



Acta S.p.A.

One Technology, Two Markets, Multiple Applications

Interim Results 2007 Presentation



19 September 2007



Acta 

Highlights



- Sumitomo Corporation sign subscription agreement for 10% of the company
- £5.75m raised at 115p, sufficient to fund business at current projections into 2010
- Good commercial progress with sharp increase in revenues and activity
- Launch of ammonia electrolyser catalyst
- Launch of improved fuel cell catalyst
- Carbon Trust grant for conversion of CO₂ to liquid fuels



Contents



- Corporate Overview
- The Sumitomo Investment
- Commercial Progress
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- Financial Performance
- Outlook and Summary



Leading manufacturer of green energy catalysts

- **Unique:** patented manufacturing processes to make high performance catalysts with strong HYPERMEC™ brand
- **Practical:** Ammonia electrolyser catalyst enables the practical supply of hydrogen to fuel the renewable energy market for automotive and stationary applications
- **Commercial:** Platinum free fuel cell catalyst enables the introduction of commercially viable fuel cells to solve the urgent need in portable power supply

Corporate Overview



- Two core high growth target markets:
 - Fast developing renewable energy catalyst market
 - Portable electronics fuel cell market expected to be worth £6bn in 2011
- Market leader in chosen markets
- Strong existing customer relationships
- Growing momentum, driven by demand from new and existing customers
- Production capacity in place and scale-up underway
- Delivering milestones

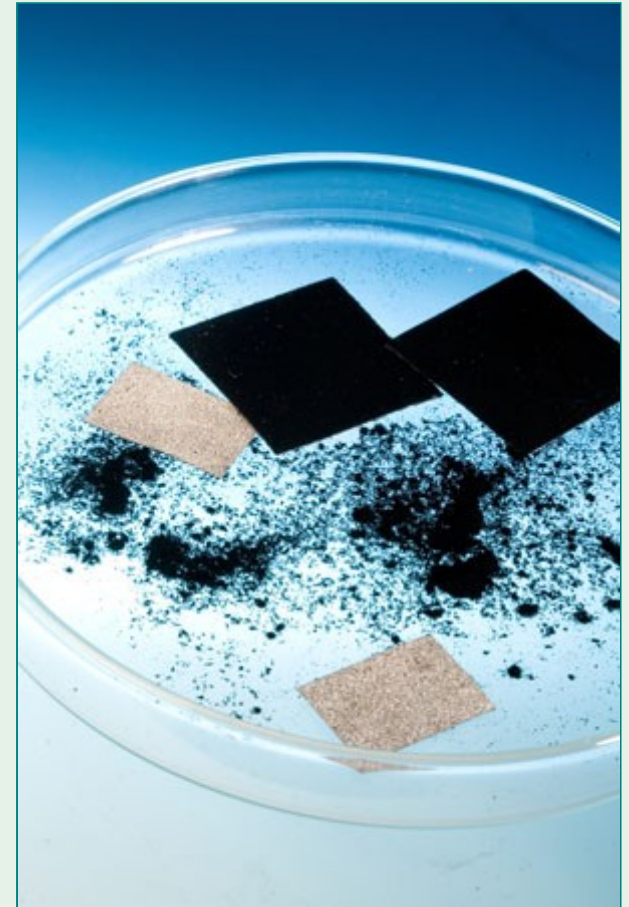
Source:
Portable FC market size: The Carbon Trust/DTI



Acta's Patented Technologies



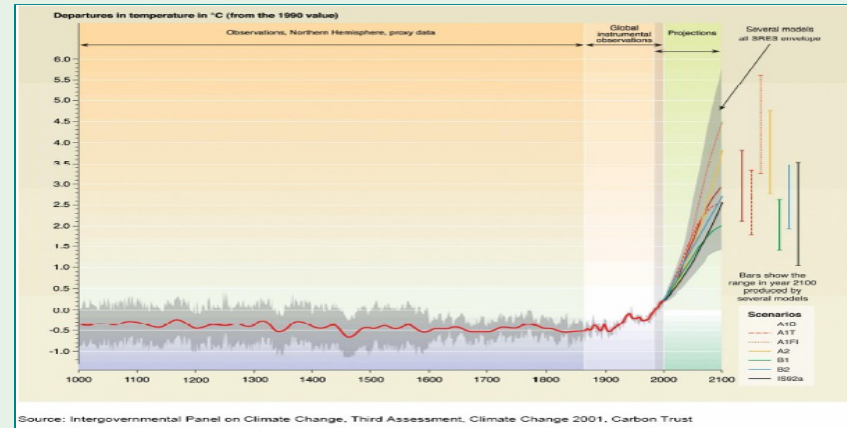
- Catalyst technologies:
 - Acta has patented processes which produce small and well dispersed particles of metals (Fe, Co, Ni, Zn, Sn, Au, Pd) to optimise performance in multiple applications
- Application technologies:
 - Alkaline Membrane Fuel Cells (AMFC)
 - Ammonia Electrolysis
 - Water Electrolysis
 - Ethanol Reforming
- 16 areas of invention
- Core patent granted in EU in Dec 2006



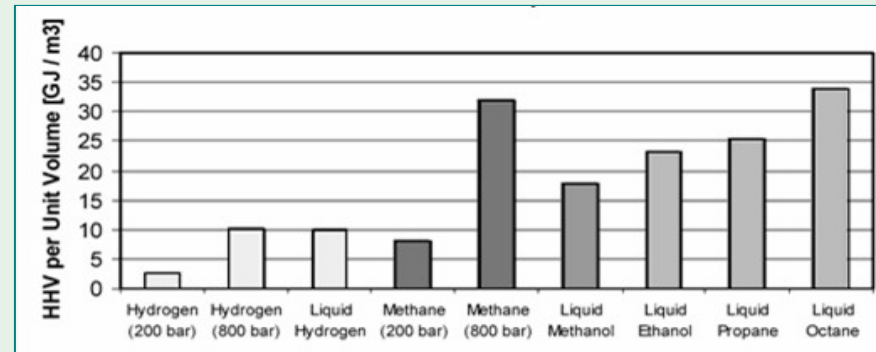
Renewable Energy Market



- The critical market sector of the 21st Century:
 - Greenhouse gas reduction
 - Energy security
 - Fossil fuel depletion and pricing
- Hydrogen supply the barrier to fuel cell commercialisation
 - H2 gas or liquid impractical
 - Storage technologies limited
- Acta offers range of solutions:
 - Practical hydrogen
 - From ammonia
 - From ethanol
 - From water
 - Waste to energy



Global warming is 95% certain and man made



Pure hydrogen contains little energy

Portable Electronics Market



- High growth market with urgent need:
 - Looming crisis in power supply
 - Fuel cells are the likely replacement
 - Immense early adopting market
- Platinum catalysts are the barrier to fuel cell commercialisation
 - Expensive, scarce and volatile
 - Technical challenges
 - Fuel limitations
- HYPERMEC offers unique solution:
 - Platinum free pricing
 - Resolves crossover challenge
 - Multi-fuel capability



Consumers demand mobility

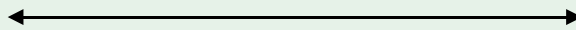
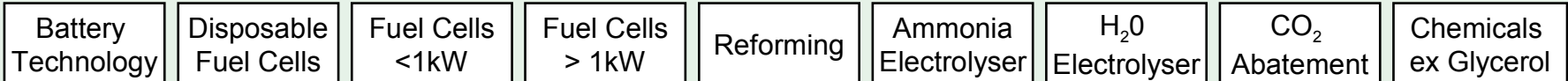




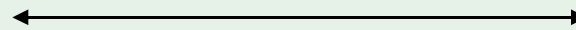
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Portable Power

Renewable Energy



Fuel cell catalysts

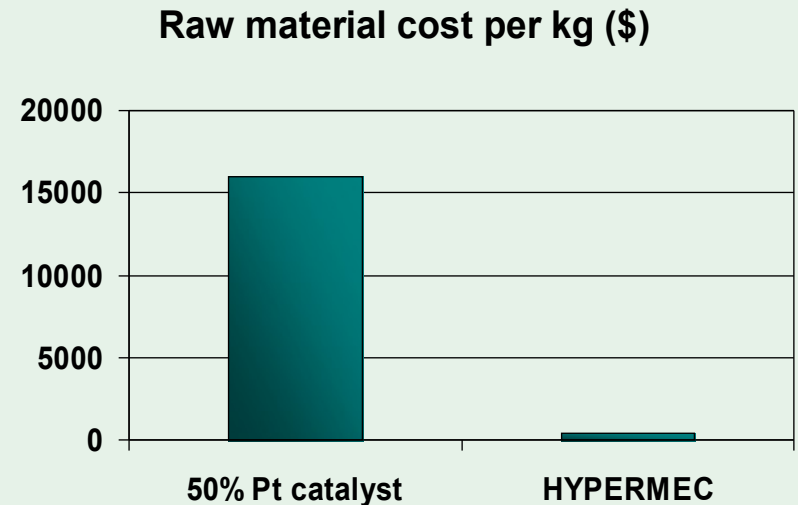


Hydrogen generation

Robust Financial Model For Profit



- **Margin advantage:**
 - Against platinum/ruthenium catalysts
 - Can offer economies of scale
 - Unique performance benefits
- **High operational gearing:**
 - Production plant already installed capable of taking the business to profit
 - Modest scale-up issues
 - Low capital investment for profit
- **Interim income available:**
 - Grant income
 - Development revenues



Acta has a material cost advantage

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Asia and Sumitomo Corporation



- Asia is the #1 target market
 - Japan is an environmental leader
 - Largest corporate investment in green energy is in Asia
 - Supply chain is better established
 - Tokyo Fuel Cell Expo dominates
- Acta's marketing agreement with Sumitomo Corporation offers competitive advantage:
 - Access to customers at high level
 - Range of industries
 - First class commercial representation
 - Bridges cultural issues
 - Access to latest components



FC Expo: Acta presenting to core Japanese market



Sumitomo investing £4.6m in Acta



- The Sumitomo deal:
 - Investing in 4m shares at 115p = £4.6m for approx 10% of company
 - Price represents a premium on market
 - Investment in two equal tranches over six months
 - New marketing agreement extended to 10 year initial fixed term
- The Placing:
 - Further £1.15m raised by placing of 1m shares with institutional investors at 115p
- The Result:
 - £5.75m cash raised very cost-effectively – costs of £0.1m
 - Cash to operate at current cash burn projections into 2010
 - Investment by Sumitomo shows that Acta's commercial activities in Asia are gaining traction
 - Investment at a premium shows optimism for share price potential
 - Additional incentive for Sumitomo to perform and to invest in Acta's success
 - Long term commitment from both sides underpins strong relationship

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Good Commercial Progress



- Strong revenue growth:
 - Revenues €212k (2006: €14k)
 - Growth in all product groups
 - 20 new customers
 - Repeat orders to key target customers
 - 9 new NDAs signed
- Launch of important new products:
 - HYPERMEC 3-series for AMFC
 - Ammonia Electrolyser catalyst
- Access to new markets:
 - Automotive
 - Small stationary
- Commercial negotiations underway with key customers



HYPERMEC 3; available ex-stock supply

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Delivering Technology



- Launch of ammonia electrolyser catalyst:
 - Room temperature hydrogen generation
 - Energy input 25% that for water electrolysis
 - Low Pt loadings compared to published data
 - Customer led programme
- Launch of HYPERMEC 3-series anode:
 - Up to 70% more power
 - 3,000 hours durability at room temperature
 - Improved performance with all fuels
- Leadership in AMFC Technology:
 - Good performance with reduced electrolyte
 - Membrane / ionomer screening programme
 - Options for MEA development
- Shell Eco-marathon demonstration of DEFC
- Four new patent applications in first half and four more since period end (two PCT extensions)
- Dr Gasteiger joins as Catalyst Development Director



Endorsement of results



- Ammonia electrolyser trials successful at major customer: negotiations underway for further development
- AMFC performance successfully reproduced at 3 major electronics OEMs and 2 component makers: negotiations underway for further development
- Trials in battery technologies pass initial testing programme: further trials to start shortly
- Trials in Alkaline Fuel Cell application show good performance
- Sumitomo investment signposts good results and exciting potential



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Operational Scale-Up



- Production team established
- Scale-up weekly targets for first six months met:
 - 250 electrodes
 - 1000g cathode
 - 500g anode
- New equipment commissioned:
 - Powder handling
 - Rotary kiln/evaporator
 - Electrode deposition control
- Process documentation for quality standards



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Financial Review of 1H 2007 – Profit & Loss



- Continuing rapid growth in revenues
- 16% increase in overheads:
 - Materials usage
 - More people: 32 vs 26 in 1H06 (at period end)
 - Increased grant project costs
- Grant income €274k relating to 2006 recognised as a cost offset
 - €194k FIT
 - €80k FISR
- Grant project costs to rise in 2H07 in line with programme, income to be recognised in 2008
- Operating loss within budget and expectations

Consolidated income statement			
Period ending	June 2007	June 2006	Dec 2006
	6 months	6 months	12 months
	€000's	€000's	€000's
Revenue	212	15	72
Raw materials	(123)	(46)	(142)
Personnel costs	(1,658)	(1,415)	(3,088)
Depr / amort.	(165)	(112)	(269)
Other expenses	(768)	(773)	(1,625)
Sub-total costs	(2,714)	(2,346)	(5,124)
Loss from operations	(2,502)	(2,331)	(5,052)
Loss for the period	(2,450)	(2,201)	(4,828)



- Investment in patents increasing (depreciated over 10 years)
- Receivables and current liabilities stable since Dec 2006
- Increase in long term liabilities
 - €291k FIT grant loan received
 - Repayable 10 yrs at 0.8% interest
- Share option expenses credited to equity
- Net cash €5.3 million

Consolidated balance sheet

As at period ending	June 2007 6 months €000's	June 2006 6 months €000's	Dec 2006 12 months €000's
Fixed assets	1,769	1,010	1,754
Intangible assets	908	836	869
Inventory	69	36	74
Receivables	880	672	792
Cash & equivalents	5,311	9,289	7,049
Total assets	8,937	11,843	10,538
Current liabilities	1,231	836	1,225
Long term liabilities	1,004	192	717
Equity	6,702	10,815	8,596
Total equity & liabilities	8,937	11,843	10,538

Financial Review of 1H 2007 – Cash flow



- Cash outflow well within trading loss
- €371k grant funding received during period
 - €80k FISR income
 - €291k FIT loan
- Positive net working capital movement
- €218K capital investment
 - Capital equip €118k
 - Patent costs €100k
- Net cash utilised €1.7m
 - 2H07 cash outflow will increase as planned
- €8.3m new cash raised in July
 - At premium to share price
 - Provides funding into 2010
 - €5.0m in Sept 07, €3.3m in Feb 08

Consolidated cash flow statement			
Period ending	June 2007 6 months €000's	June 2006 6 months €000's	Dec 2006 12 months €000's
Loss for the period	(2,450)	(2,201)	(4,828)
Depreciation, amortisation	165	112	269
Provisions, accruals & taxes	(78)	186	411
Equity settled transactions	407	371	778
Cash outflow before working capital	(1,956)	(1,532)	(3,370)
Movements in working capital	158	(259)	(290)
Capital expenditure	(218)	(195)	(1,130)
Lease finance / minorities / other	278	(8)	555
Effect of foreign exchange	0	(1)	0
Net increase in cash & equivalents	(1,738)	(1,995)	(4,235)
Cash & equivalents at period end	5,311	9,289	7,049

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Commercial/Operational Goals for 2007



First Half 2007 Commercial Goals:

- Increasing revenue momentum:
 - Q1 revenues will exceed full year 2006
 - New customers
 - Larger order sizes
 - Ammonia electrolyser & fuel cell catalyst
- Partnerships/development contracts with customers/supply chain
- New applications sampled to customers

First half 2007 Operational Goals:

- Build weekly capacity as shown
- Production control/QC

Product	March 07	Jun 07	Dec 07
Anode (g per wk)	100 <input checked="" type="checkbox"/>	500 <input checked="" type="checkbox"/>	1000
Cathode (g per wk)	500 <input checked="" type="checkbox"/>	1000 <input checked="" type="checkbox"/>	2500
Electrodes (units)	150 <input checked="" type="checkbox"/>	250 <input checked="" type="checkbox"/>	500 <input checked="" type="checkbox"/>

December 2007 capacity would result in revenue of €4.5m if sold at current prices

Technical Goals for 2007



- ☑ Launch and further development of ammonia electrolyser
- ☑ Launch of HYPERMEC 2 in Q2 with even higher performance
 - Development work of catalysts and electrodes at higher temperatures
- ☑ Improvements to fuel cell structure
 - Final development and translation to sample stage of reformer catalyst
- ☑ Further durability data in different fuels and conditions
 - Produce demonstrator disposable fuel cell and use it to generate performance data with different fuel options
 - Support the Carbon Trust project to develop a new catalyst to convert CO₂ to liquid fuels
- ☑ File patents to secure above developments and progress current patent applications



- **Market**
 - Macro economic/environmental trends in favour
 - Trend towards AMFC
 - Increasing interest in ammonia as fuel
- **Commercial**
 - Negotiations with key customers progressing well
 - Continuing sample sales
 - Marketing of ammonia products
- **Technical**
 - Reformer catalyst available for trial
 - Reduction in Pt loading in ammonia electrolyser
 - Component screening programme
- **Operational**
 - Achievement of 2007 year end targets

Summary



- Acta has breakthrough catalyst technology
- Excellent commercial progress in first six months of 2007
- Sumitomo investment of £4.6m underlines commercial progress from our lead commercial partner
- Important new products launched
- Intellectual property portfolio strengthened
- Cash utilisation well within plan and under control
- Cash raised (net) of £5.65m will take the company into 2010 at current projections



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