Benefit Trust ('EBT') at nominal value on 25 June 2018. These shares shall vest if the employees remain in employment with the Group to the vesting date, being 1 July 2019 (subject to certain other provisions including good-leaver, take-over and Committee discretion provisions) (note 15).

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 form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of cash flow for the year ended 31 March 2019

	2019 €'000	2018 €'000
Loss before taxation before exceptional items and other adjustments	(6,179)	(8,751)
Adjustments for:		
Amortisation of intangible assets	611	582
Depreciation of land, property, plant and equipment	3,354	2,496
Net finance expense	3,117	2,174
Equity-settled share-based payment expenses	382	300
Currency translation (gains)/ losses	(38)	268
Cash flows generated from/(used in) operating activities before changes in working capital	1,247	(2,931)
Exceptional Items in operating activities (see note 5)	-	(1,617)
Cash inflows/(outflows) from operating activities before changes in working capital	1,247	(4,548)
(Increase)/decrease in trade and other receivables	(3,693)	215
Increase in deferred income	994	-
(Increase) in inventories	(882)	(1,331)
Increase in trade and other payables	960	3,908
Net cash generated used in operating activities before tax	(1,374)	(1,756)
Tax received/(paid)	1,674	(2,013)
Net cash generated by/(absorbed by) operating activities	300	(3,769)
Cash flows from investing activities		
Interest received	70	45
Proceeds from disposal of property, plant and equipment	-	32
Investment in property, plant and equipment	(48,166)	(29,530)
Investment in intangible assets	(749)	(397)
Net cash used in investing activities	(48,845)	(29,850)
Cash flows from financing activities		
Proceeds from loans	26,000	7,500
Other finance costs	(93)	(325)
Proceeds from trade facility draw down	1,825	-
Interest paid	(1,157)	(716)
Repayment of finance lease	(12,209)	(322)
Repayment of loans/rolled up interest	(3,208)	-
Proceeds from issue of share capital	5,747	14,079
Proceeds from issue of subsidiary shares to non-controlling interests	900	14,420
Share issue costs	(28)	(1,771)
Net cash from financing activities	17,777	32,865
Net decrease in cash and cash equivalents	(30,768)	(754)
Effect of exchange rate changes on cash and cash equivalents	(73)	(721)
Opening cash and cash equivalents	39,698	41,173
Closing cash and cash equivalents	8,857	39,698

The notes form an integral part of these financial statements.

1. Accounting Policies

General information

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the periods ended 31 March 2019 or 31 March 2018. Statutory accounts for the period ended 31 March 2018 have been filed with the Registrar of Companies and those for the period ended 31 March 2019 will be delivered to the Registrar in due course; both have been reported on by the auditors. The auditors' report on the Annual Report and Financial Statements for the period ended 31 March 2018 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The auditors' report on the Annual Report and Financial Statements for the period ended 31 March 2019 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of accounting

The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union, 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.

Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are approved.

As part of the Group's going concern review, the Directors have reviewed the Group's trading forecasts and working capital requirements for the foreseeable future taking into account the banking and finance facilities which are currently in place (see note 29 for details of these facilities). 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 with the collection of on-going working capital items in line with internally agreed budgets. The Directors' have also considered the level and timing of capital expenditure required in relation to the new plant in Hull which is currently being built and further expansion of the Arnhem operation (with further details of the required capital expenditure and how this is to be financed to be confirmed as the detailed planning progresses).

The Directors believe that while some uncertainty always inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, that there is no material uncertainty. There are a sufficient number of alternative actions and measures within the control of the Group that can and would be taken in order to achieve the Group's medium and long term objectives including reducing / deferring costs in some discretionary areas.

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

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 5 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 statement of comprehensive income 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.

Further details concerning the Tricoya® Consortium are included in note 9.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration receivable. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur based on the consideration in the contract. The following specific recognition criteria must also be met before revenue is recognised.

Manufacturing revenue
Revenue is recognised from the sale of goods and is measured at the amount of the transaction price received in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in the future. When a customer provides untreated wood to be processed by the Group in order to produce Accoya®, revenue is recognised when the Group's performance obligations under the relevant customer contract have been satisfied, which is before the finished Accoya® has been collected by the customer. Manufacturing revenue includes the sale of Accoya® wood, Tricoya® panels and other revenue, principally relating to the sale of acetic acid.

Licensing fees and Marketing income
Licence fees and marketing income are 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 satisfaction of the performance obligations set out in the contract such as 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, interest and other finance charges associated with the Group's loan notes and credit facilities, which are expensed over the period that the Group has access to the loans and facilities.

Foreign exchange gains or losses on the loan notes are included within finance expenses.

Interest on borrowings directly relating to the construction or production of qualifying assets is capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period.

Finance expense also includes an allocation of finance charges in respect of the sale and leaseback of the Arnhem land and buildings (the majority of the land and buildings were repurchased during the year, with finance charges being incurred up to the purchase date, further details on this repurchase are included in note 5 and 28), and the lease of London Office fit out and furniture, 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 nil cost options to acquire shares of the Company to certain Directors and employees. The Company has also awarded bonuses to certain employees in the form of the award of deferred shares of the Company.

The fair value of options and deferred 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 consolidated statement of comprehensive income over the vesting period during which the employees become unconditionally entitled to the options or shares.

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

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

Dividends

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

Pensions

The Group contributes to certain defined contribution pension and employee benefit schemes on behalf of its employees. These costs are charged to the consolidated 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 consolidated 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 reporting 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 reporting 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 reporting 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 reporting 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 accumulated in the foreign currency translation reserve. Such translation differences are reclassified to profit and loss only on disposal or partial disposal of the overseas operation.

Foreign exchange hedging

The Group has adopted IFRS 9 hedge accounting in respect of the cash flow hedging instruments that it uses to manage the risk of foreign exchange movements impacting on future cash flows and profitability.

The Group has prospectively assessed the effectiveness of its cash flow hedging using the 'hedge ratio' of quantities of cash held in the same currency as future foreign exchange cash flow quantities related to committed investment in plant and equipment. The Group has undertaken a qualitative analysis to confirm that an 'economic relationship' exists between the hedging instrument and the hedged item. It is also satisfied that credit risk will not dominate the value changes that result from that economic relationship.

At the end of each reporting period the Group measures the effectiveness of its cash flow hedging and recognises the effective cash flow hedge results in Other Comprehensive Income and the Hedging Effectiveness Reserve within Equity, together with its ineffective hedge results in Profit and Loss. Amounts are reclassified from the Hedging Effectiveness Reserve to Profit and Loss when the associated hedged transaction affects Profit and Loss. Further details are included in note 5.

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 consolidated 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 consolidated statement of comprehensive income.

Other intangible assets

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

Internal development costs are incurred as part of the Group's activities including new processes, process improvements, identifying new species and improving the Group's existing products. Research costs are expensed as incurred. Development costs are capitalised when all of the criteria set out in IAS 38 'Intangible Assets' (including criteria concerning technical feasibility, ability and intention to use or sell, ability to generate future economic benefits, ability to complete the development and ability to reliably measure the expenditure) have been met. These internal development costs are amortised on a straight line basis over their useful economic life, between 8 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 over their useful lives of between 5 and 20 years
Office equipment	Useful life of between 2 and 5 years
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 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 consolidated 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 consolidated statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for purposes of assessing impairment.

Leases

Operating lease payments are recognised as an expense in the consolidated 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 consolidated statement of financial position 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 and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value and in the case of investments not at fair value through profit or loss, fair value plus directly attributable transaction costs.

Except where a reliable fair value cannot be obtained, unlisted shares held by the Group are classified as Fair value through other comprehensive income and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with dividends recognised in profit or loss. 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
Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairments. The Group has elected to apply the IFRS 9 practical expedient option to measure the value of its trade receivables at transaction price, as they do not contain a significant financing element. The Group applies IFRS 9's 'simplified' approach that requires companies to recognise the lifetime expected losses on its trade receivables. At the date of initial recognition, the credit losses expected to arise over the lifetime of a trade receivable are recognised as an impairment and are adjusted, over the lifetime of the receivable, to reflect objective evidence reflecting whether the Group will not be able to collect its debts.

Cash and cash equivalents
Cash and cash equivalents in the consolidated 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.

Loans and other borrowings are initially recognised at the fair value of amounts received net of transaction costs and subsequently measured at amortised cost using the effective interest method. There have been no modifications to the terms of the Group's loan agreements requiring disclosure under IFRS 9.

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.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive. The Chief Executive is responsible for allocating resources and assessing performance of the operating segments and has been identified as steering the committee that makes strategic decisions.

Alternative Performance Measures

The Group presents certain measures of financial performance, position or cash flows in the Annual report and financial statements that are not defined or specified according to IFRS. These measures, referred to as Alternative Performance Measures (APMs), are prepared on a consistent basis for all periods presented in this report.
The most significant APMs are:

Net debt
A measure comprising short term and long-term borrowings (including finance lease obligations) less cash and cash equivalents. Net debt provides a measure of the Group's net indebtedness or overall leverage.

Underlying EBITDA
Operating (loss)/gain before Exceptional items and other adjustments, depreciation and amortisation. Underlying EBITDA provides a measure of the cash-generating ability of the business that is comparable from year to year.

Underlying EBIT
Operating (loss)/gain before Exceptional items and other adjustments. Underlying EBIT provides a measure of the operating performance that is comparable from year to year.

Effective interest rate
Net interest expense (excluding capitalisation of interest) expressed as a percentage of trailing 13-month average net debt provides a measure of the cost of borrowings.

2. Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates

Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

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.

Commercial negotiations
The Group is party to a number of commercial negotiations in the ordinary course of business. Management consults with internal and external experts, and utilises its best estimate to account for any relevant financial effect from these negotiations (including the value of amounts to be capitalised and any payables or provisions required to settle such negotiations), when they become apparent.

Accounting judgements

In preparing the Consolidated Financial Statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgments that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of 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 fee income from licensees over the period of the agreement and is satisfied that the recognition of such revenue is appropriate. The recognition of fees is based upon satisfaction of the performance obligations set out in the contract such as 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. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

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 16). The recoverability of these balances is dependent upon the level of future licence fees and manufacturing revenues. 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 own manufacturing, existing licensees, new licence or consortium agreements will be generated, demonstrating the recoverability of these balances.

Intellectual property rights (IPR) 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 16 & 17). 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.

Financial asset at fair value through profit or loss
The Group has an investment in listed 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 18).

Taxation

The tax charge for the year ended 31 March 2019 has reduced compared to the prior year as a result of a change to the group's transfer pricing policy to more accurately reflect the business model.

Consolidation of subsidiaries

The Group considers all relevant facts and circumstances when assessing whether it meets the IFRS 10 requirements to consolidate Tricoya Technologies Limited (TTL) and Tricoya Ventures UK Limited (TVUK). The Group has consolidated the results of TTL and TVUK as subsidiaries, as it exercises the power to govern the entities in accordance with IFRS 10. See note 9.

New standards and interpretations in issue at the date of authorisation of these financial statements:

New standards, amendments and interpretations
The following amendments to Standards and a new Interpretation have been adopted for the financial year beginning on 1 April 2018 and have had no significant impact on the Group or parent company's results:

- IFRS 15 – Revenue from contracts with customers
- Annual improvements 2014 - 2016 cycle
- Amendments to IAS 40 – Investment property
- Amendments to IFRS 2 – Share based payments
- Amendments to IFRS 4 – Insurance contracts
- IFRIC 22 – Foreign currency transactions and advance consideration

IFRS 9 – Financial instruments was early adopted in the previous financial year beginning 1 April 2017.

New standards, amendments and interpretations not yet adopted
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):

- Annual improvements 2015 – 2017 cycle
- Amendments to IAS 19 – Employees Benefits
- Amendments to IAS 28 – Investments in associates and joint ventures
- Amendments to IFRS 9 – Financial instruments
- IFRIC 23 – Uncertainty over income tax treatments

The above standards are expected to be adopted when they become mandatorily effective.
The Group continues to assess the impact of IFRS 16 Leases which will be effective for periods beginning 1 January 2019, and will be adopted by the Group in the financial year beginning 1 April 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. The most significant impact of IFRS 16 will be that the Group's leased properties, which are currently classified as operating leases, will be recognised as a lease liability with a corresponding "Right of use" asset in the Consolidated Statement of Financial Position. The Group expects to adopt the modified retrospective approach to transition. Our initial estimated impact is to recognise right-of-use assets and associated lease liabilities of between €1.8 million to €2.2 million.
The Directors do not expect that the adoption of any of the remaining Standards and Interpretations listed above to have a material impact on the financial statements of the Group in future periods.

3. Segmental reporting

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

Accoya®

	Accoya® Segment					
	Year ending 31 March 2019	Year ending 31 March 2019	**Year ending 31 March 2019**	Year ending 31 March 2018	Year ending 31 March 2018	**Year ending 31 March 2018**
	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**
Accoya® wood revenue	66,949	-	**66,949**	56,331	-	**56,331**
Licence revenue	1,043	-	**1,043**	-	-	**-**
Other revenue	5,916	-	**5,916**	4,380	-	**4,380**
Total Revenue	73,908	-	**73,908**	60,711	-	**60,711**
Cost of sales	(55,960)	-	**(55,960)**	(47,270)	-	**(47,270)**
Gross profit	17,948	-	**17,948**	13,441	-	**13,441**
Other operating costs excluding depreciation and amortisation	(8,955)	-	**(8,955)**	(8,797)	(348)	**(9,145)**
EBITDA	8,993	-	**8,993**	4,644	(348)	**4,296**
Depreciation and amortisation	(3,508)	-	**(3,508)**	(2,661)	-	**(2,661)**
Profit/(Loss) from operations	5,485	-	**5,485**	1,983	(348)	**1,635**

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

All costs of sales are allocated against manufacturing activities in Arnhem unless they can be directly attributable to a licensee. Other operating costs include all costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration, sales and marketing costs.

See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 117 (2018: 105)

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

	2019 €'000	**2018 €'000**
Accoya® segmental underlying EBITDA	8,993	4,644
Accoya® Licence Income	(1,043)	-
Other income, predominantly for marketing services	(172)	(253)
Accoya® segmental underlying EBITDA (excluding. Licence Income)	7,778	4,391
Accoya® segmental gross profit	17,948	13,441
Accoya® Licence Income	(1,043)	-
Other income, predominantly for marketing services	(172)	(253)
Accoya® manufacturing gross profit	16,733	13,188
Gross Accoya® Manufacturing Margin	23.0%	21.8%

Tricoya®

	Tricoya® Segment					
	Year ending 31 March 2019	Year ending 31 March 2019	**Year ending 31 March 2019**	Year ending 31 March 2018	Year ending 31 March 2018	**Year ending 31 March 2018**
	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**
Tricoya® panel revenue	634	-	**634**	-	-	**-**
Licence revenue	571	-	**571**	200	-	**200**
Other revenue	40	-	**40**	-	-	**-**
Total Revenue	1,245	-	**1,245**	200	-	**200**
Cost of sales	(557)	-	**(557)**	-	-	**-**
Gross profit	688	-	**688**	200	-	**200**
Other operating costs excluding depreciation and amortisation	(2,586)	24	**(2,562)**	(2,456)	(763)	**(3,219)**
EBITDA	(1,898)	24	**(1,874)**	(2,256)	(763)	**(3,019)**
Depreciation and amortisation	(242)	-	**(242)**	(197)	-	**(197)**
Profit/(Loss) from operations	(2,140)	24	**(2,116)**	(2,453)	(763)	**(3,216)**

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

See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 12 (2018: 4), noting a substantial proportion of the costs to date have been incurred via recharges from other parts of the Group or have resulted from contractors.

Corporate

	Corporate Segment					
	Year ending 31 March 2019	Year ending 31 March 2019	**Year ending 31 March 2019**	Year ending 31 March 2018	Year ending 31 March 2018	**Year ending 31 March 2018**
	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**
Accoya® wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**
Other operating costs excluding depreciation and amortisation	(5,119)	-	**(5,119)**	(4,537)	(918)	**(5,455)**
Other Gain	-	-	**-**	-	32	**32**
EBITDA	(5,119)	-	**(5,119)**	(4,537)	(886)	**(5,423)**
Depreciation and amortisation	(175)	-	**(175)**	(166)	-	**(166)**
Loss from operations	(5,294)	-	**(5,294)**	(4,703)	(886)	**(5,589)**

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

See note 5 for explanation of Exceptional items and other adjustments.
Average headcount = 21 (2018: 19)

Research and Development

	Research & Development Segment					
	Year ending 31 March 2019	Year ending 31 March 2019	**Year ending 31 March 2019**	Year ending 31 March 2018	Year ending 31 March 2018	**Year ending 31 March 2018**
	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**	Underlying €'000	Exceptional items & Other Adjustments €'000	**TOTAL €'000**
Accoya® wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**
Other operating costs excluding depreciation and amortisation	(1,073)	-	**(1,073)**	(1,350)	(155)	**(1,505)**
EBITDA	(1,073)	-	**(1,073)**	(1,350)	(155)	**(1,505)**
Depreciation and amortisation	(41)	-	**(41)**	(54)	-	**(54)**
Loss from operations	(1,114)	-	**(1,114)**	(1,404)	(155)	**(1,559)**

Research and Development costs are those associated with the Accoya® and Tricoya® processes. Costs exclude those which have been capitalised in accordance with IFRS (see note 16).

Average headcount = 9 (2018: 10)

Total

	TOTAL					
	Year ending 31 March 2019 Underlying €'000	Year ending 31 March 2019 Exceptional items & Other Adjustments €'000	**Year ending 31 March 2019 TOTAL €'000**	Year ending 31 March 2018 Underlying €'000	Year ending 31 March 2018 Exceptional items & Other Adjustments €'000	**Year ending 31 March 2018 TOTAL €'000**
Accoya®/Tricoya® revenue	67,583	-	**67,583**	56,331	-	**56,331**
Licence revenue	1,614	-	**1,614**	200	-	**200**
Other revenue	5,956	-	**5,956**	4,380	-	**4,380**
Total Revenue	75,153	-	**75,153**	60,911	-	**60,911**
Cost of sales	(56,517)	-	**(56,517)**	(47,270)	-	**(47,270)**
Gross profit	18,636	-	**18,636**	13,641	-	**13,641**
Other operating costs excluding depreciation and amortisation	(17,733)	24	**(17,709)**	(17,140)	(2,184)	**(19,324)**
Other Gain	-	-	**-**	-	32	**32**
EBITDA	903	24	**927**	(3,499)	(2,152)	**(5,651)**
Depreciation and amortisation	(3,965)	-	**(3,965)**	(3,078)	-	**(3,078)**
Profit/(Loss) from operations	(3,062)	24	**(3,038)**	(6,577)	(2,152)	**(8,729)**
Finance income	-	-	**-**	-	-	**-**
Finance expense	(3,117)	(1,529)	**(4,646)**	(2,174)	502	**(1,672)**
Loss before taxation	(6,179)	(1,505)	**(7,684)**	(8,751)	(1,650)	**(10,401)**

See note 5 for details of Exceptional items and other adjustments.

Analysis of Revenue by geographical area of customers:	**2019 €'000**	**2018 €'000**
UK and Ireland	32,099	25,799
Rest of Europe	19,487	15,273
Americas	9,316	8,153
Benelux	7,982	5,998
Asia-Pacific	6,099	5,252
Rest of World	170	436
	75,153	60,911

Revenue generated from three customers exceeded 10% of Group revenue of 2019. This included 73% of the revenue from the rest of Europe and relates to a mixture of Accoya®, Licensing, and Other Revenue. In addition, two other customers represented 34% and 34% respectively, of the revenue from the United Kingdom and Ireland and relate to Accoya® revenue. Revenue generated from three customers exceeded 10% of Group revenue in 2018 (79% of the revenue from the rest of Europe, and 37% and 30% respectively, of the revenue from the United Kingdom and Ireland).

Assets and liabilities on a segmental basis:

	Accoya® 2019 €'000	Tricoya® 2019 €'000	Corporate 2019 €'000	R&D 2019 €'000	TOTAL 2019 €'000	Accoya® 2018 €'000	Tricoya® 2018 €'000	Corporate 2018 €'000	R&D 2018 €'000	TOTAL 2018 €'000
Non-current assets	62,648	49,949	3,421	44	**116,062**	46,411	21,521	3,485	71	**71,488**
Current assets	25,504	9,288	(3,184)	4,916	**36,524**	25,112	36,095	(2,084)	4,382	**63,505**
Current liabilities	(17,251)	(8,358)	(771)	(39)	**(26,419)**	(14,034)	(8,318)	983	(45)	**(21,414)**
Net current assets	8,253	930	(3,955)	4,877	**10,105**	11,078	27,777	(1,101)	4,337	**42,091**
Non-current liabilities	(30,336)	(3,316)	(18,856)	-	**(52,508)**	(21,974)	(334)	(17,776)	-	**(40,084)**
Net assets	40,565	47,563	(19,390)	4,921	**73,659**	35,515	48,964	(15,392)	4,408	**73,495**

Analysis of non-current assets (Other than financial assets and deferred tax):	**2019 €'000**	**2018 €'000**
UK	53,679	26,782
Other countries	58,152	40,475
Un-allocated - Goodwill	4,231	4,231
	116,062	71,488

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

4. Other operating costs

Other operating costs consist of the operating costs, other than the cost of sales, associated with the operation of the plant in Arnhem, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	2019 €'000	**2018 €'000**
Sales and marketing	3,286	3,967
Research and development	1,073	1,404
Other operating costs	4,591	4,134
Administration costs	8,783	7,635
Exceptional Items and other adjustments	(24)	2,184
Other operating costs excluding depreciation and amortisation	17,709	19,324
Depreciation and amortisation	3,965	3,078
Total other operating costs	21,674	22,402

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

The total cost of €17,709,000 in the current period includes €2,562,000 in respect of the Tricoya® segment, compared to €3,219,000 in the previous period.

Group average headcount increased from 138 in the period to 31 March 2018, to 159 in the period to 31 March 2019.

During the period, €748,000 (2018: €396,000) of internal development & patent related costs were capitalised and included in intangible fixed assets, including €600,000 (2018: €337,000) which were capitalised within Tricoya Technologies Limited ('TTL'). In addition €395,000 of internal costs have been capitalised in relation to the expansion of our plant in Arnhem, Netherlands (2018: €446,000) and €46,000 of internal costs have been capitalised in relation to our plant build in Hull, UK (2018: €109,000). Both are included within tangible fixed assets.

5. Exceptional items and other adjustments

	2019 €'000	2018 €'000
Termination of finance lease on acquisition of land and buildings - Finance expense	(1,140)	-
Bonuses paid relating to year ending 31 March 2017	-	(1,386)
Restructuring costs	-	(231)
Gain from disposal of assets	-	32
Total exceptional items	(1,140)	(1,585)
Foreign exchange differences arising on Tricoya® cash held - Operating costs	24	(567)
Foreign exchange differences arising on Loan Notes - incl. in Finance expense	(389)	502
Foreign exchange differences on Tricoya® cash held - Other comprehensive income	(132)	202
Revaluation of FX forwards used for cash-flow hedging - Other comprehensive income	143	-
Total other adjustments	(354)	137
Tax on exceptional items and other adjustments	-	-
Total exceptional items and other adjustments	(1,494)	(1,448)

Exceptional Items

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

In the prior year, €1.4m annual bonus paid in July 2017, which was attributable to the year ended 31 March 2017, was recorded in the year ended 31 March 2018 as an exceptional cost with the accrual for the financial year ended 31 March 2018 attributable bonus included in underlying operating costs. The double charge in the prior period resulted from a re-alignment of the timing of recognition of bonuses reflecting the more structured annual bonus scheme now in place compared to previous years. In addition the bonus paid in the year ended 31 March 2018 relating to the year ended 31 March 2017 included one-off targets relating to the formation of the Tricoya® consortium.

Other restructuring costs in the prior year related to changes required following the completion of the Tricoya® consortium in March 2017.

Other Adjustments

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

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

6. Employees

	2019 €'000	2018 €'000
Staff costs (including Directors) consist of:		
Wages and salaries	11,119	11,293
Social security costs	1,747	1,509
Other pension costs	731	739
Share based payments	454	258
	14,051	13,799

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

	2019	2018
Sales and marketing, administration, research and engineering	90	85
Operating	69	53
	159	138

7. Directors' remuneration

	2019 €'000	2018 €'000
Directors' remuneration consists of:		
Directors' emoluments	1,307	1,291
Company contributions to money purchase pension schemes	47	49
	1,354	1,340

Compensation of key management personnel included the following amounts:

	Salary, bonus and short term benefits €'000	Pension €'000	Share based payments charge €'000	2019 Total €'000	2018 Total €'000
Paul Clegg	527	30	70	627	516
Hans Pauli [1]	210	9	19	238	351
William Rudge	280	8	25	313	272
	1,017	47	114	1,178	1,139

The Group made contributions to 2 (2018: 2) Directors' personal pension plans, with Paul Clegg receiving cash in lieu of pension from 1 April 2016.

The figures in the above table are impacted by foreign exchange noting that the remuneration for P Clegg and W Rudge are denominated in Pounds Sterling. Their total remuneration increased by 21% and 14% respectively, when excluding the impact of foreign exchange.

[1] Hans Pauli amounts above for 2019 represent the remuneration received for the period to 31 December 2018, when he resigned as a Director.

8. Operating (loss)/gain

	2019 €'000	2018 €'000
This has been arrived at after charging:		
Staff costs	14,051	13,799
Depreciation of property, plant and equipment	3,354	2,496
Amortisation of intangible assets	611	582
Operating lease rentals	966	1,306
Foreign exchange (gains)/losses	(62)	834
Research & Development (excluding staff costs)	606	997
Loss on disposal of property, plant and equipment	-	3
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	74	85
Fees payable to the Company's auditors for other services:		
- audit of the Company's subsidiaries pursuant to legislation	169	147
- audit related assurance services	19	25
Total audit and audit related services:	262	257

No other services were provided by the Company's auditors in the year (2018: nil).

9. Tricoya Technologies Limited

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

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

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

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

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

MEDITE have invested €11.0 million in the Tricoya® Project, including €7.0 million as equity in TTL and €4.0 million as equity in TVUK. All funding was received by 31 March 2018, with €nil being received in the year ended 31 March 2019.

During the year the Group increased its shareholding from 75.1% to 76.0% from the issue of 1,320,970 shares as a result of its continued supply of lower priced Accoya® to MEDITE, to enable continued market development ahead of the completion of the Hull Plant.

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

In the year ended 31 March 2017, TVUK entered a six-year €17.2 million (€15.0 million net) finance facility agreement with The Royal Bank of Scotland PLC in respect of the construction and operation of the Hull Plant. As at 31 March 2019 the Group have utilised €3.6m (2018: €0.3m) of the facility.

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

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

TTL Group income statement:

	Consolidated 2019 €'000	Consolidated 2018 €'000
Revenue	1,246	200
Cost of sales	(590)	-
Gross Margin	656	200
Operating costs:		
Staff costs	(1,959)	(1,898)
Research & development (excluding staff costs)	(204)	(223)
Intellectual Property	(210)	(381)
Sales & marketing	(486)	(376)
Depreciation & Amortisation	(242)	(197)
EBIT	(2,445)	(2,875)
EBIT attributable to Accsys shareholders	(1,439)	(1,911)

TTL Group balance sheet:

	2019 €'000	2018 €'000
Non-current assets		
Intangible assets	3,773	3,390
Property, plant and equipment	46,176	18,119
	49,949	21,509
Current assets		
Receivables due within one year	2,256	1,340
Cash and cash equivalents	6,890	34,754
FX Derivative Asset	143	-
	9,289	36,094
Current liabilities		
Trade and other payables	(11,674)	(8,639)
Net current assets	(2,385)	27,455
Net assets	47,564	48,964
Value attributable to Accsys Technologies	17,441	18,650
Value attributable to Non-controlling interest	30,123	30,314

10. Finance income

Finance Income

	2019 €'000	2018 €'000
Interest receivable on bank and other deposits*	-	-

*€70,000 interest received in the year ended 31 March 2019 (31 March 2018: €45,000) in relation to cash balances held in Tricoya Ventures UK Ltd was netted off with borrowing costs incurred, with the net borrowing cost amount related to the Hull project capitalised and included within property, plant and equipment.

11. Finance expense

	2019 €'000	2018 €'000
Arnhem land and buildings lease finance charge	274	575
Unwinding of Arnhem finance lease charge - exceptional item	1,140	-
Foreign exchange loss/(gain) on loan notes	389	(502)
Interest on loans	2,739	1,540
Other finance expenses	104	59
	4,646	1,672

12. Tax credit

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

	2019 €'000	2018 €'000
Current tax credit		
UK Corporation tax on profits for the year	-	-
Research and development tax expense / (credit) in respect of current year	55	(248)
	55	(248)
Overseas tax at rate of 15%	26	(9)
Overseas tax at rate of 25%	(863)	6
Deferred Tax		
Utilisation of deferred tax asset	-	-
Total tax credit reported in the statement of comprehensive income	(782)	(251)

(b) The tax credit for the period is lower than the standard rate of corporation tax in the UK (2018 & 2019: 19%) due to:

	2019 €'000	2018 €'000
Loss before tax	(7,684)	(10,401)
Expected tax credit at 19% (2018 - 19%)	(1,460)	(1,976)
Expenses not deductible in determining taxable profit	115	110
(Over)/Under provision in respect of prior years	(863)	(29)
Tax losses for which no deferred income tax asset was recognised	1,468	1,860
Effects of overseas taxation	(97)	34
Other temporary differences	-	(2)
Research and development tax credit in respect of prior years	194	15
Research and development tax credit in respect of current year	(139)	(263)
Total tax credit reported in the statement of comprehensive income	(782)	(251)

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. The UK corporation tax rate is due to be reduced to 17% in April 2020.

13. Dividends Paid

	2019 €'000	2018 €'000
Final Dividend €Nil (2018: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

14. 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	2019 Underlying	2019 Total	2018 Underlying	2018 Total
Weighted average number of Ordinary shares in issue ('000)	116,343	116,343	111,250	111,250
Loss for the year attributable to owners of Accsys Technologies PLC (€'000)	(4,391)	(5,896)	(7,536)	(9,186)
Basic and diluted loss per share	€ (0.04)	€ (0.05)	€ (0.07)	€ (0.08)

Basic and diluted losses per share are based upon the same figures. IAS 33 "Earning per share" defines Dilutive share options as share options which would decrease profit per share or increase loss per share. Equity options are disclosed in note 30, which if exercised, would decrease loss per share.

15. Share based payments

The Group operates a number of share schemes which give rise to a share based payment charge. The Group operates a Long Term Incentive Plan ('LTIP') in order to reward certain members of staff including the senior management team and the executive directors. As part of the award of nil costs options under the LTIP in 2013, 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.

Options - total

The following figures take into account options awarded under the LTIP, 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	**2019**	**2018**	**2019**	**2018**
18 June 2008	-	8,498	-	0.3
8 December 2008	-	25,211	-	0.7
1 August 2011	90,000	115,000	2.3	3.3
19 September 2013 (LTIP)	2,177,675	2,247,850	4.5	5.5
24 June 2016 (LTIP)	482,827	1,015,030	7.3	8.3
20 June 2017 (LTIP)	1,046,076	1,087,842	8.3	9.3
18 June 2018 (LTIP)	1,138,843	-	9.3	-
Total	4,935,421	4,499,431	6.6	6.9

Movements in the weighted average values are as follows:

	Weighted average exercise price	Number
Outstanding at 31 March 2017	€ 0.31	3,929,279
Granted during the year	€ 0.00	1,087,842
Forfeited during the year	€ 2.15	(245,044)
Exercised during the year	€ 0.00	(249,700)
Expired during the year	€ 0.00	(22,946)
Outstanding at 31 March 2018	€ 0.15	4,499,431
Granted during the year	€ 0.00	1,170,159
Forfeited during the year	€ 0.02	(630,285)
Exercised during the year	€ 0.00	(70,175)
Expired during the year	€ 6.12	(33,709)
Outstanding at 31 March 2019	€ 0.10	4,935,421

The exercise price of options outstanding at the end of the year ranged between €nil (for LTIP options) and €0.50 (2018: €nil and €9.90) and their weighted average contractual life was 6.6 years (2018: 6.9 years).

Of the total number of options outstanding at the end of the year, 2,267,675 (2018: 126,236) had vested and were exercisable at the end of the year.

Long Term Incentive Plan ('LTIP')

In 2013, the Group established a Long Term Incentive Plan, the participants of which are key members of the Senior Management Team, including Executive Directors. The establishment of the LTIP was approved by the shareholders at the AGM in September 2013.

2013 LTIP Award performance conditions and 2016 outcome

The LTIP in 2013 awarded 4,103,456 nil cost options and 2,472,550 vested in the financial year end 31 March 2017. 2,177,675 nil cost options remain as at 31 March 2019 after allowing for forfeitures and options exercised in the year.

Awards made in June 2016 and LTIP Award performance conditions

Following the vesting of the LTIPs awarded in September 2013, a further award was made to members of the Senior Management Team, including Executive Directors. A total of 1,070,255 nil cost options were awarded.

The LTIP plan rules were amended in November 2015 such that awards made in summer 2016 are subject to a 3 year performance period (i.e. year end March 2019) and a further 2 year holding period. In addition, awards are also subject to malus/ claw-back provisions. The 2016 LTIP EBITDA award performance metrics are measured to 31 March 2019, with the award set to vest in June 2019. As at 31 March 2019 the expected vesting amount is estimated to be 482,827 share options.

Metric	Weighting (% of award)	Threshold	Target	Maximum
Vesting (% of maximum)		*25%*	*50%*	*100%*
EBITDA per share in FY19	50%	€0.06	€0.08	€0.10
Share Price Growth vs Comparator Group	50%	Median	N/A	Upper Quartile

- Vesting is on a straight-line basis between points in the schedule. There is no vesting for performance below Threshold.
- EBITDA based on total group EBITDA including licensing income. Appropriate adjustments may be made to the EBITDA per share metric to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- Comparator Group is the constituent companies of the FTSE AIM All Share Index (excluding the Resource and Financial Services Sectors)

Element	Element A (Share price growth)	Element B (EBITDA per Share)
Grant date	27 Jun 16	27 Jun 16
Share price at grant date (€)	0.81	0.81
Exercise price (€)	0.00	0.00
Expected life (years)	3	3
Contractual life (years)	10	10
Vesting conditions (Details set out above)	Share Price	EBITDA
Risk free rate	-0.64%	-0.64%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 0.187**	**€ 0.749**

Awards made in June 2017 and LTIP Award performance conditions

During the prior year, a total of 1,087,842 LTIP awards were made primarily to members of the senior management team including the executive directors:

The performance targets for 937,014 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Target	Maximum
Vesting (% of maximum)		*25%*	*50%*	*100%*
EBITDA per share in FY20	50%	€0.04	€0.06	€0.08
Share Price Growth vs Comparator Group	50%	Median	N/A	Upper Quartile

- Vesting is on a straight-line basis between points in the schedule. There is no vesting for performance below Threshold.
- EBITDA based on total group EBITDA including licensing income. Appropriate adjustments may be made to the EBITDA per share metric to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- Comparator Group is the constituent companies of the FTSE AIM All Share Index (excluding the Resource and Financial Services Sectors)

Element	Element A (Share price growth)	Element B (EBITDA per Share)
Grant date	20 Jun 17	20 Jun 17
Share price at grant date (€)	0.88	0.88
Exercise price (€)	0.00	0.00
Expected life (years)	3	3
Contractual life (years)	10	10
Vesting conditions (Details set out above)	Share Price	EBITDA
Risk free rate	-0.60%	-0.60%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 0.203**	**€ 0.814**

The remaining 150,828 of the awards made in summer 2017 were specific to individuals dedicated to the Tricoya® consortium with performance measures linked to progress and development of the Tricoya® plant and its subsequent operation.
The fair value of these options were €0.814 on their Grant date.

All of the above awards, made in summer 2017 are subject to a three year performance period (i.e. year end March 2020) and a further two year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Awards made in June 2018 and LTIP Award performance conditions

During the year, a total of 1,170,160 LTIP awards were made primarily to members of the senior management team including the executive directors:

The performance targets for 993,220 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		*25%*	*100%*
EBITDA per share in FY21	60%	€0.05	€0.13
Total sales volume (subject to Group EBITDA being breakeven or positive)	40%	70,000	85,000

- Vesting is on a straight-line basis between points in the schedule. There is no vesting for performance below Threshold.
- EBITDA based on total group EBITDA including licensing income. Appropriate adjustments may be made to the EBITDA per share metric to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.

Element	Element A (EBITDA per share)	Element B (Sales volume growth)
Grant date	19 Jun 18	19 Jun 18
Share price at grant date (€)	0.91	0.91
Exercise price (€)	0.00	0.00
Expected life (years)	3	3
Contractual life (years)	10	10
Vesting conditions (Details set out above)	EBITDA	Sales volume growth
Risk free rate	-0.55%	-0.55%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 0.842**	**€ 0.842**

The remaining 176,940 of the awards made in summer 2018 were specific to individuals dedicated to the Tricoya® consortium with performance measures linked to progress and development of the Tricoya® plant and its subsequent operation.
The fair value of these options were €0.842 on their Grant date.

All of the above awards, made in summer 2018 are subject to a three year performance period (i.e. year end March 2021) and a further two year holding period. In addition, awards are also subject to malus/ claw-back provisions.

2005 and 2008 Share Option schemes

Awards made in earlier years had no impact on the income statement in the current or prior period and given the smaller number of options remaining, no details have been disclosed.

Employee Benefit Trust – Share bonus award

Following a share issue on 25 June 2018 as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2017 to 31 March 2018, 173,915 (2018: 295,874) new Ordinary shares were held by an Employee Benefit Trust, the beneficiaries of which are primarily other senior employees. Such new Ordinary shares vest if the employees remain in employment with the Company at the vesting date, being 1 July 2019 (subject to certain other provisions including regulations, good-leaver, take-over and Remuneration Committee discretion provisions). As at 31 March 2019, the Employment Benefit Trust was consolidated by the Company and the 173,915 shares are recorded as Own Shares within equity. During the period, 295,874 Ordinary shares awarded in the prior year vested.

16. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2017	5,942	73,292	4,231	83,465
Additions	396	-	-	396
At 31 March 2018	6,338	73,292	4,231	83,861
Additions	458	290	-	748
At 31 March 2019	6,796	73,582	4,231	84,609
Accumulated amortisation				
At 31 March 2017	1,163	71,463	-	72,626
Amortisation	307	275	-	582
At 31 March 2018	1,470	71,738	-	73,208
Amortisation	326	285	-	611
At 31 March 2019	1,796	72,023	-	73,819
Net book value				
At 31 March 2019	5,000	1,559	4,231	10,790
At 31 March 2018	4,868	1,554	4,231	10,653
At 31 March 2017	4,779	1,829	4,231	10,839

The carrying value of internal development costs, intellectual property rights and goodwill on consolidation are split between two cash generating units, representing the Accoya® and Tricoya® segments. The recoverable amount of internal development costs, intellectual property rights and goodwill relating to each unit 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 12 years, including a six year forecast and six years of 2% growth plus assumptions concerning a terminal value and based on a pre-tax discount rate of 10% per annum (2018: 12%). The key assumption used in the value in use calculations is the level of future licence fees and manufacturing revenues 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® and Tricoya® manufactured is significantly lower than projected sales in future years.

17. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 31 March 2017	1,645	37,756	1,379	40,780
Additions	10,433	31,104	116	41,653
Foreign currency translation loss	-	-	(19)	(19)
At 31 March 2018	12,078	68,860	1,476	82,414
Additions	17,997	41,490	1,541	61,028
Termination of finance lease	(12,099)	(4,742)	-	(16,841)
Foreign currency translation profit	-	-	12	12
At 31 March 2019	17,976	105,608	3,029	126,613
Accumulated depreciation				
At 31 March 2017	658	17,428	1,013	19,099
Charge for the year	275	2,024	197	2,496
Disposals	-	3	-	3
Foreign currency translation loss	-	-	(19)	(19)
At 31 March 2018	933	19,455	1,191	21,579
Charge for the year	299	2,806	249	3,354
Termination of finance lease	(953)	(2,651)	-	(3,604)
Foreign currency translation profit	-	-	12	12
At 31 March 2019	279	19,610	1,452	21,341
Net book value				
At 31 March 2019	17,697	85,998	1,577	105,272
At 31 March 2018	11,145	49,405	285	60,835
At 31 March 2017	987	20,328	366	21,681

Included within property, plant and equipment are assets with an initial cost of €2,276,000 (2018: €18,962,000) and a net book value at 31 March 2019 of €1,847,000 (2018: €15,141,000) which has been accounted for as a finance lease. (See note 28). During the period the land and buildings in Arnhem which were previously subject to a finance lease were purchased from the landlord resulting in the finance lease, and related operating lease being terminated. The net impact of the above transaction was to increase fixed assets by €9.8m with net debt increasing by €10.9m.

In addition, plant and machinery assets with a net book value of €47,136,000 are held as assets under construction and are not depreciated, relating to the Hull Plant (31 March 2018: €19,326,000 relating to the Hull Plant, and €14,768,000 relating to the Arnhem plant expansion).

18. Financial asset at fair value through profit or loss

	2019 €'000	2018 €'000
Shares held in Cleantech Building Materials PLC	-	-

Accsys Technologies PLC has previously purchased a total of 21,666,734 unlisted ordinary shares in Diamond Wood China. On 23 December 2016, Cleantech Building Materials PLC acquired Diamond Wood China. On 19 April 2017 Cleantech Building Materials acquired the 21,666,734 shares previously owned by the Company and in return the Company has been issued with 520,001 shares in Cleantech Building Materials PLC, a listed company trading on the Nasdaq First North market in Copenhagen and the Wiener Boise of the Vienna Stock Exchange.

There continues to be no active market for these shares as at 31 March 2019, and there is significant uncertainty over the future of Cleantech Building Materials PLC. As such a reliable fair value cannot be calculated and the investment is carried at a nil value (2018: nil).

The historical cost of the listed shares held at 31 March 2019 is €10m (2018: €10m). However, a provision for the impairment of the entire balance of €10m continues to be recorded as at 31 March 2019.

During the prior year Accsys sold 21,479 shares at €1.50 per share resulting in a gain of €32,000. A total of 498,522 shares were held at 31 March 2019.

19. Deferred taxation

The Group has a deferred tax asset of €nil (2018: €nil) relating to trading losses brought forward.

The Group also has an unrecognised deferred tax asset of €27m (2018: €25m) which is largely in respect of trading losses of the UK subsidiaries. The deferred tax asset has not been recognised due to the uncertainty of the timing of future expected profits of the related legal entities which is dependent on the profits attributable to licensing and future manufacturing income.

20. 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.

21. Inventories

	2019 €'000	2018 €'000
Raw materials and work in progress	9,733	10,285
Finished goods	4,275	2,840
	14,008	13,125

The amount of inventories recognised as an expense during the year was €50,174,355 (2018: €42,893,599). The cost of inventories recognised as an expense includes a net credit of €87,090 (2018: credit of €31,402) in respect of the inventories sold in the period which had previously been written down to net realisable value.

22. Trade and other receivables

	2019 €'000	2018 €'000
Trade receivables	10,725	6,659
Other receivables	839	157
Prepayments	1,474	2,519
	13,038	9,335

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 €798,000 of the trade and other receivables denominated in US Dollars (2018: €714,000).

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

	2019 €'000	2018 €'000
Up to 30 days overdue	2,287	350
Over 30 days and up to 60 days overdue	766	-
Over 60 days and up to 90 days overdue	1	-
Over 90 days overdue	2	3
	3,056	353

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 €25,002,000 (2018: €25,002,000) due from Diamond Wood.

Movement in provision for doubtful debts:

	2019 €'000	2018 €'000
Balance at the beginning of the year	25,002	25,001
Net increase/(release) of impairment if not required	-	1
Balance at the end of the year	25,002	25,002

23. Trade and other payables

	2019 €'000	2018 €'000
Trade payables	7,936	9,458
Other taxes and social security payable	338	228
Accruals and deferred income	11,689	8,326
	19,963	18,012

24. Share capital

	2019 €'000	2018 €'000
Allotted - Equity share capital		
117,988,305 Ordinary shares of €0.05 each (2018: 111,513,145 Ordinary shares of €0.05 each)	5,900	5,576
	5,900	5,576

In year ended 31 March 2018:

On 24 April 2017 a total of 20,323,986 of €0.05 Ordinary shares were issued at €0.69 per share, in accordance with the Company's capital raise announced on the 29 March 2017.

97,720 shares were issued on 23 June 2017 to an Employee Benefit Trust ('EBT') at nominal value.

198,154 shares were issued on 27 September 2017 to an Employee Benefit Trust ('EBT') at nominal value.

106,189 shares were issued on 27 September 2017 to an employee following the exercise of nil cost options, granted in 2013 under the Company's 2013 Long Term Incentive Plan ("LTIP").

143,511 shares were issued on 26 February 2018 to an ex-employee. 118,511 of these Shares were issued and allotted following the exercise of nil cost options, granted in 2013 under the Company's 2013 Long Term Incentive Plan ("LTIP"), with the balance of 25,000 Shares issued as part of the individual's severance terms.

In year ended 31 March 2019:

On 18 July 2018, 6,231,070 ordinary shares were issued to VP Participaties BV, the investment company of the Van Puijenbroek family, at a price of €0.92 per share. Proceeds of €5,704,000 were received net of expenses of €28,000.
173,915 shares were issued on 25 June 2018 to an Employee Benefit Trust ('EBT') at nominal value. In addition, of the Ordinary Shares which had been issued to the EBT in the previous year, 295,874 Ordinary Shares vested on 01 July 2018. Of these beneficiaries elected to sell 128,213 Ordinary Shares in the market, with sale date of 02 August 2018.

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

25. Other reserves

	Capital redemp-tion reserve €000	Merger reserve €000	Hedging Effective-ness reserve €000	Other reserve €000	Total Other reserves €000
Balance at 31 March 2018	148	106,707	306	2,264	109,425
Total comprehensive income/(expense) for the period	-	-	11	-	11
Issue of subsidiary shares to non-controlling interests	-	-	-	85	85
Balance at 31 March 2019	148	106,707	317	2,349	109,521

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

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

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

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests net with the carrying amount of non-controlling interests issued (see note 26).

26. Transactions with non-controlling interests

In the year ended 31 March 2018:

On 5 September 2017, TTL issued 284,716 shares to Titan Wood Limited. On 9 February 2018, TTL issued 495,571 shares to Titan Wood Limited. As a result the non-controlling interests' shareholdings were amended to:

BP Ventures (8.8%), MEDITE (11.9%), BGF (2.7%), Volantis (1.5%)

On 20 September 2017, Tricoya Ventures UK Limited ('TVUK') issued Ordinary shares to non-controlling interests for consideration of €11.50 million. In addition on the 6 October 2017, Tricoya Ventures UK Limited ('TVUK') issued Ordinary shares to non-controlling interests for consideration of €2.92 million. As a result the non-controlling interests' shareholdings remained unchanged at:

BP Chemicals (30%), MEDITE (8.2%)

In the year ended 31 March 2019:

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

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

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

BP Chemicals (31.3%, MEDITE 8.0%)

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

The Group recognised an increase in other reserves as summarised below.

Transactions with non-controlling interests

	2019 €'000	2018 €'000
Opening Balance	2,840	7,077
Carrying amount of non-controlling interests issued	(815)	(18,658)
Consideration paid by non-controlling interests	900	14,420
Share issue costs relating to non-controlling interests	-	1
Excess of consideration paid recognised in Group's equity	2,925	2,840

27. 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:

	2019 €'000	2018 €'000
Operating lease payments due		
Within one year	755	1,063
In the second to fifth years inclusive	785	2,428
In greater than five years	1,030	5,339
	2,570	8,830

The majority of commitments under operating leases relate to the Group's offices in UK, U.S.A. and Arnhem, together with the land in Hull used for the Tricoya® plant.

The decrease in operating lease commitments in the year includes €5.7m relating to the cancellation of the Bruil operating lease associated with the land and buildings purchase in Arnhem.

28. Commitments under finance leases

During the prior periods various agreements were reached relating to the sale and leaseback of the land and buildings in Arnhem, of which a large portion of these were accounted for as a finance lease. In April 2018, agreements were reached to purchase the land and buildings associated with the Accoya® plant and logistics centre in Arnhem from the landlord, Bruil, for the purchase price of €23m. In the prior year, a finance lease liability of €12.0m was recorded as at 31 March 2018. This was terminated following the purchase, therefore reducing the present value of the lease obligations in the current year.

A further lease agreement with Bruil was entered into in the prior period relating directly to infrastructure work associated with the expansion of the chemical plant. This continues to be accounted for as a finance lease for a total of €1.7m as at 31 March 2019 (2018: €1.9m).

In addition, during a prior period, agreements were entered into for the lease of office fit-out and furniture for the London head office for a total of €0.1m (2018: €0.2m).

These transactions have resulted in a finance lease creditor of €2.0m as at 31 March 2019.

	Minimum lease payments	
	2019 €'000	2018 €'000
Amounts payable under finance leases:		
Within one year	257	1,390
In the second to fifth years inclusive	890	5,317
After five years	2,706	15,702
Less: future finance charges	(1,832)	(8,237)
Present value of lease obligations	2,021	14,172

29. Commitments under loan agreements

	2019 €'000	2018 €'000
Amounts payable under loan agreements:		
Within one year	7,485	2,581
In the second to fifth years inclusive	60,366	26,816
After five years	2,713	10,717
Less future finance charges	(13,655)	(10,817)
Present value of loan obligations	56,909	29,297

The change in total borrowings in the period of €27.6m principally consisted of an increase of a €23.0m cash flow arising from new financing arrangements in respect of the Arnhem property sale, explained further below, €3.0m drawdown of the Tricoya® RBS facility, €1.8m drawdown on the working capital facility, net with repayments in the year of €0.2m.

Facilities relating to purchase of Arnhem land and buildings:

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

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

Loan Notes:

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

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

Cerdia Production Facility:

On 29 December 2016 the Group drew down €2.0 million of its €9.5 million term loan facility with Cerdia Production GmBH. The Group has since drawn down €5.5m on 03 November 2017 and €2.0 million on 29 March 2018. The facility was used to design, procure and build the third reactor of the Arnhem Plant. This facility is secured against the third reactor of the Arnhem chemical plant and associated assets and is subject to interest at 7.5% per annum. At 31 March 2019, the Group had €9.7m (2018: €9.9m) borrowed under this facility. Quarterly repayments of the loan commenced on 21 December 2018 until November 2025, with €916,000 repaid in the year ended 31 March 2019.

Tricoya® facility:

On 29 March 2017 the Company's subsidiary, Tricoya Ventures UK Limited entered into a six-year €17.2 million (€15.0 million net) finance facility agreement with the Royal Bank of Scotland PLC in respect of the construction and operation of the Hull Plant. The facility is secured by fixed and floating charges over all assets of Tricoya Ventures UK Limited. At 31 March 2019, the Group had €3.6m (2018: €0.3m) borrowed under the facility. Two drawdowns of the loans were undertaken in the period, totalling €3.0m. The facility is to be drawn down as required, and facility repayments will commence 12 months after practical completion of the Hull Plant. Interest will accrue at Euribor plus a margin, with the margin ranging from 325 to 475 basis points.

Trade receivable and inventory facilities:

Working capital facility
In May 2018 the Group amended its working capital facility with ABN Commercial Finance, initially agreed in 2011. The facility is now a €6.0m credit facility secured upon the receivables and inventory of the Accoya® manufacturing business committed for a period of 5 years. At 31 March 2019, the Group had used €1.8m (2018: €nil) of this facility.

Bank guarantee facility
In August 2016 the Group amended its credit facility agreement with ABN AMRO Bank N.V., which had been initially agreed in 2013. The facility is a contingent liability facility enabling the Group to issue bank guarantees in order to support the working capital and other operational commitments of the Group with a limit of €1.5m.
Both facilities are subject to interest at 2% above the ABN AMRO base rate.

Reconciliation to net debt:

	2019 €'000	2018 €'000
Cash and cash equivalents	8,857	39,698
Less:		
Amounts payable under loan agreements	(56,909)	(29,297)
Amounts payable under finance leases (note 28)	(2,021)	(14,172)
Net debt	(50,073)	(3,771)

30. Equity options

On 2 February 2016 the Company's subsidiary, Tricoya Technologies Limited, issued Warrants to subscribe for up to 175,000 of its Series A Preference Shares in favour of BP Ventures Limited (100,000) and Titan Wood Limited (75,000) at a price of €2.00 per Warrant Share during the "Exercise Period", which started on 2 February 2016 and runs to the earlier of either (i) 2 February 2021; (ii) the date of an Exit; and (iii) exercise of the Option.

On the 29 March 2017, the Company announced the formation of the Tricoya® Consortium and as part of this, funding was agreed with BGF and Volantis (see note 29). In addition to the issue of the Loan Notes the Company granted options over Ordinary Shares of the Company to BGF and Volantis exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026 (the 'Options').

5,838,954 Options were issued to BGF and 3,217,383 Options were issued to Volantis. In addition, the Company agreed to use its reasonable endeavours to obtain shareholder authority at the subsequent General Meeting to grant to BGF a further option in respect of 2,610,218 Ordinary Shares and to grant to Volantis a further option in respect of 1,438,284 Ordinary Shares (the "Additional Options").

The necessary resolutions were passed at the General Meeting held on 21 April 2017 and accordingly the Additional Options have been converted to Options, such that at 31 March 2019 a total 13,104,839 Options exist (with 8,449,172 attributable to BGF and 4,655,667 attributable to Volantis). This represents 11.1% of the enlarged issued share capital of the Company as at 31 March 2019.

31. Financial instruments

Financial instruments

Finance lease

Finance lease creditors of €2,021,000 as at 31 March 2019 (2018: €14,172,000) largely relates to the infrastructure work for the chemical plant in Arnhem, which has a 20 year lease period with the ability to extend further. (See note 28)

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 to 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 2019 (2018: €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	**2019 €'000**	**2018 €'000**
Financial asset at fair value through profit or loss	-	-
Loans and receivables		
Trade receivables	10,725	6,659
Other receivables	839	157
FX derivative asset	143	-
Money market deposits in Euro	52	1,325
Money market deposits in Sterling	3,526	17,067
Money at call in Euro	3,308	7,506
Money at call in US dollars	864	165
Money at call in Sterling	1,107	13,635
Financial liabilities at amortised cost		
Trade payables	(7,936)	(9,458)
Finance lease payable	(2,021)	(14,172)
Other Payables	-	-
Loan notes and other long term borrowings	(56,909)	(29,297)
	(46,302)	(6,413)

Money market deposits have interest rates fixed for less than three months at a weighted average rate of 0.19% (2018: 0.36%). Money market deposits are held at financial institutions with high credit ratings (Standard & Poor's rating of A).

All assets and liabilities mature within one year except for the finance leases, for which details are given in note 28 and loans, for which details are given in note 29.

Trade payables are payable on various terms, typically not longer than 30 days with the exception of some major capex items.

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

The Group's functional currency is the Euro with the majority of operating costs and balances denominated in Euros. An increasing proportion of costs will be incurred in pounds sterling as the Group's activities associated with the Tricoya® plant in Hull increase, although future revenues will be in Euros or other currencies. The group's Loan Notes, which were issued to fund these UK based operations, are denominated in pounds sterling. 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. The Group holds a proportion of the cash associated with the Tricoya® Consortium in pounds sterling to reflect the expected costs associated with the construction of the plant in Hull and accordingly is accounted for as a cash flow hedge (see note 5).

Interest rate risk management

The Group's borrowings are limited to fixed rate loans with BGF, Volantis, Cerdia, ABN Amro and Bruil, together with the remaining Arnhem finance lease and the lease of the office fit out and furniture in London. The interest rate in respect of the loan facility agreed with RBS Bank is variable, based on Euribor plus a variable margin. Therefore the Group is not significantly 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 currently enter into any interest rate hedging arrangements, although will review the need to do so in respect of the variable interest rate loan facility with RBS Bank.

Credit risk management

The Group is exposed to credit risk due to its trade receivables receivable 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 (see note 22). 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 22.

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.

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.

32. Capital Commitments

	2019 €'000	2018 €'000
Contracted but not provided for in respect of property, plant and equipment	15,049	34,461

Included in the above, are amounts relating to the Engineering, Procurement and Construction contracts relating to the Tricoya® plant under construction in Hull.

33. Post Balance Sheet Events

There have been no material reportable events since 31 March 2019.

Ends

For further information, please contact:

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Notes to editors:

Accsys Technologies PLC (www.accsysplc.com) is a chemical technology group whose primary focus is on the production of Accoya® wood and Tricoya® wood elements, technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in London, United Kingdom, an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc.) and technology licensing associated with the acetylation of wood elements via its subsidiary Tricoya Technologies Limited. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the London Stock Exchange AIM market and on Euronext Amsterdam, under the symbols 'AXS'. Accsys' operations comprise four principal business units: (i) Accoya® wood production; (ii) building and operating of Tricoya® wood chip acetylation plant in Hull; (iii) technology development, focused on a programme of continuous development of and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iv) the licensing of technology for the production of Accoya® wood and Tricoya® wood elements across the globe.

Tricoya® Consortium In March 2017, Accsys announced the formation of the Tricoya® Consortium to fund, build and operate the Tricoya® plant in Hull, UK. Members of the consortium include BP and the leading manufacturer of sustainable wood-based *panels,* MEDITE Europe DAC. Tricoya Ventures UK Ltd (TVUK), a subsidiary of Accsys, owns and will operate the Tricoya® plant. TTL exploits all Tricoya® related intellectual property and benefits from any Tricoya® related revenues other than those generated by the Tricoya® plant. The Tricoya® plant is expected to have an initial capacity of 30,000 metric tonnes of Tricoya® chips per annum, enough to produce approximately 40,000m^3 of Tricoya® panel products per annum. The Tricoya® plant is expected to reach EBITDA breakeven at approximately 40% design capacity and to take approximately four years to reach full capacity following completion. The location of the Tricoya® plant at Saltend Chemicals Park in Hull allows for expansion when market conditions dictate.

Accoya® Wood (www.accoya.com) is produced using Accsys' proprietary patented acetylation technology that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya® wood is particularly suited to exterior applications where performance and appearance are valued. Moreover, the Accoya® wood production process does not compromise the wood's strength or machinability. The combination of dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Accoya® news, visit www.accoya.com/news.

Tricoya® Wood Elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips and particles for use in the fabrication of panel products such as medium density fibreboard and particle-board. These products demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya® Wood Elements is carried out through Tricoya Technologies Limited. Tricoya® Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

Wood Acetylation is a process which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. When carried out to a sufficient level throughout the wood, this process protects wood from rot by making it "inedible" to most micro-organisms and fungi, without - unlike conventional treatments - making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that, when painted, it requires dramatically reduced maintenance.