ANNUAL REPORT 2013

POWERED BY NATURE

2013 Financial Results

- Revenues of €411,000 (2012: €261,000 excluding €175,000 discontinued activities)
- Revenues from products sales of €397,000 (2012: €151,000)
- Operating loss of €1.1 million (2012: €3.1 million loss) including share option cost reversal of €2.4 million as previously announced
- Successful fundraising totalling £2.1 million before expenses
- 1.0 million grant funding received during 2013 (2012: €0.4 million)
- €2.1 million year end cash (2012: €0.2 million)

2013 Commercial Update

- Sales and Marketing
  - Commercial launch of the Acta Power: a "*hydrogen battery*"™ with autonomous refuelling
  - Five Acta Power units sold: two live site evaluations successfully completed; one system installed with evaluation in progress; one tested, approved and awaiting installation; and one being used for demonstration
  - All evaluations have performed well and according to specification
  - Increasing number of enquiries for renewable energy storage and hydrogen vehicle refuelling applications
  - Sales and distribution partnerships strengthened in SE Asia, China and India
- Operational and Product Development
  - CE Certification of Acta Power achieved at end of 2013
  - Increase in staffing levels in sales, production, technical support and field service engineers
  - Expansion of production facilities underway targeting capacity of 40 Acta Power units per month for H2 2014
  - Standardisation of product range on modular components
  - Implementation of web interface for remote Acta Power system management

Developments since Year End

- Cooperation agreement signed with ReliOn Inc, the market leader for telecom backup power in North America
- Launch and joint promotion of the Acta Power HT, designed for the US market and incorporating ReliOn's fuel cell system, at the Mobile World Congress in Barcelona
- Renewable energy storage trial running in Cheshire with positive results
- Shipment of Acta Power system sale to Singapore for renewable energy storage evaluation
- Larger electrolyser stack development completed and released for production
- Acta Power Cube launched at Hannover Messe 2014: renewable-powered, self-recharging 200W fuel cell back-up power system developed in collaboration with ReliOn
- Acta secured a repeat order for fifteen electrolysers from one of its longest standing customers, M-Field Energy Ltd ("M-Field")

CONTENTS

Outlook

"We believe that Acta is rapidly gaining momentum and is on the verge of breakthrough. We look forward to the delivery of significant customer orders during the course of the year."

Paolo Bert, Chief Executive Officer
26 March 2014

ACTA'S KEY ROLE:
ON SITE HYDROGEN GENERATION

Thanks to the simplicity of Acta's electrolytic process, Acta's hydrogen generators can be used for on-site hydrogen generation. This opens an enormous number of opportunities for Acta's products.

- *World- leading IP*
- *Core technology platform*
- *Full on-site hydrogen generation solution*
- *Large hydrogen energy market*
- *Diverse applications*

ON-SITE HYDROGEN GENERATION: the key to the hydrogen energy market

Electrolytic stacks

Core Expertise

- Unique patented invention
- World-leading Intellectual Property

Electrolysers

Technology Platform

- Generates hydrogen on-site
- Modular components

Systems

The Hydrogen Battery™

- Self-recharging fuel cell
- Grid or renewable
- Remote management

- Self-recharging fuel cell system
- Lowest cost solution
- Cheaper than battery or diesel
- Cheaper than hydrogen deliveries
- Powered by renewable or grid energy
- Robust, reliable, efficient
- Proven performance in the field
- Runs on tap water or rain water
- Smart solution vs traditional systems

FEATURES

Clean, dry and directly compressed hydrogen production
No need to use expensive and rare noble metals.
Direct connection to off-grid intermittent power sources, such as solar panels or wind turbines, to produce a truly clean hydrogen fuel.
The touchscreen display allows the user to control the machine with a simple, user friendly interface.
A local webserver interface is available on all Acta's electrolysers, to allow remote control.
Acta's electrolysers are easy to install, use and to integrate with other appliances, such as fuel cells.

COMMERCIAL VALIDATION through customers and partners

Automotive Fuel

Electric vehicles
Fuel from renewables
Fuel cell vehicle fleets launching in 2015

Back-Up Power

Fragile electricity grids
Hurricane Sandy:
fuel cell systems mandated for telecoms
Hydrogen infrastructure is lacking

3rd World

Primary power for remote communities
Critical national infrastructure investment
Renewable power storage

Domestic Power

Ubiquitous growth of renewables
Intermittency threatens grid stability
Local energy generation, storage and consumption

Acta Power installation in Cairo, Egypt

Fuel cell powered scooters, Taiwan

Acta Power for telecom back up power in Manila, Philippines

Joe Blanchard

Chief Operating Officer, ReliOn:

"The Agreement incorporating Acta's hydrogen electrolyzer with ReliOn's fuel cell products offers our customers an additional fueling solution, enabling them to address the requirements of equipment locations that have been challenging to this point. We look forward to jointly introducing the Acta Power HT to a variety of global markets."

Larry Stapleton

Vice President of Sales, Ballard Power Systems:

"We have been providing our fuel cell stacks to FutureE for use in its backup power system for several years now and it is great that we can work with Acta in their latest product launch to address the telecoms market. Ballard's FCgen-1020ACS air-cooled fuel cell stack is a highly reliable power source, currently deployed in more than 2,000 backup power systems worldwide."

Martin Burns

Director at Sefca, Australia:

"We have been working closely with Acta now for about 2 years. Our initial focus has been using the ActaPower for telecommunication backup, but we are also actively working with them on a number of new projects that we believe will offer a profound difference to how people solve some of their everyday problems."

Chairman's Statement

I am pleased to present the Preliminary Results for the year ended 31 December 2013 and to provide this statement on Acta's commercial progress.

Overview

During 2013 we have sold electrolysers and Acta Power systems for telecom back-up power applications in Africa, Australia, Taiwan and to two customers in the Philippines; for renewable energy storage applications in the UK and Singapore; and for fuel cell vehicle refuelling in Taiwan. We have increased our distribution channels in India, China, SE Asia and the UK, and we have announced an important technical and commercial cooperation agreement with ReliOn to address the US market and elsewhere.

As a result of these efforts our product revenues have grown significantly and our products have been evaluated by paying customers in live site conditions. This demanding process has demonstrated the validity of our products and has increased the size of the opportunities that we are facing.

In October 2013 we raised £2.1 million from shareholders and we are investing these funds in our technical and customer support team, in product standardisation, and in expanding our production facilities. These investments will allow us to meet the growing demand for onsite hydrogen solutions as the fuel cell sector continues its rapid commercial growth.

Financial Results

2013 revenues of €411,000 were generated entirely from product sales and related other income. Product sales grew by 163% from €151,000 in 2012 to €397,000 in 2013. Although still small in value, the growth in revenues and the number of repeat orders that we receive are important validations of the success and commercial appeal of our product range.

Operating losses (excluding the reversal of share option costs) rose to €3.5 million as the business returned to full operating levels after the cost containment measures put in place during 2011 to 2012. We expect our cost base to rise further in the current year as we increase our investments in commercial activities, production and customer support.

Strategy and Prospects

Our strategy is to focus on hydrogen energy market applications where fuel cells address large market opportunities, have reached sufficient commercial maturity to deliver cost savings to their customers, and where we can enhance the value proposition through cost effective onsite hydrogen generation.

We targeted the telecoms back-up power market first, and have seen that our success in the off-grid sector has taken us rapidly into opportunities for distributed renewable energy storage.

At the same time, the small footprint and cost effective pricing of our electrolysers have made them attractive for distributed hydrogen refuelling applications, such as that for fuel cell scooters which we are developing with our partner in Taiwan. Also in this area, the in-field success of our systems is leading to an increase in requests for small refuelling systems for materials handling (forklift trucks) and small fuel cell car fleets, as a complement to large centralised refuelling stations.

Due to the standardisation achieved across our product range we are able to obtain economies of scale from expanding into these different applications, and this is a further testimony to the value of our unique technology platform. Fuel cell manufacturers are showing increasing interest in the performance capabilities of our products as an enabler of their own sales, and we believe that our products will become the standard component for onsite hydrogen generation as the fuel cell industry grows to mass market volumes.

Robert Drummond
Chairman

Chief Executive Officer's Review

Introduction

The developments of 2013 have demonstrated the core value of our unique technology platform. The take-up of the Acta Power and its success in customer evaluations, and the spin-out opportunities that this has generated, have confirmed that we are positioned to address many substantial commercial opportunities within the hydrogen and fuel cell sectors.

Product Review

Acta Power: Back-Up Power Sector

During 2013 Acta developed and launched the Acta Power, an integrated electrolyser and fuel cell system for back-up power and renewable energy storage applications. To date the Company has shipped five Acta Power systems for evaluation with four major mobile telecommunication companies in Australia, Africa and the Philippines.

The market for back-up power systems in telecom base stations and data centres is viewed as the largest end user fuel cell market, and is estimated to be worth $2 billion. Current systems typically use bottled hydrogen supply, which limits adoption in remote or inaccessible locations, and the trialling of systems which produce their own hydrogen through the reformation of methanol as an alternative to bottled hydrogen shows recognition of the importance of onsite hydrogen generation.

The evaluation process employed by telecommunication companies typically involves a number of stages, including initial set-up and demonstration of the system followed by installation and testing at the premises of the telco's network equipment provider. Subject to the success of these stages the equipment will then be installed on the telco's own network for a live site evaluation, providing real-time back-up power for an operational base station.

In the trials undertaken to date the Company's product has progressed rapidly through the preliminary testing stages, has successfully completed two live site evaluations, has two further live site evaluations installed and in progress, and has one live site evaluation due to commence shortly. Customers have been impressed with the functionality and reliability of the system, which, due to its onsite hydrogen production capability, offers significant advantages not only over traditional battery or genset solutions, but also over fuel cell systems fed by bottled hydrogen.

The Company's first live site evaluation, which began in the Philippines in early November 2013, has been successfully concluded with the customer's confirmation that the system has performed to their satisfaction and as specified.

The next stage of adoption in each case is expected to be the inclusion of the Acta Power in the customer's catalogue of approved products, allowing local managers to specify the system for larger projects and installations, and the negotiation of larger network evaluations of the system. Acta is engaged in such negotiations with multiple mobile operators, and while this stage of the process is taking longer than had initially been expected, in some cases this is due to the need to approve the product on a global basis, rather than a local country basis.

Late in 2013 the Company also obtained CE Certification for the Acta Power, signifying an important step forwards in the commercial readiness of the product. The Acta Power system has a list price of €30,000 - €75,000 depending on system specification and auxiliary components.

Acta Power: Renewable Energy Storage

The capability of the Acta Power system to be powered directly by renewable energy sources has given rise to commercial interest in the system as a renewable energy storage device. During 2013 one electrolyser and one Acta Power system have been sold for energy storage evaluation projects, utilising wind power (UK) and solar (Singapore), and these projects will continue in progress during the first half of 2014.

There is significant interest in renewable energy storage applications as a power solution for small off-grid communities and remote locations. The energy storage market, including load control, smart grid and remote communities, is estimated to be worth over $10 billion. The Company is dealing with a number of significant opportunities in this area and will provide further news of progress in due course.

Electrolyser Systems

The sales of the Company's electrolyser systems have grown rapidly against prior years, with increasing levels of repeat orders from the Company's key clients. These sales typically address the back-up power or educational sectors, although interest in the company's product range is also growing from the automotive fuel cell and light electric vehicle sectors.

During 2013 the Company completed the development of a larger electrolyser stack capable of producing 6 m^3 / hr of hydrogen, six times the volume of the Company's current largest electrolyser. Two of these stacks will enable the assembly of a 50 kW electrolyser with a production capacity of 24 kg / day of hydrogen. The new stack has now completed its technical evaluation and has been released for production.

The market for onsite generation of hydrogen for industrial and other applications including hydrogen fuelling of fuel cell vehicles is currently estimated to be worth $100 million, and forecast to grow to $1.5 billion by 2030.

Operational Review

Production

The Company has made significant improvements in its production facilities, processes and volume capacity during 2013, following the opening of new 600 m^2 production facilities during the year. Product improvements have been developed to standardise the Company's product range on a modular design in order to streamline production activities. These developments have allowed the Company to shorten customer delivery times and are expected to provide the Company with adequate capacity to meet production demands from the second half of 2014 onwards.

Staff Resources

We continue to build out our team in response to the commercial and technical resource requirements of our growing product business. Personnel increased during 2013 from 33 to 43 heads including contract staff, with the "Production and Logistics" department increasing from 6 to 14 and "Technical Support Services" increasing from 5 to 10, including the reallocation of staff from research activities. We will continue to strengthen these departments, together with sales and sales support, according to requirements as the business develops during 2014.

Grant-Funded Projects and Research Activities
The Group received €1.1 million in grant funding during 2013. Grant-funded activities during the year included work on a European grant-funded project to provide an ammonia-cracking reactor and catalysts for ammonia-fed alkaline fuel cells. The Company is due to receive a further €1.0 million during 2014 to 2015 from current grant-funded projects based on the achievement of project milestones.

No paid research activities were undertaken during the year. However, the world-leading standard of the Company's scientific knowledge base was validated by the publication of a peer-review article about Acta's core electrolyser technology in Angewandte Chemie, one of the world's leading general chemistry journals.

Highlights since Period End
On 13 February 2014 we announced the signing of a commercial and technical cooperation agreement with ReliOn In, one of the largest fuel cell manufacturers in the world specialising in back-up power systems for telecom, government and transportation applications.

Following the signing of this agreement we launched a second version of the Acta Power system, designed for the US market, at the Mobile World Congress in Barcelona on 24-27 February 2014, and Acta and ReliOn will be collaborating for the promotion of this model in the US market and elsewhere during 2014. In addition we have launched the Acta Power Cube, developed in collaboration with ReliOn, a renewable-powered, self-recharging 200W fuel cell back-up power system, at the Hannover Messe, 7-11 April 2014.

We believe that the rapid development of our relationship with ReliOn gives further commercial and technical validation to the value of our core technology platform.

We have also received a repeat order for fifteen 500L/h modular rack-mounted electrolysers from M-Field, a telecom back-up power fuel cell system integrator based in Taiwan and one of our longest standing customers. This order follows the sale of six similar systems to M-Field previously announced on 14 October 2013.

Paolo Bert
Chief Executive Officer

Chief Financial Officer's Review

During 2013 the Group generated revenues of €411,000 entirely from product sales and related other income, which represented an increase of 57% over 2012 revenues of €261,000 (excluding discontinued photovoltaic contract revenues of €175,000 in 2012). Product sales grew by 163% from €151,000 in 2012 to €397,000 in 2013.

Operating costs were reduced by the reversal of share option costs from prior years (€2.4 million), resulting in an operating loss of €1.1 million (2012: €3.1 million loss). Excluding the reversal of share option costs, operating losses rose to €3.5 million as we returned the business to full operating levels following the cost containment measures put in place during 2011 to 2012.

We expect our cost base to rise further in the current year as we increase our staff levels and other investments in commercial activities, production and customer support. The investments undertaken during 2013 have significantly extended the commercial reach of the business, and the additional expansion planned for this year will allow us to ensure production and sales support capacity for this year and next.

The Group benefitted from grant cash receipts of €1,022,000 (2012: €353,000) during the year, and these funds were primarily recognised as reductions in grant receivables or previously capitalised grant project costs. €177,000 was recognised as a reduction of research costs during the year (2012: €254,000).

Cash balances at the year end were €2.1 million compared to €178,000 at the end of 2012. Net operating cash outflow was €1.5 million for the year (2012: €2.0 million outflow), while net cash outflow excluding fundraising was €2.8 million, compared to €2.6 million net cash outflow in 2012.

Outlook

The Company's activities now range across a number of hydrogen energy applications in the back-up power and renewable energy storage sectors together with electrolyser sales for materials handling and fuel cell vehicle refuelling. We continue to focus on high volume applications with strong economic drivers, and believe that the coming year will see substantial progress in the adoption of our products through our growing network of customers and commercial partners.

Paul Barritt
Chief Financial Officer

Board of Directors

ROBERT DRUMMOND

Non-Executive Chairman

Aged 68. Robert has had a successful career in venture capital and is very experienced in guiding young companies through their early growth phases. He has been Managing Director of NatWest Ventures and Grosvenor Capital and was Chairman of the British Venture Capital Association. He is now Chairman of Chrysalis VCT. He is a chartered accountant.

PAOLO BERT

Chief Executive Officer

Aged 67. Paolo Bert is co-founder and Chief Executive Officer of Acta SpA. Following entrepreneurial success in the field of the plastic materials extrusion, since 2000 he has focused his interest on renewable energy and waste water treatment. In 2002 he financed a research project into membranes and catalysts for fuel cells, resulting in a family of novel catalysts branded HYPERMEC. In 2004 this technology was transferred into Acta SpA, which Mr Bert took public on the London Stock Exchange's AIM market in 2005. Mr Bert has filed more than twenty patents and he has attended numerous international conferences as a speaker.

PAUL BARRITT

Chief Financial Officer

Aged 52. Paul joined Acta as Non-executive director in 2005 and as CFO in May 2006. He has acted as a key adviser to the company since 2003, providing business, financial and strategic consultancy advice. Previously, Paul was a senior consultant to Market Capital Italia, an independent advisory firm which initiated the first Italian IPO on AIM. He has an in depth knowledge of corporate finance in both the UK and Italian markets. Paul graduated from Oxford University in 1985.

ALDO FILIPPINI

Non–Executive Director

Aged 55. Aldo is an Italian Chartered Accountant and Auditor. After serving in KPMG for four years he left as supervising senior to start his own tax and legal consultancy business. He has been a member of the Council of Rome of Chartered Accountants, Chairman of the Consultancy and Euro Transition Commissions and Director of the Chartered Accountant School. He is Chairman or Member of the audit committees of several major Italian companies and Consultant for Italian subsidiaries of multi-national companies. He has participated, as a Consultant or as a Director, in the restructuring of major financial companies.

RODNEY WESTHEAD

Non–Executive Director

Aged 70. Rodney joined Acta as a Non Executive Director and member of the Audit Committee in August 2012 and is a director of Transense Plc and Clean Air Power Ltd and a member of Council of Brunel University. During his career in the British automotive industry, Rodney served as the Group Chief Executive of Ricardo plc (the largest automotive consultancy company in Europe), where he was responsible for managing a global range of companies engaged in automotive strategic and technology consulting and led the Group in strategic acquisitions in the UK and Europe. Prior to serving as Chief Executive, Rodney served as the Group Finance Director. Rodney Westhead was a partner in Grant Thornton, including Managing Partner of the London office.

Directors' Report

The Directors present their Directors' Report and the Consolidated Financial Statements for the year ended 31 December 2013.

Principal activity

Acta Group (the "Group") is comprised of Acta S.p.A. ("Acta" or the "Company"), which was incorporated on 28 June 2004, and its subsidiary companies ActaSol S.r.l., Idea Lab S.r.l. ("Idea Lab"), and Acta Catalysts Ltd ("Acta Catalysts").

The Group's principal revenues during the year came from the sale of electrolysers, of energy storage systems based on electrolysers and fuel cells, and of components based on the proprietary technology of the Company. Following the Group's exit from the photovoltaic sector in 2012, these activities did not generate any revenue during the year.

The principal activity of the Group is the development, production and marketing of innovative clean technology products for fuel cells and other hydrogen applications. The Company's products cover a wide range of hydrogen generators and respective stacks and components which were sold during the course of 2013 in the telecommunications back-up power sector, to energy independent homes, for hydrogen supply systems and other applications.

Revenues from the sales of products, which include the Acta Power back-up system, electrolysers, electrolyser components and catalysts, amounted to €397,000 compared to €151,000 in 2012. There are no revenues from research and development which amounted to €82,000 in 2012. Revenues from research and development activities related to a research contract signed with a multinational industrial group and with several US universities, which ended in 2012.

As a result of the Group's exit from the photovoltaic industry, no revenues were recorded in this sector (2012: €175,000).

During 2013 Acta launched the Acta Power system for energy back-up and storage from renewables which resulted in significant progress in terms of marketing of its main products, with several partnerships signed during and after the end of the year. It is believed that these agreements will generate a substantial growth in revenues for these products in 2014 and in years to come.

Considering that the Group has not yet started to generate cash and that the losses in 2013 were significant, the Directors undertook an impairment test on land and buildings, on its products' development costs and on the patent portfolio, as described hereafter, from which did not issue any impairment. The Directors believe that the values recorded in the balance sheet for product development costs (€747,000) and for patents (€216,000) will be recovered from the cash flow generated by the sales of products based on patented technologies which will be marketed in the medium term.

The loss for 2013 attributable to the shareholders of the parent company amounts to €1,207,000 and includes the reversal of stock option expenses incurred in previous years for €2,398,000. Excluding the reversal of stock option expenses incurred in previous years, the 2013 loss attributable to the shareholders of the parent company would have been total €3,605,000 (2012: €3,134,000).

Review of the business and future developments

A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's Statement, the Chief Executive Officer's Review and the Chief Financial Officer's Review, presented in the Annual Report.

Results for the financial year

The results for the financial year are set out on page 30.

Principal risks and uncertainties

The management of the business and the implementation of the Group's strategy are subject to a number of risks. These risks are reviewed by the Board on a regular basis, and appropriate measures are taken to the extent practicable to monitor, control and mitigate against them.

The key risks affecting the business of the Group are as follows:

Market Acceptance

The future revenues of the Group are dependent upon the development of markets for products incorporating the Group's technology and related products. If such markets fail to develop or develop more slowly than anticipated, the Group may be unable to recover the costs it will have incurred in the development of its products and may achieve profitability or positive cash flow.

Dependence upon External Equipment Manufacturers

The Group is a component supplier and its commercial strategy includes the supply of its products and technology to external equipment manufacturers and industrial users. The Group's future revenues will depend upon its ability to develop strong partnerships with such manufacturers and to achieve technical acceptance of its products by them.

Supply Chain

The Group largely operates within new product areas in which supply chains are not fully established, and in which there are a limited number of suppliers of certain key components. The failure to establish strong relationships with key suppliers, or the failure of key suppliers to meet end user requirements in terms of performance, quality or cost, would adversely affect the future revenues of the Group.

Intellectual Property

The Group owns a portfolio of patents and patent applications. In the case of patent applications, it is possible that the scope of the claims may be narrowed during the process of examination. Patent applications may be refused completely and even if granted, it is possible for their scope to be further narrowed or for a patent to be fully or partially invalidated, as a result of a claim by a third party. Unauthorised parties may attempt to copy or obtain and use the Group's technology for incorporation in their own products. Litigation may be necessary to enforce the Group's intellectual property rights and could result in losses to, and diversion of effort by, the Group with no guarantee of success.

The Group protects aspects of its technology by way of trade secrets. Technology protected in this way only retains its commercial value for as long as it remains confidential and the disclosure of its trade secrets could have an adverse effect on the Group.

Technology

The Group's technology is new and therefore there are risks associated with the development, performance and the long-term operational life of the Group's products. These risks also apply to new product developments by the Group. There is also a risk that the Group's technology could be superseded by alternative technological solutions or other new products.

Manufacturing

To achieve commercial success, the Group's products have to be manufactured in large quantities, in compliance with regulatory and quality control requirements and at acceptable cost. The scaling up of production to commercial volumes implies a further growth of the organization which will require more investment.

Competition

The Group's competitors and potential competitors include major energy, utility, chemical, electronic and other companies who have substantially greater resources than those of the Group. Competitors and potential competitors may develop products that are less costly and/or more effective than the products of the Group or which may make those of the Group obsolete or uncompetitive.

Dependence upon Key Executives and Staff

The future success of the Group will depend upon the expertise and continued service of certain key personnel, and on the Group's ability to attract and retain suitable personnel in the future. If the Group fails to attract and retain key personnel, it may be difficult for the Group to manage its business and meet its objectives.

Financing

While the Directors believe that the Group will become profitable and cash generating in the medium term, the Group may need to raise additional financing before profitability is achieved. Adverse market conditions prevailing at that time may affect the availability or cost of such financing.

Growth Management

In order to grow the business significantly there will need to be substantial investment in managerial, operational, and manufacturing resources, together with the development of enhanced information systems and controls. There is a risk that future growth will be constrained by insufficient resources.

Future Litigation

The Group's business and operations may be adversely affected by litigation arising from product liability, environmental harm, intellectual property infringement, contractual disputes and other events. Any liability arising from such claims could result in substantial damages, and could adversely affect the perception of the Group or its products, which may materially impact upon its financial condition and operating results.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Paolo Bert - Executive Director

Paul Barritt – Executive Director

Robert Drummond – Non-Executive Director

Aldo Filippini – Non-Executive Director

Rodney James Westhead – Non-Executive Director

The General Meeting of 3 July 2013 resolved and established that the Company be administered by a Board of Directors consisting of five members, with appointments lasting three years in accordance with Italian corporate practice, until approval of the 2015 financial statements, and to appoint the above-mentioned individuals as members of the Board of Directors.

Directors' remuneration

The Directors' remuneration during the year was as follows:

	31-Dec-13 €'000				31-Dec-12 €'000			
	Salary	Benefits	Bonus	Total	Salary	Benefits	Bonus	Total
Paolo Bert	284	30	0	**314**	267	30	0	**297**
Paul Barritt	162	17	0	**179**	146	20	0	**166**
Robert Drummond	51	0	0	**51**	43	0	0	**43**
Aldo Filippini	37	0	0	**37**	29	0	0	**29**
Rodney Westhead	27	0	0	**27**	9	0	0	**9**
Fabio Mastrangelo	0	0	0	**0**	23	0	0	**23**
Total	**561**	**47**	**0**	**608**	**517**	**50**	**0**	**567**

The total directors' remuneration shown above (€608,000) is €121,000 less than the amount documented in Note 6 (€729,000) as the above summary does not include social security costs and other expenses (€72,000) as well as stock option costs (€49,000), which are included in Note 6. The non-executive director Rodney Westhead joined the Board of Directors on 22 August 2012, to replace outgoing director Fabio Mastrangelo.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Group:

	Number of ordinary shares As of 31 Dec 2012	Percentage of ordinary shares As of 31 Dec 2012	Number of ordinary shares As of 31 Dec 2013	Percentage of ordinary shares As of 31 Dec 2013
Paolo Bert	17,313,022	12.33%	17,455,879	10.24%
Paul Barritt	35,000	0.02%	177,857	0.10%
Robert Drummond	184,200	0.13%	227,057	0.13%
Aldo Filippini	0	0.00%	71,429	0.04%
Rodney Westhead	100,000	0.07%	171,429	0.10%

Mr. Paolo Bert owns 725,879 shares of the Group in his own name and is the 51% shareholder in Bertam Srl, which owns 16,730,000 ordinary shares in the Group. The remaining 49% of the Bertam shares are held by Mr. Tampucci, co-founder of Acta with Mr. Paolo Bert.
None of the Directors who held office at the end of the financial year, nor any of their immediate families

and persons connected with them, has any other interest in the shares of Acta or of its subsidiaries except as disclosed above.
No rights to subscribe for shares in the parent company Acta or other companies of the Group were granted to any of the Directors or their immediate families and persons connected with them, or exercised by them, during the financial year except as indicated below:

	Number at 31 December 2012	Number of options granted in 2013	Number of options exercised in 2013	Number of options lapsed in 2013	Number at 31 December 2013
Paolo Bert	1,109,862	1,611,517	0	0	2,721,379
Paul Barritt	639,119	961,874	0	0	1,600,993
Robert Drummond	213,170	307,195	0	0	520,365
Aldo Filippini	0	181,296	0	0	181,296
Rodney Westhead	0	151,080	0	0	151,080

The following table summarises the value of options granted to the Directors:

	Value of options granted in 2013 €'000	Value of options granted in 2012 €'000
Paolo Bert	24	103
Paul Barritt	15	62
Robert Drummond	5	20
Aldo Filippini	3	0
Rodney Westhead	2	0
Fabio Mastrangelo	0	(56)
Total	**49**	**129**

The total value recognized for the options granted (€49,000) is included in personnel costs, in accordance with the International Financial Reporting Standards (IFRS).
The options derive from Share Option Plans issued by the Company in 2009, 2010 and 2013.
The General Meeting of 3 July 2013 resolved to approve the "2013 Share Option Plan" in favour of employees of the Company, members of the Board of Directors and collaborators of the Company, and to increase the share capital up to a maximum nominal amount of €30,000.00 by issuing a maximum of 5,000,000 ordinary shares. The options assigned in 2013 have an exercise price of 12.0 pence sterling and may be exercised from 3 July 2015.
The options granted during 2010 have an exercise price of 15.0 pence sterling, and can be exercised starting from 28 June 2012.

The options granted during 2009 have an exercise price of 10.0 pence sterling, and can be exercised starting from 25 June 2011.
The General Meeting of 3 July 2013 acknowledged the expiry of the stock option plans of prior years. Following this resolution, 4,789,235 options were eliminated from the authorised share capital of the Company, and the value of €2.4 million recognised as an expense in the prior years' financial statements in relation to these options was reversed in the 2013 income statement.
There are no other pending options.

Directors' indemnity provisions

The Group has entered into a commercial insurance arrangement whereby Directors and employees may be indemnified in respect of matters relating to the admission of the Group to the London AIM market and the normal management and operation of the Company.

Substantial shareholdings

On 8 May 2014, the Directors have been notified of the following shareholders of 3% or more of the 170,431,939 ordinary shares of the Company:

	Number of ordinary shares	Percentage of issued ordinary shares
Bertam S.r.l.	16,730,000	9.82%
Legal & General Group Plc	21,000,000	12.32%
Cheviot Asset Management Ltd	13,872,858	8.14%
JM Finn & Co	8,443,100	4.95%
Joseph Henry and Family	7,674,286	4.50%
Heliocentris Energy Solutions AG	5,200,000	3.05%

As noted above, Mr. Bert and Mr. Tampucci are indirect owners, through Bertam Srl, of 16,730,000 (9.82%) shares in Acta, and in addition Mr. Bert owns 725,879 (0.42%) shares in Acta in his own name.
Acta does not hold treasury shares.

Policy and practice on payment of creditors

It is the Group's policy to fix the terms of payment with suppliers when agreeing the terms of each transaction and to abide by these terms of payment.

Political and charitable contributions

The Group made no political or charitable contributions during the year.

Employees

The Group's employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, sex, religion, sexual preference or mental or physical ability. Full consideration is given to the employment, training and career development of disabled persons and persons who become disabled.

Environment
The management of the activities, in addition to the application of the current regulations on the environmental profile of the Group, is subject to a series of risks that are regularly monitored by the Board. The Board undertakes suitable measures, to the degree possible, intended to verify, manage and mitigate such risks.

Corporate Governance
The Directors have reviewed the requirements of the laws in force and comply with its principles where possible given the size and stage of development of the Group. This is discussed in detail on pages 24-26.

Going concern
The financial statements have been prepared on a going concern basis. In 2013, as in previous years, the Group has not generated sufficient revenue to cover its operating costs and has incurred significant losses from operating activities and these losses are expected to continue in 2014 as well. The cash resources available to the Group at the end of the year increased from €178,000 to €2.1 million. This increase was mainly obtained following the increase in capital (€2.3 million net of expenses) in November 2013.
The continuation of losses in 2013 represents an "impairment indicator" and, consequently as indicated in the Notes 11 and 12, the Group has undertaken an impairment test for the tangible assets, for the fixed life intangible assets and for investments in subsidiaries.
The Directors believe that the Group will generate revenues during 2014 and will continue to do so thereafter from the sale of its products to its main commercial partners. Although commercial output is not yet in full production, the Group's products have seen significant interest from major mobile telecommunications operators, government agencies and manufacturers of integrated fuel cell systems, as well as other business partners, and as a result the Directors expect revenues from products to grow strongly in the current year and thereafter, as in 2013.
On 22 October 2013 the Board of Directors of Acta approved the 2014-2015 business plan which foresees the generation of cash flow mainly from the sale of the products to existing and new commercial partners. Nevertheless there is uncertainty about the future profitability and/or cash flow generation of the Group may be in line with expectations from the Board, as well as could be delayed compared with forecasts.
On 7 January 2013 the parent company Acta SpA completed a capital increase of £2.11 million sterling before costs and on November 4 2013 it completed an additional capital increase for £2.10 million sterling before transaction costs. Despite the above-mentioned cash outflow for the year, which continued in the first months of 2014 and after having carefully reviewed the commercial risks and available risk mitigation, and based on the current status, the Directors believe that, should the generation of cash flow arising from the sale of products be delayed, the Group has adequate financial and management resources (such as unused bank facilities, access to working capital facilities and other sources of new capital) to cover the financial and liquidity needs for at least 12 months starting from 1 January 2014.
Furthermore, the Directors believe that the Group will become profitable and cash generating in the medium term, following the current adoption phase of its products, thanks to the broad commercial potential of its patented technology and its products.

Subsequent events
On 13 February 2014, the Company announced the signing of a wide-ranging collaboration agreement with ReliOn Inc., one of the largest fuel cell producers in the world, specialized in back-up power systems for telecommunications, government and transport applications, along with the launch of a new version of the Acta Power system designed for the U.S. market and which incorporates the fuel cell system of ReliOn.
On 7 April 2014, Acta announced the launch of Acta Power Cube at the technology fair in Hannover. The Acta Power Cube incorporates the 200W fuel cell system of ReliOn and is a compact, back-up, self-charging

power system designed for mass market applications in the sectors of railway signalling, telecommunications, transport, security and government.

Related parties

The details of transactions with related parties are disclosed in Note 25.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each Director has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

Under Italian legal requirements, auditors are appointed under a three year contract. The Company's contract with PKF S.p.A to act as auditors for the Company for the three year period 2013 to 2015 was approved at the Annual General Meeting held on 3 July 2013.

By order of the Board,

Paolo Bert
Chief Executive Officer

Corporate Governance Report

The Board of Acta is committed to the principles of Corporate Governance contained in the Combined Code on Corporate Governance (the "Code") for which the Board is accountable to shareholders. Since admission to AIM on 4 October 2005 the Company has been in compliance with the Code provisions set out in section 1 of the Code.

The Group has applied the principles set out in section 1 of the Code. Further explanation of how the principles and supporting principles have been applied is set out below and in the Directors' remuneration report.

Board Structure

The Group is headed by an effective and objective Board which is collectively responsible for setting the strategic aims. The Board has put in place a framework of prudent and effective controls which enables strategy, budget and risks to be assessed and managed. All major decisions concerning the management of risk, the recruitment of key staff, investor communications, strategic investments and the entering into contracts are approved by the Board in advance. At 31 December 2013 the Board was formed by two Executive and three Non-Executive Directors.

The Board considers all the Non-Executive Directors to be independent in accordance with the requirements of the Code. All Committees, as well as Director's individually, have the authority to access independent professional advice at the Group's expense. The appointment of each member of the Board, for a period of three years expiring at the shareholders' approval of the 2015 financial statements, was approved at the Annual General Meeting held on 3 July 2013.

The Board meets on a regular basis, usually monthly, or otherwise as may be required to ensure the satisfactory execution of its duties.

Nomination Committee

The Nomination Committee consists of the Chairman Robert Drummond and the Chief Executive Paolo Bert. The committee has clear terms of reference and has been made responsible for all Board appointments. All Directors are subject to re-election every three years, at the expiry of the Board itself. Italian law also requires that the shareholders approve executive appointments in advance and approve all non-executive appointments at the next general meeting.

Remuneration Committee

The Remuneration Committee's role is to decide on senior executive remuneration including bonus and share option policies and levels of remuneration for the Company's senior management. Directors' remuneration is set at the level required to attract and retain the Directors needed to run the Group successfully, this level being set after consultation with independent executive search firms and by reference to comparable companies. The Remuneration Committee is chaired by the director Mr. Rodney Westhead and consists of Mr. Rodney Westhead, the Chairman of the Board Robert Drummond and the Chief Executive Paolo Bert.

Audit Committee

The Audit Committee is chaired by Mr. Aldo Filippini, a professional accountant (Dottore Commercialista), and includes the Chairman of the Board Robert Drummond and Mr. Rodney Westhead, both qualified accountants. The Audit Committee members have all been reviewed to ensure their independence. Italian law requires that the Chairman of the Audit Committee is a qualified Italian accountant. The Committee's terms of reference

include review of interim and annual financial statements, accounting policies and internal management and financial controls, where these activities are not covered by the meetings of the Board.
The Audit Committee also considers the appointment and fees of the external auditors, with whom it meets at least once a year, and discusses the audit scope as well as the findings arising from audits.

Internal Audit

The Group currently does not have an internal audit function. The Directors believe that this would not be appropriate given its size and its current activities.

Board Performance

In 2013 the Board maintained an informal process for the evaluation of its own performance during the year. The Board believes that this evaluation process is commensurate with the current size and activities of the Group.

Communication with Shareholders

The Board takes the opportunity afforded by the Annual General Meeting and meetings with institutional investors to ensure that the Group's objectives are widely communicated and understood. All preliminary, final and interim results presentations to investors and industry analysts, together with major press releases, are published on the Group's website. Financial reporting is presented in such a way as to provide a balanced and understandable assessment of the Group's position and prospects.

Internal Control

The Board is responsible for the Group's system of internal control and for regularly reviewing its effectiveness. The Board has reviewed the effectiveness of the systems of internal control for the accounting year and the period to the date of approval of the financial statements. This review covered all material controls, including financial, operational and compliance controls and the risk management systems and is in compliance with Turnbull guidance to the extent reasonably possible in a small company. It should be understood that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable rather than absolute assurance against material misstatement or loss.

Board Attendance of Meetings

The following table shows the frequency of, and attendance at, Board and Committee meetings during the year to 31 December 2013.

	Board	Audit	Remuneration	Nomination
Total held	**13**	**6**	**3**	**0**
Robert Drummond (Chairman)	13	6	3	0
Paolo Bert (CEO)	13	n/a	3	0
Paul Barritt (CFO)	13	n/a	n/a	n/a
Aldo Filippini (Non-Executive Director)	13	6	n/a	n/a
Rodney Westhead (Non-Executive Director)	13	6	3	n/a

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the Group and parent company financial statements, in accordance with applicable law and regulations (Italian regulation and AIM rules).

The consolidated financial statements are required by Italian law and International Financial Reporting Standards as adopted by the European Union (EU) to present fairly the financial position and the performance of the Group.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with International Accounting Standards and with applicable Italian law as appropriate. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Independent Auditor's Report

To the Shareholders
of Acta S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Acta S.p.A. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Acta S.p.A. and its subsidiaries as at December 31, 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matter

The consolidated financial statements of Acta S.p.A and its subsidiaries for the year ended as at December 31, 2012, were audited by us and we expressed an unmodified opinion on those statements on May 13, 2013.

Florence, May 08, 2014

PKF Italia S.p.A.

Massimo Innocenti
(Partner)

Consolidated financial statement and Notes of Acta Group as of 31 December 2013

Comprehensive Consolidated Income Statement

	Notes	Year ended 31 Dec 2013	Year ended 31 Dec 2012
		€'000	€'000
Revenues	**5**	411	436
Costs			
Raw materials and consumables	**14**	(147)	(140)
Ordinary personnel expense	**6**	(1,673)	(1,678)
Reversal of prior years' stock option costs		*2,398*	*0*
Total personnel expense		725	(1,678)
Depreciation and amortisation expense	**11/12**	(295)	(424)
Other operating revenues (expenses)	**7**	(1,834)	(1,268)
Operating profit (loss)		**(1,140)**	**(3,074)**
Financial income	**8**	17	25
Financial expense	**8**	(77)	(82)
Profit (loss) before tax		**(1,200)**	**(3,131)**
Taxes	**9**	(12)	(3)
Profit (loss) for the period		**(1,212)**	**(3,134)**
Attributable to:			
Equity holders of the parent		(1,207)	(3,134)
Minority interest		(5)	0
Loss per share (Euro)	**10**	**(0.01)**	**(0.04)**

Consolidated Statement of Financial Position

	Notes	Year ended 31 Dec 2013	Year ended 31 Dec 2012
		€'000	€'000
ASSETS			
Non-current assets			
Property, plant and equipment	**11**	982	1,076
Intangible assets	**12**	2,130	1,082
Non-current assets	**12**	0	6
Total non-current assets		**3,112**	**2,164**
Current assets			
Inventories	**14**	738	127
Trade and other receivables	**15**	1,061	2,824
Cash and cash equivalents	**16**	2,086	178
Total current assets		**3,885**	**3,129**
Total assets		**6,997**	**5,293**
EQUITY AND LIABILITIES			
Equity			
Share capital	**21**	1,023	842
Capital reserve	**21**	33,281	33,602
Retained losses		(33,445)	(32,255)
		859	**2,189**
Receivables from shareholders – share capital	**21**	0	(253)
Receivables from shareholders – share premium	**21**	0	(2,142)
Minority interests	**21**	5	(4)
Total equity		**864**	**(210)**
Non-current liabilities			
Employee benefits (TFR)	**19**	283	216
Long term provisions	**26**	1,292	1,308
Long term borrowings	**17**	1,147	1,230
Total non-current liabilities		**2,722**	**2,754**
Current liabilities			
Short-term borrowings	**17**	174	143
Trade and other payables	**18**	3,237	2,606
Total current liabilities		**3,411**	**2,749**
Total liabilities		**6,133**	**5,503**
Total equity and liabilities		**6,997**	**5,293**

These Consolidated Financial Statements were approved by the Board of Directors on 8 May 2014.

Condensed consolidated statement of changes in equity (Note 21)

	Share capital	Reserve capital	Retained earnings	Group total equity	Minority interest	Receivable from shareholders	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2012	**284**	**29,540**	**(29,121)**	**703**	**(4)**	**0**	**699**
Issue of new shares	558	4,480	0	5,038	0	0	**5,038**
Share issue expenses	0	(421)	0	(421)	0	0	**(421)**
Discontinued operations	0	(126)	0	(126)	0	0	**(126)**
Share-based payments	0	129	0	129	0	0	**129**
Loss for the period	0	0	(3,134)	(3,134)	0	0	**(3,134)**
At 31 December 2012 (gross value)	**842**	**33,602**	**(32,255)**	**2,189**	**(4)**	**0**	**2,185**
Receivables from shareholders – share capital	0	0	0	0	0	(253)	**(253)**
Receivables from shareholders – share premium	0	0	0	0	0	(2,142)	**(2,142)**
At 31 December 2012 (net value)	**842**	**33,602**	**(32,255)**	**2,189**	**(4)**	**(2,395)**	**(210)**

At 1 January 2013	**842**	**33,602**	**(32,255)**	**2,189**	**(4)**	**(2,395)**	**(210)**
Receipt of December 2012 capital increase	0	0	0	0	0	2,395	**2,395**
IFRS recognition of severance pay (TFR)	0	(63)	22	(41)	0	0	**(41)**
Reversal of prior years' stock option costs	0	(2,398)	0	(2,398)	0	0	**(2,398)**
Issue of new shares	180	2,285	0	2,465	0	0	**2,465**
Share issue expenses	0	(193)	0	(193)	0	0	**(193)**
Share-based payments	0	49	0	49	0	0	**49**
Foreign currency translation reserve	0	(1)	0	(1)	0	0	**(1)**
Loss for the period	0	0	(1,212)	(1,212)	5	0	**(1,207)**
Share capital and minority interests	1	0	0	1	4	0	**5**
At 31 December 2013	**1,023**	**33,281**	**(33,445)**	**859**	**5**	**0**	**864**

Consolidated cash flow statement

	Notes	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Cash flows from operating activities		€'000	€'000
Loss for the year		(1,207)	(3,134)
Adjustments for:			
Amortisation of property, plant and equipment	**11**	183	255
Amortisation of intangible assets	**12**	111	109
Write-down of fixed assets	**12**	1	60
Long term provisions	**26**	(16)	883
Gain/loss on intangible investments	**12**	0	1
Net expenses on stock options	**20**	49	129
Foreign currency translation reserve		(1)	0
Reversal of prior years' stock option costs	**20**	(2,398)	0
IFRS recognition of severance pay (TFR)	**19**	(41)	0
Net interest for the period	**8**	60	58
(Increase)/decrease in trade and other receivables	**15**	1,763	(515)
(Increase) in inventories	**14**	(611)	(46)
Increase in trade and other payables	**18**	631	325
Increase in provision for employees' benefits (TFR)	**19**	67	41
Cash flow from operating activities (discontinued operations)		0	(56)
Net cash flow from operating activities		**(1,409)**	**(1,890)**
Interest expense	**8**	(77)	(82)
Cash flow from operating activities		**(1,486)**	**(1,972)**
Cash flows from investing activities			
Interest income	**8**	17	25
Payments for acquisition of property, plant and equipment	**11**	(162)	(3)
Proceeds from the sale of intangible assets	**11**	72	5
Acquisition of other investments		0	(1)

Proceeds from the sale of investments	**12**	5	0
Payments for acquisition of intangible assets	**12**	(1,160)	(486)
Sale of discontinued operations		0	(126)
Net cash flows from investing activities		**(1,228)**	**(586)**
Cash flows from financing activities			
Proceeds from capital increase	**21**	2,465	5,038
Receivables from shareholders (capital increase December 2012)	**21**	0	(2,395)
Payment of December 2012 capital increase	**21**	2,395	0
Proceeds from minority interests	**21**	5	0
Payment for share issue costs	**21**	(193)	(421)
Proceeds from borrowings	**17**	82	23
Repayment of borrowings	**17**	(94)	(12)
Payment of finance lease liabilities	**24**	(38)	(42)
Cash flows from financing activities		**4,622**	**2,191**
Net cash flow		**1,908**	**(367)**
Cash and cash equivalents at the beginning of the financial year		178	545
Cash and cash equivalents at the end of the financial year		**2,086**	**178**

Notes (forming part of the Financial Statements)

1. Description of the Group

Acta S.p.A. (the "Company") is situated in Crespina, Italy. The consolidated financial statements of the Group include those of the parent company and those of its subsidiaries ActaSol S.r.l (100%), Idea Lab S.r.l. (90%) and Acta Catalysts Ltd (100%), together the "Group".

The principal activity of the Group is the development, production and marketing of innovative clean technology products for fuel cells and other hydrogen applications. The Company's products cover a wide range of hydrogen generators and related stacks and components, which were sold during the course of 2013 in the telecommunications back-up power sector, to energy independent homes, for hydrogen supply systems and other applications.

The subsidiaries entirely consolidated in the Group financial statements as of 31 December 2013 are Actasol S.r.l., Idealab S.r.l. and Acta Catalysts Ltd.

On 24 April 2013 Acta SpA completed the disposal of its 50% stake in Solgen to Fedi Impianti. The stake in Solgen Group was accounted in the 2012 Consolidated Financial Statements according to the equity method at nil value.

On 27 February 2013 the Board of Acta S.p.A. approved the liquidation of the companies Actasol 8 S.r.l., Actasol 10 S.r.l., Actasol 11 S.r.l., Actasol 12 S.r.l. and Elsol 1 S.r.l. (special purpose vehicles created for the sale of authorizations related to the construction of photovoltaic systems) which were redundant and therefore generating unnecessary administrative costs for the Group. Upon completion of the liquidation process and all of the relative formalities, the aforementioned companies were removed from the respective registers of companies on 26 November 2013. The decision taken by the Board of 27 February 2013 provided for the exclusion of the above vehicles from the area of group consolidation.

During 2013, the Company written off its investments in the vehicle companies Elsol 2 S.r.l. and Averda S.r.l., in which it held 3% and 3.5% respectively of the share capital as at 31 December 2012.

2. Basis of preparation

The consolidated financial statements consist of the consolidated income statement, consolidated statement of financial position, condensed consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements which provide further detailed information.

The Group presented its financial statement as follows:

- For the consolidated statement of financial position, current and non-current assets, together with current and non-current liabilities are presented separately. Current assets which include cash and cash equivalents are those which are reasonably expected to be realized in cash, sold or consumed in the operating cycle of the Group and, in any case, within the next twelve months; current liabilities are those expected to be paid during the current operating cycle and, in any case, within the next twelve months;

- In the comprehensive income statement, costs were analysed by type; the Group applied the new version of IAS1 "Presentation of Financial Statements" starting from 1 January 2010 retrospectively; all transactions with non-shareholders must be reported in a single statement measuring the performance of the period, called the "Comprehensive income statement".

- The cash flow statement includes cash flow from operating, investing and financing activities. The indirect method was used for accounting cash flow from operating activities: the results for the financial year or period are adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts of payments and items of income or expense associated with investing or financing cash flows.

- The consolidated statement of changes in equity presents the results for the financial year as well as any item of income or expense, revenue or charge which, according to the International Accounting Principles and their interpretation, is directly attributable to equity and to the total of these items; the effect on each equity item of changes in accounting principles and correction of errors according to the accounting treatment provided by the International Accounting Principle no. 8; the balance of profit or loss accrued at the beginning of fiscal year and at the balance-sheet date, and the movements during the fiscal year or period and at the balance-sheet date.

The main accounting principles used in the preparation of the consolidated financial statements as of 31 December 2013, which are unchanged from those of the prior year, except for the IAS recognition criteria on the liabilities related to the Italian leaving indemnity provision for employees (see point h), are reported below.

a. Statement of Compliance

The financial statements have been prepared in accordance with the current version of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union. For both the Company and the Group there are no differences between IFRS and IFRS as endorsed by the European Union that could have a significant impact on the 2013 financial statements.
Under Italian law (d.l. 24/2/1998 n. 58 art 119) the Group is not required to prepare the statutory financial statements under IFRS, as a consequence of the fact that Acta, the parent company, is admitted to the Alternative Investment Market (AIM) which, for the CONSOB, is an unregulated stock exchange.
However, the 2013 consolidated financial statements have been prepared under IFRS in accordance with the requirements of the rules of the Alternative Investment Market (AIM), part 1.19.
Based on the fact that, for the reporting requirements of AIM, Acta has prepared the consolidated financial statements in accordance with IFRS, and in virtue of the Italian law d.l. 28/02/05 n.38 art. 2 and art. 3, the Directors have decided to prepare both the statutory consolidated financial statements (ex. d.l. 9/4/91 n. 127 art. 27) and the separate financial statements of Acta in accordance with IFRS., Acta's subsidiaries prepare their financial statements in accordance with Italian and UK Generally Accepted Accounting Principles; these financial statements have been adjusted in order to prepare consolidated financial statements in accordance with IFRS.
The Group has not applied those accounting principles which, while arising from IASB, have a starting date successive to the reference date of the financial statements. It is estimated however that the future adoption of these principles will not have a significant impact on the profit and loss, balance sheet and cash flow of the Group.
Acta S.p.A. is not subject to direction and coordination of another company in accordance with art. 2497 of the Italian Civil Code.
Acta does not hold treasury shares.
The financial statements are subject to auditing; the auditor is P.K.F. Italia S.p.A.

b. Basis of valuation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group financial statements.
The basic criterion of valuation adopted is historic cost, with the exception of available-for-sale investments which are valued at fair value.
The preparation of consolidated financial statements in conformity with international accounting principles requires management to make judgments, estimates and assumptions based on the application of the above policies. Associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying

values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The consolidated financial statements have been prepared on a going concern basis. In 2013, as in previous years, the Group has not generated sufficient revenue to cover its operating costs, has incurred significant losses from operating activities and these losses are expected to continue in 2014 as well. The cash resources available to the Group until the end of the year, including funds held though the Group's centralized treasury department, increased from €178,000 to €2.1 million. This increase was mainly obtained following the capital increase (€2.3 million net of expenses) in November 2013.
The continuation of losses in 2013 represents an "impairment indicator" and, consequently as indicated in the Notes 11 and 12, the Group has undertaken an impairment test for the tangible assets, for the fixed life intangible assets and for investments in subsidiaries.
The Directors believe that the Group will generate revenues during 2014 and will continue to do so thereafter from the sale of its products to its main commercial partners. Although commercial output is not yet in full production, the Company's products have seen significant interest from major mobile telecommunications operators, government agencies and manufacturers of integrated fuel cell systems, as well as other business partners, and as a result the Directors expect revenues from products to grow strongly in the current year and thereafter, as in 2013 compared with 2012.
On 22 October 2013 the Board of Directors of Acta approved the business plan 2014-2015 which foresees the generation of cash flow mainly from the sale of the products to existing and new commercial partners. Nevertheless there is uncertainty about the future profitability and/or cash flow generation of the Group may be in line with expectations from the Board, as well as could be delayed compared with forecasts.
On 7 January 2013 the parent company Acta SpA completed a capital increase of £2.11 million sterling before costs and on November 4 2013 it completed an additional capital increase for £2.10 million sterling before transaction costs. Despite the above-mentioned cash outflow for the year, which continued in the first months of 2014 and after having carefully reviewed the commercial risks and available risk mitigation, and based on the current status, the Directors believe that, should the generation of cash flow arising from the sale of products be delayed, the Group has adequate financial and management resources (such as unused bank facilities, access to working capital facilities and other sources of new capital) to cover the financial and liquidity needs for at least 12 months starting from 1 January 2014.
Furthermore, the Directors believe that the Group will become profitable and cash generating in the medium term, following the current adoption phase of its products, thanks to the broad commercial potential of its patented technology and its products.

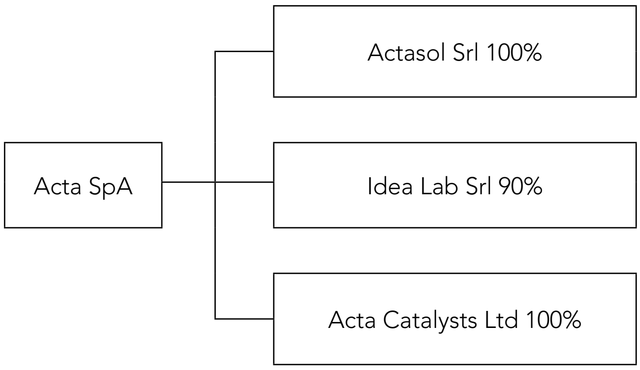
c. Measurement convention

The financial statements are presented in thousands of Euro.

d. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The subsidiaries entirely consolidated in the Group financial statements as of 31 December 2013 are as follows:



On 24 April 2013 Acta SpA completed the disposal of its 50% stake in Solgen to Fedi Impianti. The stake in Solgen Group was accounted in the 2012 Consolidated Financial Statements according to the equity method at nil value.

On 27 February 2013 the Board of Acta S.p.A. (parent company) approved the liquidation of the companies Actasol 8 S.r.l., Actasol 10 S.r.l., Actasol 11 S.r.l., Actasol 12 S.r.l. and Elsol 1 S.r.l. (special purpose vehicles created for the sale of authorizations related to the construction of photovoltaic systems) which were redundant and therefore generating unnecessary administrative costs for the Group. Upon completion of the liquidation process and all of the relative formalities, the aforementioned companies were removed from the respective registers of companies on 26 November 2013. The decision taken by the Board of 27 February 2013 provided for the exclusion of the above vehicles from the area of group consolidation.

On 5 June 2012, the Board of the Company resolved to constitute a permanent establishment in the UK named "Acta S.p.A. UK" to carry out commercial, financial and administrative activities for the Company.
Acta S.p.A. is also the owner of 100% of Acta Inc. that has not been included in the area of consolidation because it was dormant during 2013.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains and losses or income and expenses arising there from, are eliminated in preparing the consolidated financial statements.
Unrealised losses are eliminated in the same way as unrealised gains, not only to the extent that there is no evidence of impairment.

e. Foreign currency (IAS 21)

The functional and presentational currency of the Group is the Euro.
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance-sheet date are translated

at the foreign exchange rate ruling at that date. Foreign exchange differences arising and not realized in cash on translation are recognised in the comprehensive income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

f. Classification of financial instruments issued by the Group (IAS 32 and 39)

Financial instruments issued by the Group are treated as equity, only to the extent that they meet the following two conditions:

1. they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
2. where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial payments related to financial liabilities are treated as financial expenses, while financial payments related to financial instruments classified as net equity are dividends and are registered directly in the net equity.

3. Accounting Principles Adopted

a. Property, plant and equipment (IAS 16 – IAS 17)

Owned assets

Property, plant and equipment are stated at historical cost (including costs which are directly attributable) less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the comprehensive income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 33 years
- Laboratory equipment 7-10 years
- Plant and equipment 8-10 years
- Furniture and office equipment 8 years

Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the current value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described in Note 24.

The accounting principle adopted (IAS 17) for the accounting of leasing contracts imply the following:

- The cost of leased assets is charged to the tangible assets and amortized on a straight-line basis over the estimated useful lives; in return, a financial liability due to the lessor is accounted for an amount corresponding to the leased asset;
- The fees of leasing contracts have to be accounted so as to separate financial items from capital, to be considered as a repayment of the liability due to the lessor.

Leasing contracts where the lessor retains substantially all the risks and rewards incident to ownership are classified as operating leases and the relevant fees are charged to the income statement on a straight-line basis according to the contract duration.

b. Intangible assets and goodwill (IAS 38)

Goodwill

Business combinations are accounted for by applying the purchase method.
Goodwill represents the difference between the consideration paid for the acquisition of a subsidiary and the fair value of its assets and liabilities. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is recognised in the assets and is not amortised but is tested annually for impairment.

Research and Development

Expenditure on research activities is recognised in the income statement as an expense as incurred.
Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each financial statement date. The useful life of patents is estimated at ten years. Software programs are depreciated over five years and other intangible assets subject to depreciation are depreciated over four years.

c. Financial assets and liabilities (IAS 39 and 32)

Financial assets and liabilities includes other receivables, loans and payables and are valued at amortised cost, except for available-for-sale financial assets.
Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale. Available-for-sale financial assets are recognised at fair value, which is determined with reference to quoted market prices. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of interest, which is calculated using the effective interest

rate and recognised directly in profit and loss. Where the investment is disposed of, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

d. Inventories (IAS 2)

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

e. Long term contracts (IAS 11)

This accounting principle defines the accounting treatment of revenues and costs related to any long term contracts. Given the nature of operations undertaken in long term contracts, the date in which the activity foreseen under the contract and the date of completion of the contract take place in different accounting periods. The current principle uses the criteria of disclosure established in the general guidelines for the preparation and presentation of the annual accounts to determine when the revenues and costs arising from the contract should be recognised as revenues and costs in the profit and loss account.
On the basis that the results of the Group's long term contracts are able to be estimated with reliability, the revenues and costs of long term contracts are recognised respectively as revenue and cost at the reference date of the financial statements on the basis of the state of progress of the work.

f. Cash and cash equivalents (IAS 1)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

g. Impairment (IAS 36)

The Group's assets other than inventories and deferred tax assets, wich are carried out on ordinary procedures to determine the consistency of assessment with the relevant accounting standars, are reviewed at each balance-sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance-sheet date.
An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, defined as the biggest amount between the fair value and the real value. Impairment losses are recognised in the income statement.
Impairment losses recognised in respect of cash-generating units, are allocated first to reduce the carrying amount of any goodwill allocated to these units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

h. Employee benefits (IAS 19)

Defined benefit plans

The Italian leaving indemnity provision for employees, which is known as "Trattamento di Fine Rapporto" (TFR), is defined by law and is accounted according to an actuarial assessment. The financial cost payable on the departure of an employee is fixed and known. Nonetheless, under IAS 19, TFR is a defined benefit plan. The Directors have therefore valued the potential TFR liability according to an actuarial model. The Company has complied with the variation in IAS regulations on the measurement and recognition of the TFR liability.

i. Share-based payment transactions (IFRS 2)

The share option programme allows certain Group staff to acquire shares of the Group itself. The fair value of options granted is recognised as a personnel expense with a corresponding increase in equity.
The fair value is measured at grant date and is recorded as an expense over the period during which the beneficiary becomes unconditionally entitled to the options (the Vesting Period). The fair value of the options granted is measured using an option valuation model, taking into consideration 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 except where forfeiture is due only to share prices not achieving the threshold for vesting.

j. Provisions for liabilities and charges (IAS 37)

A provision is recognised in the financial statement when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

k. Government grants (IAS 20)

A government grant is not recognised until there is reasonable certainty that the Group will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The interest costs of Government grants received in the form of a repayable, low-interest loan are recalculated at market rates and recognised as a financial cost at market rates in the period. Any difference between the market rate cost and the actual interest cost incurred in the period is recognised as grant income. The grants recognised in the period are registered within other operating costs.

l. Revenues (IAS 18)

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the financial statement date or at the completion of the engagement, depending upon the structure and terms of the relevant contract. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, at associated costs, or a possibility of the return of the goods.
Revenue from royalties, licence fees receivable and other income derived from the Group's intangible assets are recognised proportionately to the relevant contract with the customer.
Income from grants is recognised when the conditions attached to the grant have been fulfilled, and the grant has been received in cash or reasonable certainty has been established that payment will be received. Income from grants is net of costs relating to the project, classified in other operating expenses for accounted research & development costs, while grants for development costs that have been capitalised are deducted directly from intangible assets.

m. Operating lease payments (IAS 17)

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

n. Finance lease payments (IAS 17)

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

o. Net financial income/charges

Net financing costs comprise interest payable and finance leases, interest receivable on funds invested, and foreign exchange gains and losses.
Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest rate method.

p. Taxation (IAS 12)

Tax comprises current and deferred tax. Tax is recognised in the income statement 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 financial statement date, and any adjustment to tax payable in respect of previous years.
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 balance sheet date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Group has incurred tax losses in 2013 and prior years, but it has not recognised the related deferred tax asset, given the uncertainty with regard to the probability of recovery of such amounts.

4. Consolidated companies

The consolidated financial statements of Acta at 31 December 2013 include the following consolidated companies:

Idea lab S.r.l.

In 2004 Acta S.p.A. purchased 90% of the share capital of Idea Lab S.r.l. for the purpose of obtaining control of the patented assets owned by Idea Lab. The company has completed the delivery of two Italian grant-funded research projects.

Acta Catalysts Ltd.

Acta Catalysts Ltd was incorporated on 30 October 2006 as an operating vehicle for the Group's UK activities.

Actasol S.r.l.

On 30 June 2010 Acta SpA incorporated Actasol S.r.l., of which it holds 100% with a share capital of € 10,000.00 fully paid.

ActaSol previously undertook the development and realization of a large-scale photovoltaic installation, under a single EPC contract of €3,500,000. This installation work was completed on 30 April 2011.

The following table summarises the result for the period and net equity of the consolidated companies at 31 December 2013:

Company	Country of incorporation	Class of shares held	Shareholding at 31/12/13	Net income 2013 in €uro	Net equity €uro
Actasol Srl	Italy	Ordinary	100%	-€4,165	€10,621
Idea lab Srl	Italy	Ordinary	90%	-€45,879	-€52,601
Acta Catalysts Ltd	England	Ordinary	100%	€1,325	-€63,447

5. Revenues

	31/12/2013 €'000	31/12/2012 €'000
Sale of products	397	151
Research and development services	0	82
EPC contracts (Engineering, Procurement & Construction)	0	175
Other operating revenues	14	28
Total revenue	**411**	**436**

In 2013 Acta launched and sold the first units of its product for end users – the Acta Power – and continued to market Acta Power systems, hydrogen generators and other related products, which were sold to final clients and through distributors. Furthermore Acta continued to sell catalysts and electrodes to its business partners. Revenue from sales of products amounted to a total of €397,000 (2012: €151,000).

Acta did not generate any income from development and testing services of catalysts and related components in 2013, following the termination in 2012 of the contract stipulated with a multinational industrial group and with various universities in the United States (2012: €82,000) and the change in the company's commercial policy with regard to development and marketing of its products.

There are no revenues pertaining to EPC contracts for the realisation of photovoltaic plants (2012: €175,000) as a result of the Group's exit from the photovoltaic sector and the discontinuation of its investments in solar energy.

The Group recognised a revenue of €14,000 (2012: €28,000) in "Other operating revenues", of which €4,000 due to capital gain on disposals (2012: €21,000), €5,000 to cost recharges (2012: €3,000) and €5,000 (2012: €4,000) for other revenues.

6. Personnel expenses

The average number (*) of persons engaged by the Group during the year, analysed by category, was as follows:

	Personnel 31/12/13	Personnel 31/12/12
Directors	5	5
Administration and general services	4	5
Commercial	4	3
Manufacturing and Logistics	14	6
Technical support and engineering	10	5
Research & Development	6	9
	43	**33**

(*) The average number includes resources recruited through temporary work agencies and business consulting contracts.

The variation within each category is the result of the development and launch of new products and specifically the Acta Power (significant increase in the average number of manufacturing and logistics employees from 6 to 14 persons and in the average number of technical support and engineering employees from 5 to 10 people, as well as a decrease in the average number of research and development employees from 9 to 6 people). The temporary redundancy plan (contratto di solidarietà) stipulated on 7 May 2012 ended during 2013. The Company stipulated a second temporary redundancy plan effective 19 August 2013.

The aggregate payroll costs of these persons including Directors' emoluments were as follows:

	31/12/13 €'000	31/12/12 €'000
Wages and salaries	2,080	1,547
Stock option expenses	49	129
Employee benefits (TFR)	70	68
Social security costs	410	266
Capitalized costs (IAS 38)	(936)	(332)
Total ordinary personnel expenses	**1,673**	**1,678**
Reversal of prior years' stock option costs	(2,398)	0
Total personnel expense	**(725)**	**1,678**

During 2013 Acta S.p.A. was the only company of the Group with paid personnel.
In 2013 the Group, having met the required conditions, capitalized technical personnel costs for €936,000 (2012: €332,000), following the implementation of IAS 38 regarding product development costs (€539,000) and the capitalization of the costs incurred for grant-funded projects (€397,000).
Following the resolution by the extraordinary shareholders' meeting held on 3 July 2013, which acknowledged the expiry of the stock option plans of prior years, the Company recognized a reversal of prior years personnel costs for €2,398,000 (2012: €0,000).

The ordinary payroll costs of the staff by category, including Directors' emoluments, were as follows:

	31/12/13 €'000	**31/12/12 €'000**
Directors	729	740
Administration and general services	136	141
Commercial	174	142
Manufacturing and Logistics	193	188
Technical support and engineering	240	135
Research & Development	201	332
	1,673	**1,678**

The figures in the above table are net of costs capitalization (IAS 38), which during 2013 predominantly involved the Production, Logistics and Technical Support and Engineering departments for the development new products for sale by the Company.

Directors' emoluments included in the cost of personnel were as follows:

	31/12/13 €'000	**31/12/12 €'000**
Directors' remuneration	561	517
Social security costs and other expenses	72	44
Stock option expenses	49	129
Benefits	47	50
	729	**740**

The above cost refers to remuneration and to additional costs of the Acta Board. Members of the governing bodies of subsidiaries are not remunerated.
Detailed information on the Directors' remuneration is set out in the Directors' remuneration report. The Directors' remuneration disclosed above does not include bonus accruals for 2013, since at present, bonuses

for 2013 are not envisaged. The above benefits relate to the use of motor vehicles (€7,000) and to pension fund contributions for Managing Directors (€40,000).

7. Other operating expenses

	31/12/13 €'000	31/12/12 €'000
Research expenses	33	11
Revenues from government grants	(177)	(254)
Commercial and operating expenses	305	140
Expenses for the realisation of photovoltaic installations	0	461
Finance, management and administration expenses	739	638
Foreign exchange losses	21	3
Other operating costs	913	269
	1,834	**1,268**

Research expenses for €33,000 (2012: €11,000) relate to external costs incurred by the Research and Development department of Acta and do not include external costs for patents registration, which were capitalised in the period.
The "Revenue from government grants" (€177,000) refers to the recognition, following receipt of the notice from the University of Denmark, of the last stage of works on the Weltemp European project (€49,000), to grants received from the Toscana region for a quality certification program (€4,000), to grants received from the Chamber of Commerce to promote employment (€18,000) and for attending international trade fairs (€4,000). In addition, in 2013 the subsidiary IdeaLab S.r.l. has been notified by the relevant Ministry of the approval and payment of the last 10% tranche of the FIT project grant. This grant amounts to €78,000. Idealab S.r.l. also recorded an income (€24,000) relative to the lower cost incurred as financial expenses for the FIT project through the provision of a low cost loan.

Commercial and operating expenses for €305,000 (2012: €140,000) include travel costs incurred for the launch of new products for €180,000 (2012: €114,000), for commercial services rendered by international business consultants for €106,000 (2012: €0,000) and for trade fairs attendance for €19,000 (2012: €26,000).

There are no expenses pertaining to the realisation of photovoltaic plants (2012: €461,000) related to the EPC commercial contracts as a consequence of the Group's exit from the photovoltaic sector and the discontinuation of its investments in solar energy.

Finance, administration and management expenses of €739,000 (2012: €638,000) relate to Acta SpA for €637,000, to Idealab S.r.l. for €98,000, to Actasol S.r.l. for €3,000 and to Acta Catalysts Ltd for €1,000.

Finance, management and administration expense include consultancy fees for €530,000 and general costs for €209,000. Consultancy fees include €176,000 for investor relations, broking and related services and €354,000 for general corporate legal advice and services.

Other operating costs for €913,000 (2012: €269,000) relate almost exclusively to Acta SpA (€910,000) and principally include higher long-term provisions (€840,000) related to legal disputes (see Note 26) and raw material stock. Operating costs of €70,000 were also recorded, including costs for temporary work agencies and general expenses.

Auditors' remuneration included in finance, management and administration is detailed as follows:

	31/12/13 €'000	31/12/12 €'000
Auditors' remuneration	22	30
	22	**30**

8. Financial income and expenses

	31/12/13 €'000	31/12/12 €'000
Interest income	17	25
Financial income	**17**	**25**

	31/12/13 €'000	31/12/12 €'000
Interest expense	(77)	(82)
Financial expense	**(77)**	**(82)**

Interest income (€17,000) is exclusively related to Acta SpA and mainly to interest received on financial instruments held as collateral for bank overdraft facilties.
Interest expense (€77.000) is mainly related, for the part of Acta SpA, to interest payable on current account overdraft facilities (€16,000) and to interest on bank loans and credit lines (€28,000).

This item also includes the interest of €24,000 payable on the subsidised loan received by the subsidiary Idea lab S.r.l. for the completion of the F.I.T. project, calculated at a market rate of 5.45%, which is in line with the rate on the other Group loans, compared to the effective interest rate of 0.8%. Grant income was recognized for the same amount in "other operating expenses" (€24,000).

9. Taxation

The Italian companies of the Acta Group are subject to IRES (corporate income tax) and IRAP (regional tax on productive activities).

IRES is calculated on profit before taxes, with certain adjustments according to current fiscal regulations to derive taxable income from profit before taxes; IRAP is instead determined applying the relevant tax rate to the taxable base represented by the difference between "production value" and "operating costs", both with certain adjustments to take account of certain costs which are not considered deductible (for example payroll costs and financial charges).

For 2013 the Italian companies of the Group have determined for the purposes of IRES:

- Acta SpA - a taxable loss of €2,709,648, which, in accordance with article 84 of DPR 917/1986, will be able to be offset against taxable profits in successive tax periods;
- Idea Lab S.r.l. - a taxable income of €6,192 which generated an IRES tax at 27.5% for an amount of €1,703;
- Actasol S.r.l. a taxable loss of €9,911, which, in accordance with article 84 of DPR 917/1986, will be able to be offset against taxable profits in successive tax periods.

For IRAP (Regional Tax on Productive Activities) purposes the company Idea lab S.r.l. posted a taxable base amounting to €90,790 which generated, based on the tax rate of 4.82%, an IRAP tax payable amounting to €4,376.
The UK permanent establishment known as "Acta S.p.A. UK" recorded an operating income that resulted in 2012 and 2013 income taxes according to the UK legislation totalling €4,044.

10. Loss per share

The calculation of loss per share is based upon the net loss attributable to the ordinary shareholders of €1,207,000 (2012: €3,134,000) and upon a weighted average number of shares in issue of 145,938,788 (2012: 89,209,777).

	31/12/13 €'000	**31/12/12 €'000**
Basic loss per share (€uro)	(0.01)	(0.04)
Loss attributable to ordinary shareholders (€'000)	(1,207)	(3,134)
Weighted average number of ordinary shares at 31 December	145,938,788	89,209,777

The loss for 2013 attributable to the shareholders of the parent company amounts to €1,207,000 and includes the reversal of stock option expenses incurred in previous years for €2,398,000. Excluding the reversal of stock option expenses incurred in previous years, the 2013 loss attributable to the shareholders of the parent company would total €3,605,000 with a basic loss per share of €0.02.
In accordance with IAS 33.41, the potential ordinary shares have to be considered as having a dilutive effect when, and only when their conversion to ordinary shares would decrease the profit per share or increase the loss per share deriving from the ordinary activities. Consequently, in consideration of the loss of the period, no dilutive effect has been disclosed.

11. Property, plant and equipment

	Land €'000	Buildings €'000	Machinery & equipment €'000	Motor vehicles €'000	Total €'000
Cost					
Balance at 1 January 2013	134	760	1,594	220	2,708
Other additions	0	4	158	0	162
Disposals	0	0	(409)	0	(409)
Balance at 31 December 2013	**134**	**764**	**1,343**	**220**	**2,461**
Depreciation					
Balance at 1 January 2013	0	160	1,331	141	1,632
Depreciation	0	23	114	46	183
Disposals	0	0	(336)	0	(336)
Balance at 31 December 2013	**0**	**183**	**1,109**	**187**	**1,479**
Net book value					
Balance at 31 December 2012	134	600	263	79	1,076
Balance at 31 December 2013	**134**	**581**	**234**	**33**	**982**

Machinery and equipment refers to laboratory technical equipment used in the research activities of the Group, together with IT and network equipment. The increase in 2013 (€158,000) is mainly due to the Company's purchase of equipment, including assets purchased at market value from the subsidiary Idea Lab S.r.l., and to the purchase of software that increased by €50,000 during the period, largely relating to the purchase of a new release of the company's ERP management system.

An impairment test has been undertaken on lands and buildings, following the above mentioned impairment indicators, comparing the balance sheet value with the fair value of the assets, net of selling costs. The estimated market value of the land and building is €820 / sqm approx., and the property covers approximately 900 sqm. Therefore the calculated value based on market prices is greater than the balance sheet carrying value.

Financial leasing

The Group owns certain tangible assets as a result of leasing contracts for which the Group substantially assumes all the risks and advantages of ownership. Assets acquired through financial leasing are registered at the lower of their fair value and the current value of the minimum leasing payments, after having deducted cumulative depreciation and any loss of value. Assets owned through leasing as at 31 December 2013 amounted to €33,000 (2012: €79,000) relating to motor vehicles.

12. Intangible assets

	Patents €'000	Capitalised costs €'000	Total €'000
Cost			
Balance at 1 January 2013	1,335	959	2,294
Other acquisitions – externally purchased (net)	15	1,145	1,160
Historical cost reduction	(1)	0	(1)
Balance at 31 December 2013	**1,349**	**2,104**	**3,453**
Amortisation and impairment			
Balance at 1 January 2013	1,087	125	1,212
Amortisation	46	65	111
Balance at 31 December 2013	**1,133**	**190**	**1,323**
Net book value			
Balance at 31 December 2012	248	834	1,082
Balance at 31 December 2013	**216**	**1,914**	**2,130**

In 2013, the company capitalised costs related to the development and prototyping of products intended for sale: cost for personnel for €539,000 and for materials for €40,000. In relation to grant-funded projects, the company capitalised personnel costs for €397,000 (2012: €332,000) and for materials and services for €292,000 (2012: €290,000). The capitalisation was reduced by grants received in the period that registered against the costs previously capitalised. Specifically, these reductions of €123,000 (2012: €159,000) relate to grants received from the Regione Toscana for the project Nanocatgeo (€91,000) and Savia (€32,000).

Patents at 31 December 2013 refer to the intellectual property rights of the Group. Increases in the year (€15,000) refer to patent registration fees capitalised at cost.

In view of impairment indicators that have arisen, the Directors have undertaken an impairment test upon the residual life of the Group's intangible assets; and in relation to the capitalized costs and the patent portfolio, they did not considered it opportune to devalue the patent values, as the recovery is foreseeable from the expected future incomes arising from the related patents.
During 2013, the Company wrote off its investment in the vehicle companies Elsol 2 S.r.l. and Averda S.r.l., in which it held 3% and 3.5% of the share capital, respectively, as at 31 December 2012. Elimination of the investments resulted in write-down costs of €1,000.
Compared to 31 December 2012, there was a decrease of €5,710 in the historic cost of investments (2012: €5,710), due to disposal of the stake in BCC Banca di Cascina for €5,105 and the write-downs in Elsol 2 S.r.l. and Aversa S.r.l. for a total of €605.

13. Deferred tax assets and liabilities

In accordance with article 84 of DPR 917/1986, taxable loss will be able to be offset against taxable profits in successive tax periods as indicated in the table below:

Limit of carried forward tax losses	€'000
Losses that can be carried forward without limit (fiscal years 2004-2006 for Acta SpA and 2010 -2012 for Actasol Srl)	6,951
Loss that can be carried forward within the limits established by article 84, paragraph 1, of the Presidential Decree 917/1986	22,256

The company Actasol S.r.l. was incorporated in 2010 and, therefore, the fiscally allowable losses for the years 2010 to 2012 can be carried forward without any limits.
The Directors, while continuing to believe that the Company will generate sufficient future profits able to make reasonably certain the recovery of the deferred tax assets described, have decided for reasons of prudence not to recognise any deferred tax assets in the accounts.

There are no deferred tax liabilities at 31 December 2013.

14. Inventories

	31/12/13 €'000	31/12/12 €'000
Inventories	**738**	**127**

Inventories include raw materials, semi-finished products and components used for the production activities for €417,000 (2012: €127,000) and stock of finished products and work in progress for €321,000 (2012: €0,000). Inventories of raw materials, semi-finished products and components are recognised net of the provision for inventories allocated in the financial statements as at 31 December 2013 for €40,000.

The increase in inventories of raw materials, semi-finished products and components (€290,000) is due to the increase in production activities during 2013, and to the necessity to build a stock of finished and semi-finished products in order to reduce customer delivery times. As at 31 December 2013, the Company had an inventory of finished products and work in progress (€321,000) that was not present at the end of 2012.

Raw materials, semi-finished products and components to the value of €147,000 (2012: €140,000) were recognised in the profit and loss account as expenses in the year. The value recognised in inventories represents materials bought and not used in 2013.

15.Trade and other receivables

	31/12/13 €'000	31/12/12 €'000
Trade receivables	90	1,151
Other receivables	915	1,609
Prepaid expenses	56	64
	1,061	**2,824**

The trade receivables for €90,000 (2012: €1,151,000) are relative to Acta S.p.A. for €89,000 (2012: €801,000) and to the subsidiaries for €1,000 (2012: €351,000).
The decrease in Acta SpA's trade receivables is due to the reduction of receivables from Solgen Group following the Company's disposal of its 50% stake in Solgen S.c.a r.l. on 23 April 2013 as a result of the decision by the Group to exit the solar industry.

The subsidiary Actasol S.r.l. which, as of 31 December 2012 had trade receivables for €350,000 relating to the last stage of the EPC project completed in 2012, received the relevant amount during 2013.

The item "Other receivables" for €915,000 (2012: €1,609,000) refers chiefly to advance payments to suppliers and other receivables of the Company for €227,000, to a tax credit for investments in research carried out by Idea Lab (€156,000), to a receivable of Actasol S.r.l. for €385,000 relating to a guarantee issued under its EPC contract, and to a VAT credit of the Group amounting to €102,000. The decrease in "Other receivables" is a result of the receipt of grant funding from the Ministry of Productive Activities (€504,000) relative to the second and third stages of the F.I.T. project carried out by the subsidiary Idea Lab and to the collection of the receivable from the relevant Ministry (€110,000) concerning the FISR project, also carried out by the subsidiary Idea Lab.

Prepaid expenses includes insurance and other operating expenses not recognised in 2013 for €56,000 (2012: €64,000).

16. Cash and cash equivalents

	31/12/13 €'000	31/12/12 €'000
Cash and cash equivalents	2,086	178
Cash and cash equivalents consist of cash at bank, cash on hand and investments in money market instruments as follows:		
Bank account in Euro	2,040	135
Bank account in GBP	1	3
Cash	45	40
	2,086	**178**

The increase in cash and cash equivalents reflects the total amounts received through the capital increases made by the Company in December 2012 (paid in January 2013) and in October 2013 as well as the receipt of grant funding by the subsidiary Idea Lab Srl and the collection of trade receivables by Actasol Srl, net of the financial and operating loss incurred by the Group in the period. For more details on financial movements in the period please see the cash-flow statement.

As at 31 December 2013, the company's cash included bank drafts (equivalent to cash) for a total of €43,000 (2012: €37,000) deposited in the bank in 2014.

17. Financial debts (secured)

	31/12/13 €'000	31/12/12 €'000
Non-current liabilities		
Bank loans	1,145	1,195
Finance lease liabilities	2	35
	1,147	**1,230**
Current liabilities		
Bank loans	141	104
Finance lease liabilities	33	39
	174	**143**

Bank loans consist of a bank loan secured by a mortgage of €464,000 (2012: €464,000) over the Group's land and buildings, repayable over 20 years starting from August 2006 at 5.5% fixed interest rate per annum; together with low-interest financing of €944,000 (2012: €958,000) received in relation to the FIT project, repayable over 10 years at 0.8% fixed interest per annum with two years of capital repayment holiday. This liability was accounted on the basis of the market interest rate of 5.5% and the difference was charged in "other liabilities" as accrued expense for €125,000 (2012: €127,000), to be released over the duration of the loan.

Furthermore, the item includes a loan with Santander for the payment of a fire and theft insurance policy for €3,000.

In 2013 the Group recognized proceeds from new borrowing for €82,000 (valuation based on a 5.5% market interest rate) following the receipt of FIT project funds in November (€116,000) at an interest rate of 0.8% from the subsidiary Idea Lab S.r.l..
In 2013 instalments of bank loans were paid for €94,000 (2012 €:12,000) of which:

- €92,000 related to the FIT subsidised loan instalments by Idea Lab S.r.l.;
- €2,000 related to the Santander loan instalments by Acta S.p.A..

Financial debts include €33,000 (2012: €39,000) for the current portion of finance lease liabilities and €2,000 (2012: €35,000) for the non-current portion.
The finance leases are secured by the assets leased (cars), and are repayable over three years at 3.88% average interest rate per annum.

18. Trade and other payables

	31/12/13 €'000	31/12/12 €'000
Trade payables	1,604	1,412
Tax payables	634	345
Other payables	999	849
	3,237	**2,606**

Trade payables for €1,604,000 (2012: €1,412,000) are due within 12 months and relate to the normal operating activities of the Group, plus invoices to be received at the year-end in relation to 2013 costs. The amount of the invoices to be received is €166,000 (2012: €179,000).
Payables to the inland revenue include normal tax liabilities for withholding taxes and tax contributions for €634,000 (2012: €345,000).
The item "other payables" includes, among other things, payables to employees amounting to €171,000 (2012: €223,000), an advance payment received in 2011 amounting to €450,000 for the project "Life+2010" and an advance payment received in 2013 amounting to €198,000 for the project Alkammonia.

Furthermore, the amount of €125,000 (2012: €127,000) was recorded in this item (according to IAS 21) for the accrued expense relating to the low cost loan arising from the FIT project undertaken by Idea Lab Srl.

19. Employee benefit (TFR)

The Group operates a statutory employee benefit scheme ('TFR') in accordance with Italian law. The Group is liable to award a termination sum to any leaving employee subject to the scheme which varies with both remuneration and length of service of the employees. The total expense relating to these plans in the current year was €70,000 (2012: €77,000). The total TFR liability is €283,000 (2012: €216,000). The evaluation for the purposes of IAS 19 was undertaken using for the assessment the following parameters with regard to the economic-financial situation:

- Annual discount rate 3.17%
- Annual inflation rate 2.00%
- Death rate Istat 2004 9.7‰

Reconciliation of TFR liability	**2013 €'000**	**2012 €'000**
TFR at 1 January	216	175
Provision for the year	60	47
Interest expense for the year	10	8
IAS 19 application (*)	0	22
Total provision for the year	**70**	**77**
IAS 19 measurement to capital reserve (*)	**(41)**	**0**
Benefits (TFR) paid in period	**(44)**	**(36)**
TFR liability at 31 December	**283**	**216**

(*) In 2013, the Company carried out the IAS measurement of the TFR liability, recognizing the "Remeasurement (Gains) or Losses" for 2013 (€41,000) and prior years (€22,000) under the appropriate shareholders' equity reserve, in accordance with the IAS amendments on measurement of the employee benefit.

20. Share-based payments

The fair value of services received in return for share options granted, during the year, was €49,000 (2012: €129,000). The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2013 €	Aggregated number of options 2013	Weighted average exercise price 2012 €	Aggregated number of options 2012
Outstanding at the beginning of the period	0.14	2,135,455	0.28	3,704,380
Granted during the period	0.14	3,212,962	0.00	0
Lapsed during the period	0.00	0	0.64	-1,568,925
Exercised during the period	0.00	0	0.00	0
Outstanding at the end of the period	0.14	5,348,417	0.14	2,135,455
Exercisable at the end of the period	0.14	2,135,455	0.14	2,135,455

The General Meeting of 3 July 2013 resolved to approve the "2013 Share Option Plan" in favour of employees, members of the Board of Directors and collaborators of the Company, and to increase the share capital up to a maximum nominal amount of €30,000.00 by issuing a maximum of 5,000,000 ordinary shares. The options assigned in 2013 have an exercise price of 12.0 pence sterling and may be exercised from 3 July 2015.

The options outstanding at the year-end have an exercise price of 10.0 pence sterling (€0.12) for 2009, 15.0 pence sterling (€0.17) for 2010 and 12.0 pence sterling (€0.14) for 2013 and a weighted average contractual life of two years.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The calculations were prepared with the assistance of an independent actuarial consultancy according to a risk neutral methodology. The estimate of the fair value of the services received is deduced from the Euroswap rates that existed on the assignment dates using the Bootstrap technique. The assumed dividend rate implicit within the technique used is Nil.
An amount of €49,000 (2012: €129,000) is charged to the income statement within the cost of personnel relating to the fair value of the 2013 stock option plan.
Following the resolution by the extraordinary shareholders' meeting held on 3 July 2013, which acknowledged the expiry of the stock option plans of prior years, the Company recognized the adjustment in previously allocated personnel costs for €2,398,000 (2012: €0,000).

21. Share capital and reserves

Share capital

	31/12/13	31/12/12
Number of ordinary shares		
Issued on 1 January	140,431,939	47,378,939
Issued during the year	30,000,000	93,053,000
Issued on 31 December	170,431,939	140,431,939

	31/12/13 €	31/12/12 €
Authorised		
Ordinary shares of €0.006 each (share capital plus stock options authorised but not exercised, as stated in Note 20)	1,054,682	886,767
Allotted, called up and fully paid (share capital)		
Ordinary shares of €0.006 each	1,022,592	589,332

The capital increase in December 2012 was cashed in January 2013, for a total value net of directly attributable costs of €2,395,464.

In October 2013 the Company completed a capital increases for a total of €2,465,078 through the issue of new shares. 30,000,000 new shares were issued for a nominal value of €180,000 and a share premium value of €2,285,078. The total value of costs directly attributable to the capital increase completed in 2013 amounts to €192,818. The increase of the share premium reserve for the stock option cost in the period amounts to €48,542 (see Note 20).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Reserves

Reserves are recognised for €33,280,509 at 31 December 2013 while the total loss (including the 2013 loss for €1,212,334) amounts to €33,444,633 at 31 December 2013.

As of 31 December 2013 the 10% minority interest in the subsidiary Idea Lab S.r.l. (not belonging to the Group) amounts to €5,260, while 10% of the 2013 loss incurred by the subsidiary Idea Lab S.r.l. amounts to €4,588.

In 2013, the company carried out the IAS measurement of the TFR liability, recognizing the "Remeasurement (Gains) or Losses" for 2013 and prior years under the appropriate shareholders' equity reserve, in accordance with the IAS amendments on measurement of the employee benefit. The measurement resulted in a reduction in reserves of €62,965 and a decrease in losses from prior years of €22,095.

22. Financial instruments

The table below gives the effective interest rates for the financial instruments held by the Group. The table also gives a breakdown of the value of these instruments by time period.

	Effective interest rate					2013	Effective interest rate					2012
		Total	0 - <1 year	1 - <2 years	2 - <5 years	>5 years		Total	0 - <1 year	1 - <2 years	2 - <5 years	>5 years
	%	€000's	€000's	€000's	€000's	€000's	%	€000's	€000's	€000's	€000's	€000's
Cash and cash equivalents	0.50%	2,086	2,086	0	0	0	0.50%	178	178	0	0	0
Bank loans	5.45%	(1,286)	(141)	(134)	(437)	(574)	5.45%	(1,299)	(105)	(119)	(383)	(692)
Finance lease liabilities	3.88%	(35)	(33)	(2)	0	0	3.88%	(74)	(39)	(33)	(2)	0
		765	1,912	(136)	(437)	(574)		(1,195)	34	(152)	(385)	(692)

The bank loans include the low interest rate financing, with a nominal remaining payable value at 31 December 2013 of €944,000, which was received from the Lombardy Region in the context of the FIT research project. This loan financing is repayable over 10 years at an interest rate of 0.8% per annum. In conformity with the I.F.R.S. (International Financial Reporting Standards) the financial cost of the loan has been recognized at normal market interest rates, based on the long term interest rates that are paid by the Group, i.e. 5.45%. For this purpose higher amounts of interest payable on loan financing have been recognised for €24,000 and lower financial debts for €125,000, to be reversed on a straight line basis over the duration of the subsidised loan.

23. Foreign currency risk

On 31 December 2013 the Group had bank deposits in Sterling equal to €1,000 (2012: €3,000) and trade debts in foreign currency equal to €52,000 (2012: €91,000).

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on its earnings. The fluctuation of the exchange rate between Sterling and the Euro is not expected to have a significant effect as the Group holds accounts in Sterling to cover exchange rate risks in the short term.

Over the medium term, however, when the Group's commercial activities are fully developed, a comprehensive foreign exchange policy will be adopted designed to minimise the Group's exposure to foreign currency exchange rate fluctuations.

24. Financial leases

	31/12/13 €'000	31/12/12 €'000
Financial leases are payable as follows:		
No longer than 1 year	33	39
Longer than 1 year and not longer than 5 years	2	35
Longer than 5 years	0	0
	35	**74**

During the year have not been turned on new debt for finance leases and financial liabilities companies were paid for €38,000.

25. Related parties

The transactions incurred with the Directors during 2013 are as disclosed in Note 6.
The following table lists the transactions with related parties that took place during the year (€000s):

	Debtors	Creditors	Income	Costs
Alessandro Tampucci	0	44	1	0
Heliocentris Energy Solutions AG	0	8	44	0

There were no related party transactions in 2013, other than those disclosed above.

26. Provision for liabilities and charges

At 31 December 2013 the provision for liabilities and charges amounted to €1,292,000 (2012: €1,308,000).
The provision for liabilities and charges mainly includes an accrual to cover the expenses and the risk of legal actions taken by or against the Company (€1,195,000). This provision mainly relates to disputes in progress with the minority shareholder of the subsidiary Idea Lab relating to the contractual relations between Acta and the subsidiary for the evaluation and use of a patent owned by Idea Lab and previously licensed to Acta which is no longer utilized by the Company.
With reference to the above dispute, the arbitrator appointed by the Pisa Chamber of Commerce issued in 2010 a negative ruling for the Group. However, the directors and legal counsel of the Company consider the above ruling unfounded and have appealed against the arbitration award before the Florence Court of Appeal. The Appeal Court has initially found in favour of the Group and in 2011 has suspended the arbitration decision pending the outcome of the appeal process, but in June 2013 it rejected the Group's appeal against the arbitrator's decision. On a precautionary basis, the Directors have decided to make a provision to cover the potential charges of this lawsuit and, based on special legal opinions, have filed an appeal against the decision with the High Court in Rome that is expected to last a number of years.
In 2012 Actasol S.r.l. has accrued a provision amounting to €70,000 to cover potential future liabilities; the provision was used in 2013 for €10,000.

27. Accounting estimates and judgements

The financial statements are based on the assumption that the current activity, within the framework of the technology for which the Group holds some patents, will lead to the likely development of products that can be sold by the Group. The current sales of products based on the Group's technology to business partners provide assurances regarding this treatment.

28. Subsequent events

On 13 February 2014, the Company announced the signing of a wide-ranging collaboration agreement with ReliOn Inc., one of the largest fuel cell producers in the world, specialized in back-up power systems for telecommunications, government and transport applications, along with the launch of a new version of the Acta Power system designed for the U.S. market which incorporates the fuel cell system of ReliOn.

On 7 April 2014, Acta announced the launch of Acta Power Cube at the technology fair in Hannover. The Acta Power Cube incorporates a 200W fuel cell system from ReliOn and is a compact, self-charging back-up power system designed for mass market applications in the sectors of railway signalling, telecommunications, transport, security and government services.

29. Other information

	31 December 2013 €'000	**31 December 2012 €'000**
Financial assets:		
Available-for-sale financial assets	0	0
Cash and cash equivalents	2,086	178
Trade receivables	90	1,151
Other receivables	915	1,673
Financial liabilities at amortised cost	(4,558)	(3,979)
Total	**(1,467)**	**(977)**

30. Net Equity Reconciliation between the Financial Statements of Acta S.p.A. 2013 and the Consolidated Financial Statements of the Acta Group 2013

Below is given the Reconciliation Statement between the Net Equity from the Separate Financial Statements of the Group Parent Acta S.p.A. and the Net Equity from the Consolidated Financial Statements of the Acta Group:

	€'000
Net Equity Acta S.p.A. 2013	**778**
Financial result for 2013 of consolidated companies	(49)
Elimination – amortisation on capital gain for Idealab S.r.l. asset disposal	4
Elimination – depreciable assets on acquisition of assets from Idealab S.r.l.	(57)
Elimination – Interest expense Actasol S.r.l.	2
Elimination –inter-company margin on acquisition of the inventory of Idea lab S.r.l..	(10)
Exchange difference for the inter-company elimination of the subsidiary Acta Catalysts Ltd	(4)
Adjustment to the funds for write-downs of equity investments from separate to consolidated	200
	86
Net Equity of the Acta Group 2013	**864**

31. Net Equity Reconciliation Statement of Acta Group 2012 and 2013

Below is given the Reconciliation Statement between the Net Equity from the Consolidated Financial Statements of the Acta Group for 2012 and 2013:

	€'000
Net Equity of the Acta Group 2012	**(210)**
Consolidated Result 2013	(1,212)
Payment of capital increase December 2012	2,395
Capital increase October 2013	2,465
Direct expenses for capital increase October 2013	(193)
Adjustment of prior years' stock option costs	(2,398)
Stock options 2013	49
IFRS recognition of severance pay (TFR)	(41)
Foreign currency translation reserve	(1)
Non-controlling minority interests	5
Share capital and minority interests	5
	1,074
Net Equity of Acta Group 2013	**864**

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