



19 March 2007

Acta S.p.A

Preliminary Results for the year ended 31 December 2007

Acta, the AIM listed catalyst developer, today announces its preliminary results for the twelve months ended 31 December 2007.

2007 Highlights

- Strong growth in revenues following increased product sales, the launch of new products and the targeting of new markets
- First major development contract announced with a global manufacturer, and Sumitomo Corporation
- Commercial traction in core markets of hydrogen generation and waste to energy
- Strategic investment of £4.6m by Sumitomo Corporation
- Technical milestones achieved and seven new patent applications filed
- Operational targets achieved with commissioning of pilot production plant resulting in annual capacity of up to €4.5m
- Recruitment of industry leading management

2007 Financial Results

- Revenues increased sharply to €600k (2006: €72k)
- Loss before tax of €5.5m (2006: €4.8m)
- Operating cash outflow of €4.1m (2006: €3.9m)
- Year end cash of €7.9m, better than expectations
- £5.75m placing provides sufficient funds to 2010

2008 First Quarter Progress

- First phase of existing development contract delivered on time. Negotiations underway for next phase
- Collaboration agreement signed with Tokuyama Corporation, leading membrane maker, to coordinate development activities
- Collaboration agreement signed with CMR focussed on the portable fuel cell sector
- Low cost disposable fuel cell units developed and exhibited as battery replacement for low power units

Robert Drummond, Chairman of Acta, said:

“Acta enjoyed a successful 2007. Encouraging revenue growth underpinned the strong commercial interest in our HYPERMEC catalysts and we successfully targeted new markets for further growth. We have met all our commercial, technical and operational milestones and we have secured further funding for our growth plan. 2008 has started well for the company and we are confident that we shall demonstrate further commercial progress and revenue growth as we drive the commercialisation of Acta’s key catalyst technologies.”

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Notes to Editors:

Acta S.p.A.

Acta develops and manufactures unique patented catalysts which have been launched initially to the hydrogen generation, portable power and waste to energy markets.

Acta's catalysts for ammonia decomposition into hydrogen offer the automotive industry access to a practical hydrogen carrier for the first time. The catalysts extract hydrogen from ammonia at room temperature, allowing ammonia, one of the most widely used chemicals in the world, to become a fuel for automotive use, solving the problem of hydrogen storage and transportation.

Acta's catalyst range for alkaline membrane fuel cells allows fuel cell developers to stop using expensive platinum so that fuel cells can be made commercially viable for mass adoption, particularly in automotive and portable electronics applications. Adoption of HYPERMEC catalysts greatly reduces the cost of fuel cells and additionally allows for the first time the use of a wide range of safe liquid bio-fuels such as ethanol and glycerol. Simple passive alkaline membrane fuel cells can act as a high performance and environmentally friendly alternative to lead acid and alkaline batteries at a commercially acceptable price.

Acta is also developing other commercial opportunities using its catalysts for waste treatment in the bio-fuel, polymer and other industries.

Acta listed on AIM in October 2005.

Chairman's Statement

2007 has seen a strong growth in revenues, a strategic investment by Sumitomo Corporation and the securing of our first major development contract. We are very pleased with the growing momentum for Acta's catalysts and we look forward to developing this with further commercial progress during 2008.

Business Progress

Acta continued to demonstrate good commercial progress with strong revenue growth during 2007. The launch of new products to existing customers and the development of catalyst applications for new markets offered a broad base of commercial opportunity with customers world-wide. The highlight of this was the signing in November 2007 of Acta's first revenue earning development contract with a global manufacturer, and also with Sumitomo Corporation, our Asian partner.

Sumitomo Corporation and Acta strengthened their partnership in July 2007 when Sumitomo invested £4.6m in Acta and, at the same time, the Asian marketing agreement between the two companies was extended to ten years. This reflected the good commercial progress which has been made in Asia since the marketing agreement was first signed in April 2005.

Good technical progress was made in all areas during 2007. Improved catalysts were launched to the fuel cell market, the ammonia electrolyser was developed to offer a unique new source of hydrogen for the automotive industry and other catalyst technologies were sampled by customers. All major technical milestones were achieved and a further seven patent applications were filed.

The company also made good progress in its strategy to put operational capacity in place in anticipation of larger scale orders. A dedicated operations team was established early in 2007. Effective capacity was quadrupled during the course of the year through modest investments in new equipment, with an annualised revenue capacity of €4.5m achieved by year end.

The recruitment and retention of top quality management and researchers underpins the company's success. We have been delighted to add Dr Hubert Gasteiger as Director of Catalyst Development. Dr Gasteiger was previously head of catalyst development for General Motors' fuel cell programme and is editor of the Fuel Cell Handbook, the standard industry textbook on fuel cells. We also welcomed Jason Davies as Sales Director. Mr Davies was previously at Johnson Matthey and Rockwood Speciality Chemicals and has extensive experience in Asian markets.

Financial Results

Acta's post tax loss for the year ended 31 December 2007 amounted to €5.5m (€4.8m in 2006), well within budget and analysts' expectations. The loss included €0.9m of non-cash share option expense and excluded €0.3m of grant income which is expected to be received in 2008 for project costs incurred in 2007.

Revenues continued to grow sharply to €600,000 (€72,000 in 2006), including both increased shipments of sample products and development contract income from a commercial customer.

Operating cash outflow for the year was €4.1m (€3.9m in 2006). In September, Acta raised €5.0m in a placing, such that cash at year end, including liquid investments, was €7.9m, with a further £2.3m from the placing to be received in April 2008. With this extra funding, the company believes that it has sufficient funds for its current operations into 2010.

In view of the Company's stage of development, a dividend is not considered appropriate.

Outlook

The current year has started well. All contract milestones have been successfully delivered in the first phase of our development contract with the global manufacturer, with three new catalysts approaching commercialisation as a result. We are now discussing the next steps with our customer.

Two further collaboration agreements have already been signed in the portable power market. We have additionally developed and exhibited our low cost fuel cell ranges for use in small portable power units, opening up further potential commercial opportunities.

During 2008 we expect that further development and collaboration contracts will be secured as a result of trials or negotiations already underway. We also anticipate that further customer trials will begin with a number of new products.

Chief Executive's Statement

Overview

During 2007 Acta made excellent progress in delivering its core strategy of manufacturing catalysts for multiple applications. We successfully developed new catalysts, accessed new markets, engaged with new customers, filed new patent applications and brought increased manufacturing capacity on stream.

Acta's catalysts are targeted to meet society's most pressing needs for future energy generation. Catalysts play a key role in the delivery of new technologies for clean, carbon-free power. The "Green Energy" catalyst market, for energy production and conversion, is expected to grow at 23% p.a. over the next five years (source: BCC Research). However, in order to reach widespread use, these catalysts must be based on affordable and abundant materials and avoid the use of expensive platinum, which is currently the most widely used catalyst material.

Acta demonstrated strong commercial traction with its growing range of catalysts in 2007. This commercial progress was reflected across the broad range of our activities:

- Revenues increased by 730% to €600,000
- Catalyst shipments trebled
- Sales of 3 new product ranges
- 21 new Non Disclosure Agreements signed

The £4.6m invested by Sumitomo Corporation, our strategic partner in Asia has the special significance of confirming the commercial potential of Acta products in the Asian market.

Acta also made good progress in meeting its goals to deliver operational capability to support its commercial success. A full time operations team was established in January 2007 in order to meet growing numbers of customer orders and to ensure that all products shipped to customers had been proven for reproducibility and scalability. During the year a modest investment in new equipment to eliminate production bottlenecks quadrupled capacity to an annualised revenue of €4.5m.

Acta's experienced management team has consistently met its business targets whilst spending less cash than expected. This trend continued during 2007, with cash burn lower than analyst expectations at €4.1m. Acta's markets remain largely immune to the volatility affecting the general global economy, but management remain committed to maintaining a tight control on expenditure.

Operating Review

The global catalyst market for energy and environmental catalysts was worth \$13bn in 2007 and is forecast to grow at 7% per annum to 2012 (source: BCC Research), driven by strong growth in both environmental treatment catalysts and primary energy production catalysts. The removal of expensive platinum metal from catalysts wherever possible will be an important driver in future catalyst development. Acta maintains an important commercial competitive advantage with its catalyst offering due to its extensive commercial engagement and its demonstrated operational capability.

Acta's catalyst products have been targeted at applications within three main markets which have been selected for their high growth rates and openness to new technologies. These markets are:

- Hydrogen generation: catalysts for affordable hydrogen generation from practical feedstocks are essential to enable the hydrogen economy

- Portable power: platinum free catalysts for fuel cell and battery technologies to provide affordable, clean, high energy density portable power
- Waste to energy: the conversion of waste products to energy in order to reduce emissions and increase margins

Hydrogen Generation

Hydrogen has long been identified as the ultimate clean fuel. Hydrogen is already in increasing use to improve efficiencies in combustion engines. It is expected to be used in the future in conjunction with intermittent renewable power sources such as wind and solar in order that the latter can reliably supply an increasing proportion of the power grid's needs. Hydrogen can also be used on its own or in conjunction with ammonia to provide carbon-free, zero emission motoring.

The challenges that must be addressed in order to commercialise the hydrogen economy are firstly the practical manufacture, storage and transportation of hydrogen and secondly cost reduction of both hydrogen generation and fuel cell technologies.

New catalysts are at the heart of delivering the answers to these challenges, and Acta has launched a unique range of products for hydrogen generation which have gained significant commercial traction:

- Hydrogen from ammonia catalysts. The electrolyser catalysts generate hydrogen from ammonia at room temperature using just 25% of the electricity required to generate hydrogen from water. The reformer catalysts operate with very high conversion efficiency.
- Hydrogen from bio-fuel catalysts. Acta's steam reformer catalyst produces hydrogen from ethanol with no precious metals, high efficiency and at low conversion temperatures. Acta is developing technologies to produce hydrogen from glycerol, which is a waste product of bio-diesel manufacture.
- Hydrogen from water catalysts. Acta has platinum-free catalysts for water electrolysis. Acta's approach of using high performance alkaline membranes offers the important combination of high pressure hydrogen without the use of platinum.

During 2007 Acta focused primarily on development of its ammonia decomposition catalysts in response to strong customer interest. As a result, Acta announced its first revenue earning development contract in November 2007, the first phase of which will be successfully completed at the end of March 2008 with all milestones met. Although much of Acta's initial activity was in support of its main customer, a number of additional opportunities for catalysts for ammonia have been identified, including in waste treatment, as discussed below.

The focus of development and new commercial activity in 2008 will now also include a greater emphasis on water electrolysis and hydrogen generation from bio-fuels. In November 2007 Acta was awarded a €250,000 EU grant as part of a consortium for the development of high performance electrolysers. This project and other commercial trials are expected to show good progress in 2008.

Portable Power

The portable power market is a large, fast moving, rapidly growing market. Over 600 million lithium-ion batteries are produced each year for portable electronic devices in a market worth \$5bn. The lead acid and alkaline battery markets for lower power applications are also very significant, if more mature.

Fuel cells are expected to play a key role in future portable power supply because of their high potential energy density and the ability to instantly recharge with the supply of fresh fuel. However, the cost of platinum catalysts in current fuel cell technologies makes it impossible to compete commercially with lithium-ion batteries. Current direct methanol fuel cells often contain platinum metal greater than the cost of the lithium ion battery they are trying to replace. Acta's platinum free

catalysts therefore offer important potential material cost savings and could allow the introduction of commercially viable fuel cells. Acta's products include:

- Platinum free catalysts for active fuel cells: Acta's HYPERMEC catalysts offer high performance with no platinum.
- Platinum free disposable fuel cell units for passive fuel cells: Acta has filed patents for complete low cost fuel cell units to potentially replace low power alkaline or lead acid battery units.
- Electrocatalysts for zinc air batteries: Acta has supplied its cathode catalyst for trials in zinc air batteries, an existing \$0.5bn market with the potential for high growth.

During 2007 Acta continued to demonstrate market leadership in catalysts for alkaline membrane fuel cells ("AMFC"). Two improved catalysts were launched, improving both activity and durability. In September, Acta demonstrated performance with hydrazine fuel up to 40% higher than previously reported best in class. Trials continued with major electronics OEMs and also with new customers in the disposable fuel cell market. Trials also started with a zinc air battery developer using HYPERMEC as a cathode.

Already in 2008, Acta has consolidated its market leading position by signing joint collaboration agreements with Tokuyama, the market leading membrane maker, and with CMR Fuel Cells, a leading fuel cell stack maker. These agreements position Acta as the catalyst supplier of choice and are expected to accelerate the development of commercial products. Further discussions are underway with major customers and component makers in order to further expand Acta's customer base and activities. The demonstration of disposable fuel cell units in various forms has also opened a potential market for Acta catalysts as a high performance alternative to some alkaline battery technologies. Further development of these units will continue during 2008.

Waste to Energy

The waste to energy market has been targeted as a market where Acta's existing technologies can be deployed to meet the needs of major industrial customers in reducing waste or increasing margins. Many of these customers are large organisations with emission problems to which Acta has solutions.

Catalysts play an essential role in emission control, by cleaning or converting harmful products into energy or products with an economic value. Catalysts will be used to treat ammonia as a pollutant in waste streams and to treat the waste products of bio-fuel manufacture. Acta products include:

- Ammonia treatment catalyst: Acta's ammonia decomposition catalyst can convert dilute ammonia to hydrogen
- Glycerol conversion: glycerol is an unwanted by-product of bio-diesel manufacture. Acta is developing catalysts to convert glycerol to hydrogen or to other products
- Syngas/CO₂ conversion to fuel: the conversion of either syngas from bio-fuels or ultimately carbon dioxide itself into a usable liquid fuel

During 2007 Acta made its first development moves into this market. Glycerol data was generated using fuel cells, showing encouraging performance, in particular for passive fuel cell applications. In March 2007 Acta announced that it had been awarded a grant from the Carbon Trust, alongside Edinburgh University, to investigate the conversion of carbon dioxide into alcohol. These activities generated sufficient technical data to allow promising commercial avenues to be explored with a number of customers.

In early 2008 Acta installed a trial ammonia electrolyser with a major international chemical company to investigate options for waste treatment. Commercial progress has also been made with regard to potential development programmes in the bio-fuel industry. Further commercial progress is expected during 2008.

Chief Financial Officer's Report

Acta achieved good financial progress in 2007, strengthening its financial resources through a capital increase, and commencing its first commercial contract, while keeping strong control of expenses and cash flow.

£5.75 million was raised through our secondary fundraising in September 2007, supported by Sumitomo who invested £4.6m to become a 10% shareholder in Acta. Upon completion of their second stage payment in March 2008, this investment will give the Group the funds to finance its activities through into 2010 at current utilisation rates.

Revenues grew strongly to €600,000 (2006: €72,000) on the back of increasing order volumes, particularly in relation to ammonia-related products. While still modest in size, the growth rate continues the commercial momentum achieved in 2006. Further revenue growth is expected in 2008 from sample sales and development contract fees.

Costs rose during the year to €6.2 million after share option expenses (2005: €5.1 million), primarily due to increased staff numbers and grant project costs. The Group continues to progress well in its two Italian grant-funded projects, which are due to conclude during 2008. Total grant receipts amounted to €656,000 during 2007 (2006: €48,000), comprising €365,000 in grant income (€2006: €48,000) and €291,000 in a low interest rate loan (2006: Nil). First receipt of funds from the new European grant is also expected during 2008.

Capital expenditure was reduced to €451,000 in the year (2006: €1.1m), which was invested in technical and scientific equipment, plus registration and internationalisation of patents. Capital investments will increase again in 2008, while remaining prudent, as we prepare for commercialisation.

Net cash flow, including the capital increase, was positive, increasing available funds by €900,000 to €7.9 million. Excluding the capital increase, net cash outflow improved slightly to €4.1 million in the year (2006: €4.2 million).

The continuing rise in the price of platinum, which reached \$1,500 per ounce at the end of 2007 and has since risen to over \$2,000 per ounce, has reaffirmed our belief, echoed by our customers, that for any new environmental, portable power or renewable energy application to be commercially successful, the catalysts that it relies on must be platinum-free (or virtually so). For example, a 50% platinum catalyst contains over \$31,000 of platinum metal per kg, compared to a cost of less than \$1,000 for Acta's fuel cell catalysts. Our leadership in this area underpins our confidence in the long term future of the Group.

Outlook

Acta continues to make significant progress with commercial opportunities in a targeted range of markets and applications. Commercial activity is at its highest level and the company is prioritising the deployment of its resources towards the most promising targets. Continued commercial engagement and revenue growth is expected during the year.

Acta's previously announced major development contract has made good progress and all the milestones for the first phase have been delivered on time. Under the terms of the contract new catalysts developed can be sold to the open market and these will be scaled up on the pilot plant during the second quarter. Discussions are underway concerning Acta's next activities for this customer.

The key milestones for 2008 are as follows:

- Increased product sales and development revenues to drive revenue
- Commence customer trials and/or development contracts in the hydrogen generation and waste to energy markets
- New or improved catalysts in targeted technical markets
- New grant funding for commercially promising development projects
- File patent applications to enhance Acta's intellectual property portfolio
- Expand development facility with two new laboratories
- Expand development team to build on existing reformer technology
- Expand operational capability to ensure scalability and reproducibility of all products
- Target annualised revenue capacity of €6m by December 2008

Consolidated Income Statement

	Year ended 31 December 2007	Year ended 31 December 2006
	€'000	€'000
Revenue	600	70
Other operating revenue	0	2
	<u>600</u>	<u>72</u>
Raw materials and consumables used	(290)	(142)
Personnel expense	(3.506)	(3.088)
Depreciation and amortisation expense	(326)	(269)
Other operating expenses	(2.097)	(1.625)
Loss from operations	<u>(5.619)</u>	<u>(5.052)</u>
Financial income	172	242
Financial expenses	(40)	(18)
Loss before tax	<u>(5.487)</u>	<u>(4.828)</u>
Current tax credits	3	0
Loss for the period	<u>(5.484)</u>	<u>(4.828)</u>
Attributable to:		
Equity holders of the parent	(5.404)	(4.779)
Minority interest	(80)	(49)
	<u>(5.484)</u>	<u>(4.828)</u>
Basic loss per share (euro)	(0,15)	(0,13)

Consolidated balance sheet

	Year ended 31 December 2007	Year ended 31 December 2006
ASSETS	€'000	€'000
Non-current assets		
Property, plant and equipment	1.861	1.754
Goodwill	11	11
Intangible assets	878	858
Total non-current assets	2.750	2.623
Current assets		
Inventories	74	74
Available-for-sale financial assets	3.494	0
Trade and other receivables	967	792
Cash and cash equivalents	4.442	7.049
Total current assets	8.977	7.915
Total assets	11.727	10.538
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	234	216
Capital reserves	22.380	16.686
Retained losses	(13.762)	(8.358)
	8.852	8.544
Minority interest	120	52
Total equity	8.972	8.596
Non-current liabilities		
Employee benefits	62	32
Long-term provisions	89	89
Long-term borrowings	926	596
Total non-current liabilities	1.077	717
Current liabilities		
Other financial liabilities	57	57
Short-term borrowings	48	70
Trade and other payables	1.573	1.098
Total current liabilities	1.678	1.225
Total liabilities	2.755	1.942
Total equity and liabilities	11.727	10.538

These financial statements were approved by the Board of Directors on 18th March 2008.

Statement of changes in equity

	Share Capital €'000	Reserve Capital €'000	Retained Earnings €'000	Minority Interest €'000	Total €'000
At 1 January 2006	216	15.908	(3.578)	100	12.646
Share-based payment	-	778	-	-	778
Loss for the period	-	-	(4.780)	(48)	(4.828)
At 31 December 2006	216	16.686	(8.358)	52	8.596
At 1 January 2007	216	16.686	(8.358)	52	8.596
Issue of share capital	18	4.933	-	-	4.951
					-
Share issue expenses	-	(131)	-	-	(131)
					-
Net change in fair value available for sale		(6)			(6)
Share-based payment	-	898	-	-	898
Loss for the period	-	-	(5.404)	(80)	(5.484)
Minority contribution	-	-	-	149	149
At 31 December 2007	234	22.380	(13.762)	120	8.972

Consolidated cash flow statement

	Year ended 31 December 2007	Year ended 31 December 2006
Cash flows from operating activities	€'000	€'000
Loss from operations	(5.619)	(5.052)
Adjustments for:		
Depreciation	218	159
Amortisation of intangible assets	126	110
Gain on sale of property, plant and equipment	(18)	
Expense recognised in profit or loss in respect of share based payments	898	778
Income tax credit	3	0
Movements in working capital		
(Increase) decrease in trade and other receivables	(175)	(92)
(Increase) decrease in inventories	0	(60)
Increase (decrease) in trade and other payables	475	298
Increase (decrease) in provision for employees' benefits (TFR)	28	22
Increase (decrease) in deferred government grants	0	(47)
Cash outflow from operations	(4.065)	(3.884)
Interest paid	(40)	(18)
Net cash from operating activities	(4.105)	(3.902)
Cash flows from investing activities		
Interest received	172	242
Payments for property, plant and equipment	(354)	(1.028)
Proceeds from sale of property, plant and equipment	50	0
Acquisition of available-for-sale investments	(3.500)	0
Payments for intangible assets	(147)	(102)
Net cash used in investing activities	(3.779)	(888)
Cash flows from financing activities		
Proceeds from issue of share capital	4.951	0
Proceeds from minority interest	149	0
Payment for share issue costs	(131)	0
Proceeds from borrowings	291	565
Repayment of borrowings	(16)	0

Proceeds from new finance leases	128	0
Payment of finance lease liabilities	(95)	(10)
Net cash inflow from financing activities	5.277	555
Net increase in cash and cash equivalents	(2.607)	(4.235)
	7.049	11.284
	4.442	7.049