



Acta S.p.A.

Interim Results Presentation

Six months to 30 June 2006



Paolo Bert Toby Woolrych Paul Barritt
21st September 2006



Experienced Board and Senior Management



Paolo Bert
Founder & CEO



Toby Woolrych
COO



Paul Barritt
CFO



Alessandro Tampucci
Founder & CTO

- **Non-Executive Directors**
- Robert Drummond – Chairman
- Alberto Nobolo – Chairman Audit Committee
- Geoff Bicknell – Chairman Remuneration Committee
- Marco Chiarion Casoni

Highlights



- Excellent commercial progress:
 - Sumitomo contract extended
 - Shipments to customers of catalyst and electrodes
 - Positive revenue momentum
 - Encouraging feedback – growing acceptance of ethanol
- Technical milestones achieved:
 - Full ethanol conversion demonstrated
 - Durability data generated
 - Metal loading of cathode increased
 - Improved electrodes and MEA
 - New industrial applications
- Key appointments to management team
- Operating loss and cash utilisation well within plan



Agenda for presentation



- Acta's unique catalyst technology
- Acta's potential markets
- Review by market:
 - Opportunity
 - Achievements
 - Targets
- Core technology strategy
- Financial overview
- Outlook and news flow



Acta's Unique Catalyst Technology



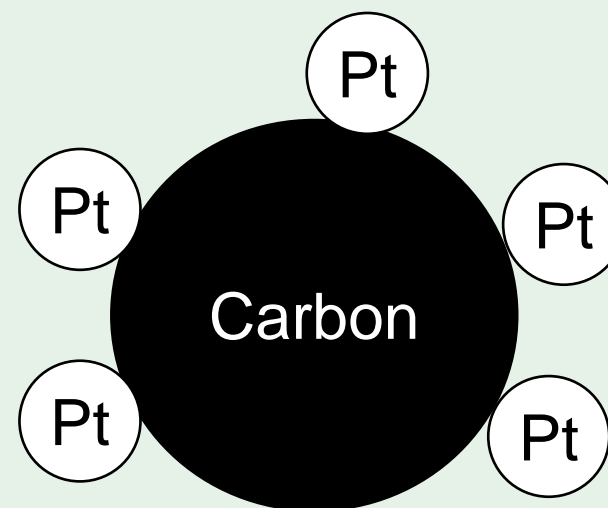
- Catalysts are essential:
 - Lower the energy barriers in order for chemical reactions to take place
 - Improve the economics of reactions
 - Key component in many “green” technologies
 - Chemistry and electro-chemistry
- Catalysts are a huge market:
 - Environmental / energy catalyst market worth over \$6bn and growing fast



Acta's Unique Catalyst Technology



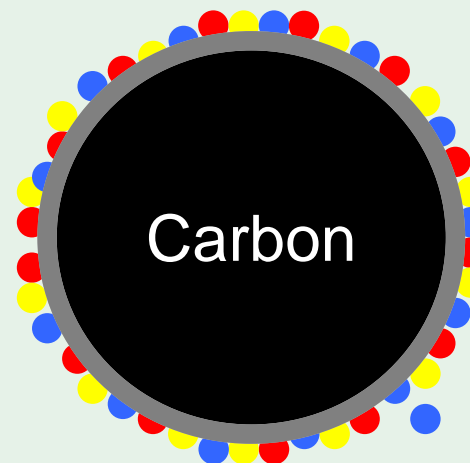
- Conventional catalysts loosely attach metal components to substrate:
 - Large particle size = low surface area
 - Tendency to agglomerate
 - Vulnerable to harsh environment
- Normally single metal or simple combinations
 - Little interaction between metal types
 - Reaction characteristics are pre-determined, not designed for purpose



Acta's Unique Catalyst Technology



- HYPERMEC uses a templating polymer to organise metals during application to substrate
 - Very small particle size = huge active area
 - Polymer structure prevents agglomeration
 - Polymer structure provides protection
- Any metal combination can be used
 - Metals alloy in perfect distribution
 - Different metals for different reactions = selectivity
 - Ratios can be varied to optimise technical performance
- Many substrates can be used



A unique and patented approach to catalysis



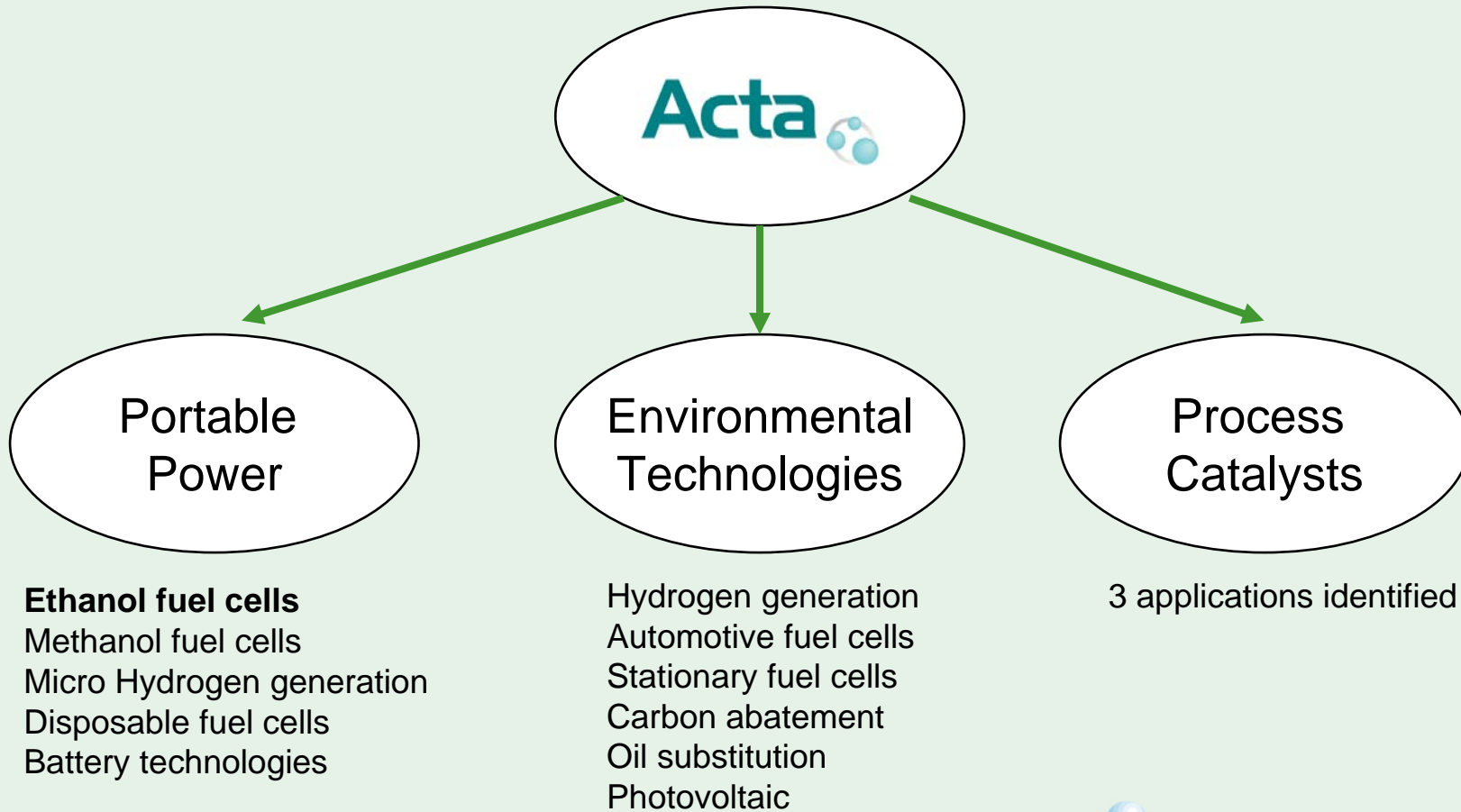
Benefits of HYPERMEC Technology



- Platinum-free catalysts matching platinum performance
 - HYPERMEC material cost is minimal
 - Platinum is expensive – materials cost up to 100x higher
 - Platinum is scarce – price rising, supply uncertain
- Unique sensitivity to ethanol:
 - Ethanol is key renewable fuel
 - Ethanol is ideal fuel for consumer use
- Immune to “fuel crossover”
- Resistant to carbon monoxide poisoning
- Metal and substrate choice can be changed for different applications:
 - Unique ability to “design for reaction”
 - Exploitation of technology has hardly begun



Acta's Potential Markets



Portable: the market



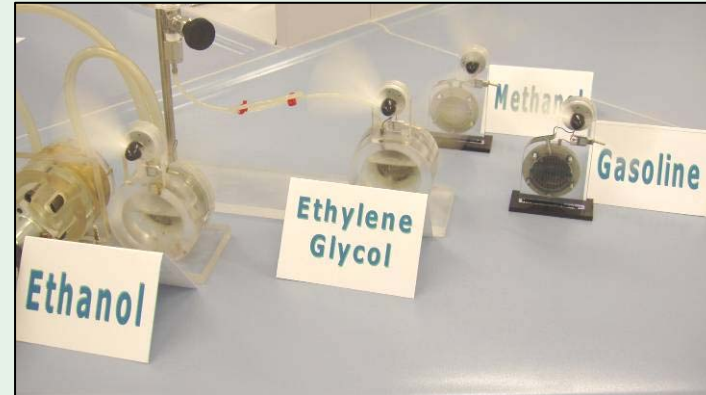
- The “run-time gap” is growing:
 - Power hungry devices
 - Li-ion batteries have peaked
 - Strong demand pull
- Target customers:
 - Electronics OEMs
 - Mobile phone OEMs
 - Battery manufacturers
 - Recharger manufacturers
- Performance over price:
 - \$3,000 per kWh
- Enormous market potential:
 - \$250m catalyst market in 2010
 - \$700m catalyst market in 2014



Portable: applications



- Direct ethanol fuel cell:
 - High performance
 - Safe fuel
 - No crossover impact
 - Platinum free
- Disposable fuel cell:
 - Truly disposable materials
 - Safe fuels
 - High power density
 - Suitable for OEMs
- Micro ethanol reforming
- Battery materials:
 - Zinc air



Portable: DEFC Progress and Targets



Achievements in first six months

- NDA's signed with 17 new customers
- Over 150 Electrodes shipped
- Over 500g of catalyst shipped
- Significant interest expressed
- Sumitomo contract extended

- Proven full ethanol conversion
- Durability data generated
- Metal loading of cathode increased, performance doubled
- New electrode and MEA assembly method

Targets for next twelve months

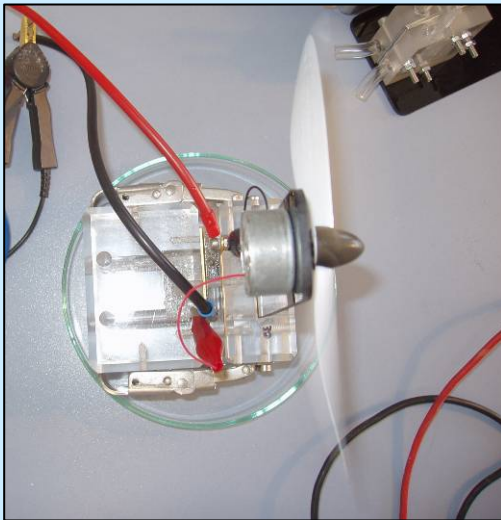
- Expand outside Japan and Korea
- Development contract with two or more electronics OEMs
- Collaboration with one or more MEA producers
- Develop IPR relating to use of HYPERMEC in DEFC

Portable: Disposable Fuel Cells



Achievements in first six months

- Basic design concept identified
- Proof of concept established
- Market study of recharger and primary battery market



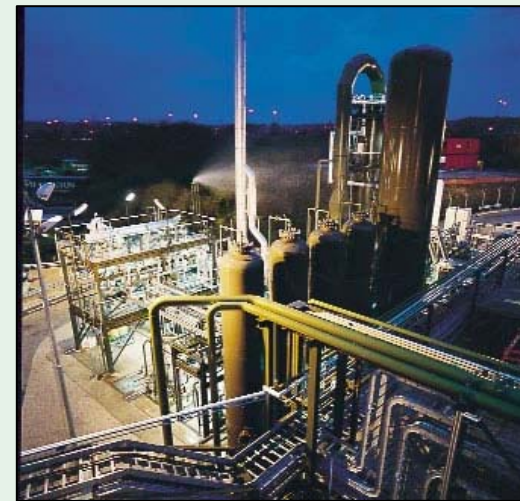
Targets for next twelve months

- Prototype
- Performance data
- Patent
- Partners and customers
- Route to market

Environmental Technologies: Market



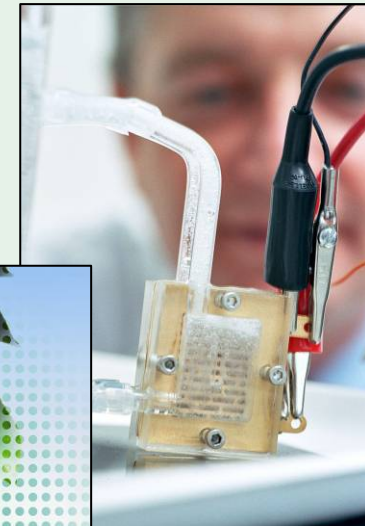
- Strategic need to supplement fossil fuel as source of power:
 - Oil prices rising
 - Oil supply peaking
 - Strategic supply risk of oil and gas
- Need to reduce greenhouse gas emissions:
 - Reduce fossil fuel consumption
 - Carbon abatement technology
- Policy led market:
 - Strategy for fuel independence
 - Grant funding available
 - Carbon credits have value
 - Longer term commercialisation for hydrogen
- Ethanol, wind and photovoltaic lead over hydrogen



Environmental: applications



- PEM cathode
- Ethanol reformer:
 - Distributed power generation
 - Ideal where ethanol is more accessible than natural gas
 - Micro-reactor co-development
- Electrolyser:
 - Water
 - Ammonia
- High power ethanol fuel cells:
 - Automotive / stationary
 - Gas phase / SOFC / alkaline
- Photovoltaic
- Carbon abatement



Environmental: Progress and Targets



Achievements in first six months

- Samples shipped to alkaline fuel cell, reformer and electrolyser companies
- Photovoltaic sample promising
- Trials of carbon abatement product followed by grant application
- Cathode metal loading increased and acid stability demonstrated
- Patent filed for electrolyser catalyst
- Contacts made with a view to raising grants in the USA

Targets for next twelve months

- Optimised samples for different applications
- Explore options in automotive / stationary sectors
- Launch optimised cathode with data for hydrogen use
- Secure grant for carbon abatement technology and launch project
- Create US subsidiary and exploit US focus on ethanol
- Develop proof of concept for photovoltaic
- Generate further reformer data

Process Catalyst market



- Process catalyst market worth over \$15bn per annum
- Market set for long term growth due to increasing volumes, and the need for cleaner and more efficient processes
- Consulting study has identified three applications for further investigation where HYPERMEC may offer unique performance
- Trieste and dedicated CNR CatLab to test



Technology Strategy



- Scratching the surface of HYPERMEC capability
- Catalyst Technology team:
 - Building knowledge of catalyst and defining/controlling the variables
 - Experimenting with new applications and recipes
 - Expanding core IP with patent filings
- Fuel Cell Technologies team:
 - Currently merged with Catalyst team
 - Focused on developing applications capability and IPR for ethanol fuel cells, disposable and other
- Xiaoming Ren a key appointment
 - Exceptional fuel cell experience
 - Reputation and credibility
- Investment in facility
- Outsourcing of some optimisation activity



Financial Review



- Costs and cash flow well controlled and within budget
 - Cash coverage for 2 yrs+ (at current rate)
 - Prudent accounting on grant income recognition
 - Share option costs (non-cash) expensed within existing budget
- Increased costs focused on value adding activities
 - Commercial activities ramping up
 - Investment in staff, technical equipment and operational facilities
- Modest cost increase expected in 2nd half 2006
 - Further investments in technical and commercial resources
 - Full year impact of experienced management team
- Purchase of Lavoria facility



Prospective News flow



- Grant of core patent
- Patent filings concerning significant improvements in DEFC structure
- Patent and data release concerning improved cathode
- Patent and demonstrator of the “disposable fuel cell”
- Engagement with MEA OEMs
- Engagement with two or more portable OEMs
- Funding for new application study
- Early progress in new market applications



Summary



- Acta has a breakthrough catalyst technology
- Excellent commercial progress:
 - Sumitomo contract extended
 - Shipments of catalyst and electrodes to customers
 - Positive revenue momentum
 - Encouraging feedback from major OEMs
- Technical milestones achieved and next milestones identified
- Good progress in expanding catalyst into renewable energy markets and other industrial applications
- Organisation is maturing with high calibre new management joining
- Cash utilisation well within plan and under control
- Intellectual property portfolio strengthening





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Appendices



- Investment case
- Financial performance
- Patent strategy
- Platinum Scarcity and Pricing
- The Run Time Gap
- Peak Oil – the drive to replace fossil fuels
- Ethanol – an environmentally friendly fuel
- Acta for investors



The investment case



- Acta has a patented catalyst technology offering unique performance benefits to the world's largest and fastest growing global markets for chemical products:
 - Process catalysis
 - Portable power for electronics
 - Renewable energy
- Acta has a compelling business model:
 - Partnership with leading OEMs
 - Low capital costs and high operational gearing
 - Margin protection vs Pt catalysts and using IPR
- Acta has an experienced and well balanced management team that has delivered on all its milestones to date



Financial Review 1H 2006 – Profit & Loss



- Upward momentum in modest revenues
- Grant income €47k recognised (from €630k FISIR project) as cost offset
- Grant income on €2.1m FIT grant project to be recognised 2nd half
- Increased operational structure
 - New lab / office facilities
 - Technical & commercial staff
 - Senior mgmt recruited
- Stock options accrued €371k (non-cash)
- First half loss comfortably within budget and expectations
- Modest increase expected in second half to support business goals

Consolidated income statement			
Period ending	June 2006	Dec 2005	June 2005
	6 months	12 months	6 months
	€000's	€000's	€000's
Revenue	15	11	1
Raw materials	(46)	(84)	(16)
Personnel costs	(934)	(1,394)	(468)
Depr / amort.	(112)	(190)	(85)
Other expenses	(1,254)	(1,532)	(784)
Sub-total costs	(2,346)	(3,200)	(1,353)
Loss from operations	(2,331)	(3,189)	(1,352)
Loss for the period	(2,201)	(3,159)	(1,414)

Financial Review 1H 2006 – Cash flow



- No grant funding received during period
- VAT refunds reducing receivables
- Reduction in trade payables following IPO costs
- €195k capital investment
 - Lab equipment
 - IT, F&F and cars (leased)
 - mainly grant funded
- Net cash outflow €2.0m
- Cash €9.3m at period end

Consolidated cash flow statement			
Period ending	June 2006	Dec 2005	June 2005
	6 months	12 months	6 months
	€000's	€000's	€000's
Cash outflow from operations	(2,201)	(3,159)	(1,414)
Depreciation, amortisation	112	190	85
Provisions, accruals & taxes	186	113	5
Equity settled transactions	371	225	0
Cash outflow before working capital	(1,532)	(2,631)	(1,324)
Movements in working capital	(259)	(687)	63
Capital expenditure	(195)	(902)	(955)
Net proceeds from share issues	0	15,295	2,661
Lease finance / minorities / other	(8)	101	86
Effect of foreign exchange	(1)	(53)	0
Net increase in cash & equivalents	(1,995)	11,123	531
Cash & equivalents at period end	9,289	11,284	692

Financial Review 1H 2006 – Balance Sheet



- Patent costs capitalised and depreciated over 10 years
- Modest increase in inventory
- Non-trade receivables falls as VAT credit offset vs social taxes
- Permanent reduction in trade payables

- Subsequent Event
 - Acquisition of Lavoria July 06
 - €565k financed by mortgage
 - Significant capital gain (unrecognised)
 - Small saving in net office cost

Consolidated balance sheet

As at period ending	June 2006 6 months €000's	Dec 2005 12 months €000's	June 2005 6 months €000's
Fixed assets	1,010	886	342
Intangible assets	836	876	935
Inventory	36	14	0
Receivables	672	701	397
Cash & equivalents	9,289	11,284	692
Total assets	11,843	13,761	2,366
Current liabilities	836	928	842
Long term liabilities	192	187	93
Equity	10,815	12,646	1,431
Total equity & liabilities	11,843	13,761	2,366

Patents progress



- Core patent is subject to imminent EU grant, proceeding well elsewhere in world
- New patents are filed in Italy, to be followed by EU application within 12 months
- Total of 14 patent applications (8 Italian, 6 PCT)
- Several patents being prepared for filing in next six months



The Run Time Gap



“Power matters a lot and demand is only increasing. The consistent message from Intel’s consumer surveys is that battery life is the number one demand.”

Intel to Fuel Cell Review

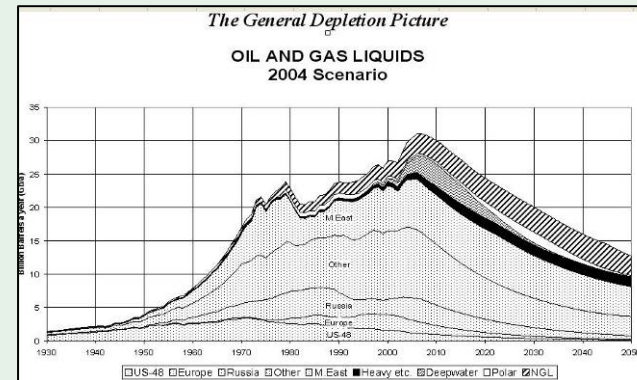
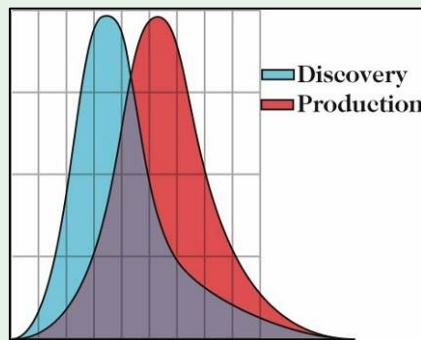
- Laptop power requirements are increasing due to larger screens, wi-fi and the increasing use of media facilities such as DVD
- Mobile phone power requirements are increasing even faster. In Japan, phones are now multi-media devices, even including TV
- Li-ion battery performance is increasing by no more than 3-5% per annum and is set to plateau
- Laptop market is set to double in the next three years and to hit 140m units by 2010



Peak Oil



- Peak Oil theory states that peak in oil supply from an oil field can be expected some 30-40 years after discovery. This has been well corroborated in practice.
- Application of this theory suggests that global oil production will peak somewhere between 2005 and 2010 and will then irreversibly decline
- Natural gas reserves are larger, but can be hard to transport from remote areas and are largely controlled by potentially unstable or hostile regimes
- Coal reserves are larger still – and the irresistible temptation to use them will drastically increase the greenhouse gas emissions which are already altering the key environmental mechanisms of the earth
- Demand for fossil fuels is set to grow by 40% in the next 20 years



Platinum – too little of a good thing?



Scarcity:

- annual global production – 6.4 m oz
- demand greater than supply for last 6 years

Cost:

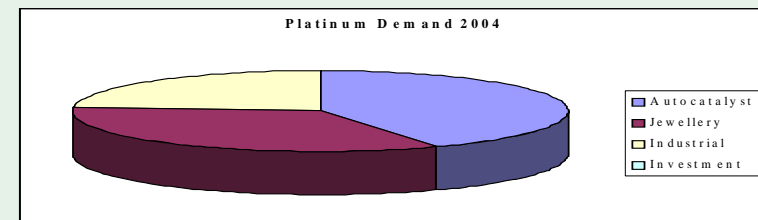
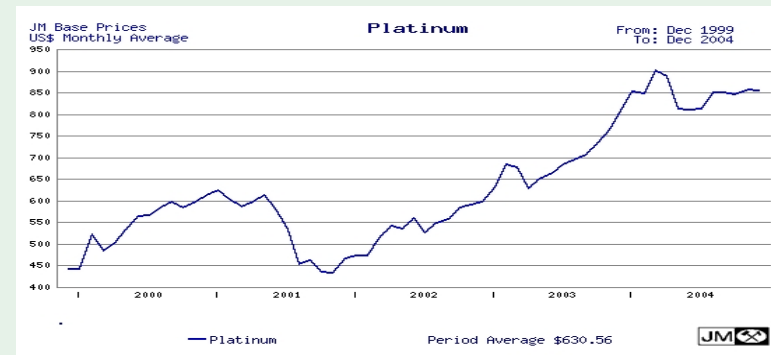
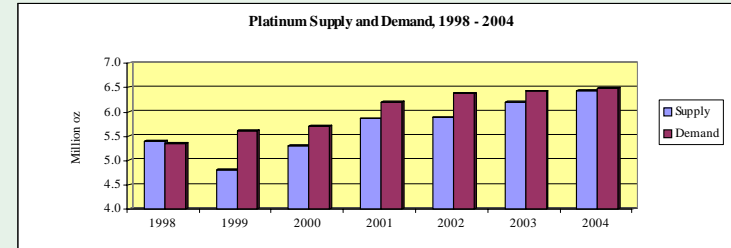
- prices increasing sharply even before launch of fuel cells in volume

Usage:

- few substitute products
- growing markets for existing uses
- new applications to drive increased demand

Technical Constraints:

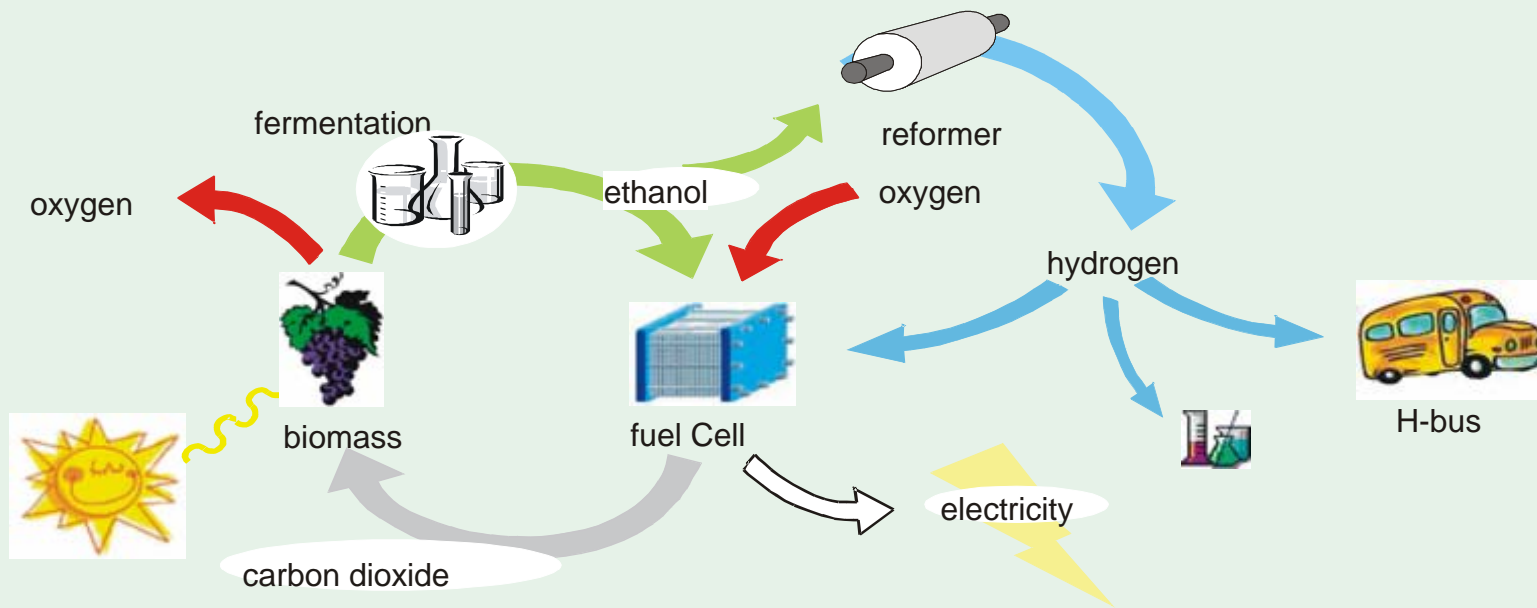
- carbon monoxide poisoning – limits the possible fuels only to pure Hydrogen and Methanol (at high Pt/Ru loading)
- alcohol cross-over - limits fuel concentration (energy content of fuel cell)



Truly environmentally friendly products



- Fuel cells powered from fossil fuels reduce environmental harm but do not eliminate it
- HYPERMEC fuel cells allow the use of ethanol produced from bio-mass, a truly green product that uses carbon from the existing carbon cycle



Acta for investors



- Anglo-Italian company
- Main location in Tuscany
 - Bespoke catalyst development centre
 - Installed capacity for 1 ton of catalyst
 - Good location for business
- UK commercial/investor relations office
- Listed on AIM Oct 2005 raising £8m
- Solid post-IPO performance
- High quality investor base

