

Accsys Technologies are pleased to announce an agreement to supply proprietary acetylated material to Medite Europe Ltd for the production of Medite Tricoya®, the world's first ultra high performance medium density fibreboard ("MDF")

Following the signing of a joint development agreement in June 2009, the ground breaking panel Medite Tricoya® was created and is expected to be entering the market in the coming months.

Medite Tricoya®, lauded as the first major innovation in the wood composites industry in more than 30 years, uses the proprietary acetylation processes to produce a dimensionally stable and biologically durable MDF. BRE tests confirm that, this ground-breaking new wood composite panel product has an expected service life of 60 years when used in exterior applications. Such a service life represents a significant sustainability advantage over existing materials, particularly given its durability and dimensional stability in wet environments.

Under the terms of the agreement announced this week, Accsys Technologies expects to supply Medite with up to 7,500m<sup>3</sup> of acetylated material over the next 17 months from the Company's plant in Arnhem, The Netherlands. The acetylated material will be transferred to Medite's panel production facility in Clonmel, Ireland, where it will be processed to produce Medite Tricoya® and the product will be distributed and sold by Medite in the UK, RoI and the Netherlands.

Commenting on the agreement and imminent launch of the product, Paul Clegg, CEO of Accsys, said, "This agreement represents a significant strengthening of the relationship between our two companies and is an important milestone in the on-going development of Tricoya®. By supplying acetylated material to Medite for processing we have been able to bring Tricoya® to the market two years earlier than had been expected."

In further news announced by Accsys this week in an Interim Statement, the company reported a 12% increase in revenue from Accoya® compared to the same quarter last year as sales of the product roll out globally. In the same time period operating costs also fell by 16% and new patents have been granted to further protect the Accoya® production process.

In the first quarter of the year a positive 4% gross manufacturing margin was achieved, working capital control improved and the focus on tight cost control continued as further international licensing opportunities were explored. Also, the first steps in the intended expansion of the Arnhem manufacturing facility are due to commence shortly.