

24 September 2009

Acta S.p.A

Interim Results for the six months ended 30 June 2009

Acta, the catalyst technology development company, today announces its interim results for the six months ended 30 June 2009.

Financial Highlights

- Operating loss significantly reduced to €1.4 million (1H 08: €3.1 million)
- €717,000 Italian grant income recognised, including €212,000 new grant approved for prior R&D costs
- Net cash outflow €1.0m (1H 08: €0.9m inflow including €2.9m capital increase)
- Period end cash position €5.4m (1H 08: €8.8m)

Commercial Highlights:

- Development of Acta Energy business division and commercial opportunities
- Trade show launch of water electrolyser for low cost, high pressure hydrogen generation
- Second stage of development contract with major Asian manufacturer and Sumitomo completed on time

Outlook:

- Commercial launch of Acta Energy business activities
- Hydrogen generator on schedule for 2009 market testing and 2010 product launch
- Continued tight control of overhead costs and prioritisation of near-term commercial opportunities
- Additional development contract and grant funding expected to be received in second half. New grant opportunities being pursued.
- Capital expenditure and working capital investments focused on short term cash generation

Robert Drummond, Chairman, said today:

“While financial markets have started to show recovery, the wider economic outlook remains uncertain, and we believe that research and development budgets within our customer base will remain under pressure for the medium term. Over the last year Acta has responded purposefully to this change of environment, shifting its business focus to near-term commercial and product opportunities, while reducing costs and conserving cash.

Over the next six months the fruits of this strategy will become increasingly evident through the launch of the Acta Energy business and its renewable energy product range, supported by the launch of our domestic hydrogen generation unit. This highly innovative new product continues to beat our expectations in terms of high performance and low cost, and we believe that it has significant commercial potential as a recharger of mid-sized fuel cell consumer products.

Acta will continue to pursue its advanced catalyst applications, including specialised ammonia cracking catalysts and catalysts for zinc-air batteries, with major industrial

customers. We expect activity in these longer term areas to pick up again as economic conditions improve.”

– Ends –

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Notes to Editors

About Acta

Acta develops and manufactures unique patented catalysts which have been launched to the renewable energy, automotive, battery and industrial markets. Acta is also developing other commercial opportunities using its catalysts for industrial waste treatment.

Acta's catalysts and alkaline system know-how are at the heart of the Company's development of a new, high pressure water electrolyser technology which has demonstrated low cost, platinum free, high pressure hydrogen generation. Combined with a platinum free fuel cell, the system offers a solution to the problem of how to store surplus energy produced from large scale, intermittent renewable energy sources (eg wind farms).

Acta's catalysts are also undergoing customer tests in applications such as ammonia treatment (removal of ammonia from an industrial waste stream), and zinc-air batteries (a high performance and environmentally friendly battery technology), as well as fuel cell and other applications.

Chairman's Statement

Acta has made substantial progress during the first half of 2009, despite the difficult economic environment.

Of particular commercial significance has been the continuing successful development of our hydrogen generation technology (alkaline membrane water electrolyser). This device allows the domestic production of safe, low cost, high-pressure hydrogen, which is generated at a sufficient level of quality (purity and dryness) for direct recharging of mid-sized consumer fuel cell applications.

We see this product as a key enabling technology which will facilitate commercial opportunities for ourselves and others both upstream (domestic and industrial renewable energy generation) and downstream (mid-sized fuel cell products). The positioning of the product as an entry point to the industrial electrolysis market is also particularly encouraging. A new division, Acta Energy, is being formed to capture these opportunities, and is developing a number of commercial partnerships to accelerate our progress.

During the first quarter, as announced on 26 March 2009, we successfully completed the second stage of our development contract with a major Asian manufacturer and Sumitomo. We also announced that the Company had received approval for the €12m government grant-funded Hydrostore project, under which Acta will receive €750,000 over a three-year period to scale up its hydrogen generation technology for electricity grid management applications, together with ENI, ENEL and other partners. These applications address very large potential markets in the medium to long term, and within our product portfolio strategy they provide a balance to our current focus on near-term opportunities.

Technical progress continues on our other key applications, such as advanced battery technology and ammonia waste treatment. We have also continued to pursue new grant funding both in Italy and elsewhere to support our activities, and in June Acta's application for a €212,000 Italian government contribution to prior research and development costs was approved, which will benefit cash flow during the second half.

Our cost reduction programme, commenced in Autumn 2008, has produced important savings, contributing to a reduction in first half operating losses from €3.1m (1H 08) to €1.4m, after recognising grant income of €717,000 in the current period. We believe this to be an appropriate cost base for our current activities and that the savings will enable Acta to extend its cash resources well into 2011.

Commercial Progress

In February 2009 Acta demonstrated the prototype of its hydrogen generator at the Fuel Cell Expo in Tokyo. The commercial and technical interest shown in the product indicated its potential to enable market acceptance of the many consumer fuel cell applications that were on display at the same show. This encouraged us to accelerate the technical development of the product, and in particular a compact unit for the domestic market, and we are now pursuing the wider commercial opportunities that we expect this product to generate.

The non-captive market for hydrogen production is estimated to be worth \$13 billion per annum, and to be growing at 10% per annum (Source: Arno Evers, Dec 08). We believe that the low entry price and technical merits of our hydrogen generator will allow us address the market demand for small electrolyser systems, where mainstream electrolyser technologies

cannot compete with cylinder-delivered hydrogen for reasons of cost and system footprint. In addition, we believe that significant opportunities exist in the demand for fuel cell systems, including battery-substitute applications (eg UPS systems) and consumer fuel cell applications, which can be bundled together with our hydrogen generator.

The wider opportunities arising from Acta's hydrogen generator also include solar panel installations, where the Italian market, currently one of the most active in Europe, has previously been under-invested and is now benefitting from prime site availability, high government incentives and a strong reduction in the price of solar panels. We are developing partnerships to pursue these opportunities through Acta Energy, to enable hydrogen generation direct from intermittent renewable power sources.

We anticipate the full commercial launch of the Acta Energy business division within the first half of 2010, led by initial orders for the hydrogen generator and associated fuel cell products over the next six months.

Technical Progress

In addition to the significant effort dedicated to the development of the water electrolyser, Acta has continued to make good technical progress in the development of advanced catalysts for generating hydrogen from ammonia by reforming (using catalysts and heat to break down ammonia into hydrogen and nitrogen). Our benchmark tests indicate that these catalysts perform far better than existing comparable catalysts, while being free of precious metals and therefore capable of supply for very large scale applications.

Furthermore, the results of testing our zinc-air battery catalysts by a major US customer have been encouraging, leading to a larger sample order for the catalyst which is now being studied for possible inclusion in a US Dept of Defence research project. We have also undertaken further developments in hydrogen-air fuel cell components.

Intellectual Property Development

Acta filed three new patent applications in the first half of the year, and a further two after the period end, including one application for a European patent extension (PCT). The Company's intellectual property portfolio now contains patent applications covering 28 separate intellectual property claims.

Operational Progress

Acta has maintained its internal operational capabilities during the year to date despite the cost savings achieved, by focusing these savings on external services and non-core activities. In addition Acta is developing supply, subcontract manufacturing and distribution partnerships in preparation for the launch of the hydrogen generator and Acta Energy. These partnerships will maximise the commercial potential of the hydrogen generator and associated products, without unduly burdening the internal resources or overhead base of the Company.

Financial Performance

Acta incurred an operating loss of €1.4m in first half of 2009, down from €3.1m in the six months to June 2008. Revenues during the first half were €275,000 (1H 08: €360,000),

mainly arising from the second stage of our development contract with Sumitomo Corporation and a major Asian manufacturer, announced in November 2008.

Grant income of €717,000 was recognised in the period relating to prior research and development costs (1H 08: €119,000). Of this income, €505,000 was recognised in relation to the €2.1 million FIT project (development of a prototype direct ethanol fuel cell stack) which was concluded in the second half of 2008; and €212,000 was recognised in relation to a new Italian government tax contribution scheme for research and development costs which was approved in June 2009.

The reduction in operating losses to €1.4m reflects the impact of grants recognised in the period, the cost for which have been expensed in prior period, and a reduction in operating costs of €945,000, including stock option costs and other non-cash items. Following the cost reduction programme initiated in 2008, total cash savings in operating costs are expected to be approximately €1.0m for the year.

Net cash utilisation for the period, at €1.0m (1H 08: €2.0m excluding capital increase), was below operating losses, and cash and short term investments stood at €5.4m as at 30 June 2009 (1H 08: €8.8m). €755,000 was received as low-interest bearing loan in relation to the FIT grant project during the period (1H 08: €119,000 grant income received), and investments in technical equipment, patents and other capital items were reduced sharply to €71,000 (1H 08: €242,000). At current cash utilisation rates the Company will have sufficient funds well into 2011.

Business Outlook

We look forward to moving into full commercial operations over the next year as our near-term product developments and commercial opportunities come to fruition. We will be working with partners where possible to bring expertise and relationships that can accelerate our time to market.

We believe that the trade launch of our simple, low-cost, high pressure hydrogen generator will attract significant interest, and we are hopeful that, aside from established commercial and industrial applications, it will become part of the solution that will finally bring fuel cell products and applications to the consumer market.

External research and development expenditure by major corporations is expected to stay subdued over the next year, and consequently our development contract revenues and timeframes may remain uncertain. We will stay cautious in our expenditure and investments over this period, and will continue to dedicate our resources to those products and opportunities which, while coherent with our business strategy, can provide near-term commercial revenues and routes to promising market opportunities.

Acta continues to exploit its leadership in platinum-free catalysis and alkaline membrane systems with major customers and supply chain partners, and will continue to pursue the development of major industrial applications for its catalysts.

We believe that the next phase of the company's development will provide greater evidence of the depth and commercial potential of our technologies, and we look forward to updating shareholders on commercial progress in due course.

Robert Drummond
Non Executive Chairman

Consolidated income statement

	Six months ended 30 June 2009 Unaudited €'000	Six months ended 30 June 2008 Unaudited €'000	Year ended 31 December 2008 Audited €'000
Revenue	275	360	625
Raw materials and consumables used	(93)	(205)	(352)
Personnel expense	(1,427)	(2,092)	(3,560)
Depreciation and amortisation expense	(212)	(193)	(400)
Other operating expenses	58	(931)	(1,758)
Loss from operations	(1,399)	(3,061)	(5,445)
Financial income	85	129	317
Financial expenses	(20)	(20)	(57)
Loss before tax	(1,334)	(2,953)	(5,185)
Current tax credits	-	-	3
Loss for the period	(1,334)	(2,953)	(5,182)
Attributable to:			
Equity holders of the parent	(1,387)	(2,890)	(5,072)
Minority interest	53	(63)	(110)
	(1,334)	(2,953)	(5,182)
Basic and diluted earnings per share (euro)	(0.03)	(0.07)	(0.13)

Consolidated balance sheet

	Six months ended 30 June 2009 Unaudited €'000	Six months ended 30 June 2008 Unaudited €'000	Year ended 31 December 2008 Audited €'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,793	1,945	1,919
Goodwill	11	11	11
Intangible assets	797	842	813
Total non-current assets	2,601	2,798	2,743
Current assets			
Inventories	63	64	63
Available for sale financial instruments	3,498	3,493	3,520
Trade and other receivables	1,183	402	619
Cash and cash equivalents	1,942	5,316	2,925
Total current assets	6,686	9,275	7,127
Total assets	9,287	12,073	9,870
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	246	246	246
Capital reserves	25,914	25,739	25,802
Retained losses	(20,374)	(16,651)	(18,829)
	5,786	9,333	7,219
Minority interest	61	57	8
Total equity	5,847	9,390	7,227
Non-current liabilities			
Employee benefits	110	97	112
Long-term provisions	526	89	526
Long-term borrowings	1,626	898	854
Total non-current liabilities	2,262	1,085	1,492
Current liabilities			
Other financial liabilities	57	57	57
Short-term borrowings	46	48	75
Trade and other payables	1,075	1,494	1,019
Total current liabilities	1,178	1,599	1,151
Total liabilities	3,441	2,683	2,643
Total equity and liabilities	9,287	12,073	9,870

Statement of changes in equity

	Share Capital €'000	Reserve Capital €'000	Retained Earnings €'000	Group Total €'000	Minority Interest €'000	Total €'000
At 1 January 2008	234	22,380	(13,762)	8,852	120	8,972
Issue of share capital	12	2,896	-	2,908	-	2,908
Foreign Currency Translation Reserve	-	(35)	-	(35)	-	(35)
Share issue expenses	-	(6)	-	(6)	-	(6)
Net change in fair value available for sale	-	26	-	26	-	26
other movements	-	-	5	5	(2)	3
Share-based payment	-	541	-	541	-	541
Loss for the period	-	-	(5,072)	(5,072)	(110)	(5,182)
At 31 December 2008	246	25,802	(18,829)	7,219	8	7,227
At 1 January 2008	234	22,380	(13,762)	8,852	120	8,972
Issue of share capital	12	2,903	-	2,915	-	2,915
Share issue expenses	-	(6)	-	(6)	-	(6)
Share-based payment	-	462	-	462	-	462
Loss for the period	-	-	(2,890)	(2,890)	(63)	(2,953)
At 30 June 2008	246	25,739	(16,652)	9,333	57	9,390
At 1 January 2009	246	25,802	(18,829)	7,219	8	7,227
Foreign Currency Translation Reserve	-	34	(157)	(123)	-	(123)
Net change in fair value available for sale	-	(22)	-	(22)	-	(22)
Share-based payment	-	100	-	100	-	100
Loss for the period	-	-	(1,388)	(1,388)	53	(1,335)
At 30 June 2009	246	25,914	(20,374)	5,786	61	5,847

Consolidated cash flow statement

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited €'000	Unaudited €'000	Audited €'000
Cash flows from operating activities			
Loss for the year	(1,334)	(2,953)	(5,182)
Adjustments for:			
Depreciation	142	127	264
Amortisation of intangible assets	70	67	136
Allowance for future risks	-	-	437
Gain on sale of property, plant and equipment	-	-	18
Expense recognised in profit or loss in respect of share based payments	100	462	541
Foreign Currency Translation Reserve	(123)	-	(35)
Net finance income	(65)	(108)	(260)
Movements in working capital			
(Increase) decrease in trade and other receivables	(564)	566	348
(Increase) decrease in inventories	-	10	11
Increase (decrease) in trade and other payables	56	(79)	(554)
Increase (decrease) in provision for employees' benefits (TFR)	(2)	35	50
Cash outflow from operations	(1,720)	(1,874)	(4,226)
Interest paid	(20)	(21)	(57)
Net cash from operating activities	(1,740)	(1,895)	(4,283)
Cash flows from investing activities			
Interest received	85	129	317
Payments for property, plant and equipment	(17)	(211)	(326)
Proceeds from sale of property, plant and equipment	-	-	(11)
Payments for intangible assets	(54)	(31)	(71)
Finance leases	23	-	9
Net cash used in investing activities	37	(113)	(82)
Cash flows from financing activities			
Proceeds from issue of share capital	-	2,915	2,908
Payment for share issue costs	-	(6)	(6)
Proceeds from borrowings	740	-	-
Repayment of borrowings	-	(27)	(17)
Payment of finance lease liabilities	(20)	-	(37)

Net cash inflow from financing activities	720	2,882	2,848
Net increase in cash and cash equivalents	(983)	874	(1,517)
Cash and cash equivalents at the beginning of the financial year	2,925	4,442	4,442
Cash and cash equivalents at the end of the financial year	1,942	5,316	2,925

Notes to the interim financial statements

for the six months ended 30 June 2009

1. Basis of preparation

The financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

2. Principal accounting policies

The financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation are followed in these financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

3. Loss per share

The calculation is based on information in the table shown below:

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	(unaudited) €'000	(unaudited) €'000	(audited) €'000
Loss	(1,334)	(2,953)	(5,182)
Weighted average number of shares	40,995,125	38,778,687	40,518,413

In accordance with IAS 33.41, the potential ordinary shares have not been treated as dilutive because their conversion to ordinary shares would decrease loss per share for the period.

4. Statement of changes in equity

	Share capital €'000	Capital Reserve €'000	Retained earnings €'000	Minority Interest €'000	Total €'000
Balance at 1 January 2008	234	22,380	(13,762)	120	8,972
Issue of share capital net of expenses	12	2,897	-	-	2,909
Share based payment	-	462	-	-	462
Loss for the period	-	-	(2,890)	(63)	(2,953)
Balance at 30 June 2008	246	25,739	(16,652)	57	9,390

Balance at 1 January 2009	246	25,802	(18,829)	8	7,227
Share based payment	-	112	(157)	-	(45)
Loss for the period	-	-	(1,388)	53	(1,335)
Balance at 30 June 2009	246	25,914	(20,374)	61	5,847

5. Board

The financial information for the period 1 January 2009 to 30 June 2009 is unaudited although it has been reviewed by the Company's audit committee. In the opinion of the Directors the financial information for this period presents fairly the position, results of operations and cash flows for the period. The interim report for the six months ended 30 June 2009 was approved by the Directors on 23 September 2009.

6. Interim Results Statement

Copies of this Interim Results statement may be obtained by contacting the Company at Via di Lavoria 56 G, 56040 Crespina (PI), Italy. Alternatively the statement is available to download from the investor relations section on the Company's website www.acta-nanotech.com.