



FOR IMMEDIATE RELEASE

13 January 2010

PROTONEX TECHNOLOGY CORPORATION
("Protonex" or "the Company")

Preliminary Results For The Year Ended 30 September 2009 (Unaudited)

DATELINE: SOUTHBOROUGH, MA; Protonex Technology Corporation (LSE: AIM: PTX and PTXU) ("Protonex" or "the Company"), a leading provider of advanced fuel cell power systems today announces its preliminary results for the fiscal year ended 30 September 2009.

2009 HIGHLIGHTS

- Significant progress in moving PEM and SOFC fuel cell platforms towards initial commercial and military products.
- Established partnership with Cummins Power Generation, a global leader in power generation and distribution, to jointly promote the M250-B product into the recreational vehicle (RV) market.
- Demonstrated M250-B product at RV trade shows in the US. OEM evaluations and beta trials underway in H2 2009; general availability expected in H2 calendar year 2010.
- Significant progress towards completion of 22 M250-CX fuel cell systems for evaluation programme with the US Army; delivery of units expected in Q1 calendar 2010. Competing for significant follow on programme funds.
- BPM and SPM power managers launched as complete products in September 2009. Currently undergoing testing and evaluation by the U.S. Military in the US, Iraq and Afghanistan.
- Strong and ongoing support from U.S. Military with over \$46 million* in programme value as of 30 September 2009 from the US Air Force, Army, Navy, SOCOM, DARPA, DOE, NASA.
- Awarded up to \$3.3 million contract in March 2009 by US Department of Defense to develop a high-performance UAV system for emerging AECV platform.
- Received \$1.44 million in additional funding from the U.S. Naval Research Laboratory (NRL) and Air Force Research Lab (AFRL) to extend capabilities of high performance fuel cell systems for UAVs.
- Awarded contracts of \$2.0 million in September 2009 and \$1.48 million in January 2009 from US Army for further liquid-fuelled SOFC system development.
- Revenues of \$7.1 million for the year ended 30 September 2009 (2008: \$7.8 million), reflecting delays in H1 of new military programmes caused by change in US Administration and a general delay in the release of military contracts.
- David Ierardi hired as VP Operations in May 2009 adding very strong manufacturing and operations background.

*Programme value includes contracts awarded to Mesoscopic Devices before acquisition in April 2007.

POST PERIOD END HIGHLIGHTS

- Small Unmanned Aerial Vehicle (UAV) completed record 23-hour flight using Protonex fuel cell power system, extending flight duration by as much as seven times compared to advanced batteries.
- Dr. Caine Finnerty promoted to Vice President of SOFC Development in December 2009, following appointment as Director of SOFC Systems Development in July 2009. Now assuming operating responsibility for the Company's solid oxide fuel cell group in Colorado.

Commenting on the results, Scott Pearson, Chief Executive of Protonex Technology Corporation said: "We are very happy with the progress made by the Company during a year in which we finalised several core technologies and launched the first of a sequence of important products. With the economy beginning to pull out of recession, along with the rising global shift towards finding cleaner alternative energy solutions, our expectations remain high as we begin producing and selling our first commercial and military fuel cell power products in 2010."

ENQUIRIES

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Notes to Editors

About Protonex Technology Corporation

www.protonex.com

Protonex Technology Corporation develops and manufactures compact, lightweight and high- performance fuel cell systems for portable power applications in the 100 to 1000-watt range. The Company's fuel cell systems are designed to meet the needs of military, commercial and consumer customers for off-grid applications underserved by existing technologies by providing customizable, stand-alone portable power solutions and systems that may be hybridized with existing power technologies. The Company is based in Southborough, Massachusetts.

This document contains statements that are, or may be deemed to be, forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "intends", "plans", "estimates", "aims," "expects", or, in each case, their negative or other variations or comparable terminology or by discussions of strategy plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Company operates. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to those discussed in part ii, part iii, part iv and part vi of the Company's AIM Admission document dated 27 June 2006. A copy of this document is posted on the Company's website or may be obtained by contacting the Company at +1 508 490 9960. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. Subject to any legal and regulatory requirements, the Company disclaims any obligation to update any such forward-looking statements in this document to reflect future events or developments.

Letter from Chairman and from Chief Executive

2009 was another successful year for Protonex Technology Corporation and we are pleased to present the 2009 Preliminary Results.

We are very happy with the progress made by the Company during a year in which we finalised several core technologies and launched the first of a sequence of important products. With the economy beginning to pull out of recession, along with the rising global emphasis on clean technologies and the need for new alternative energy solutions, we expect to begin producing and selling our first commercial and military fuel cell power products in calendar year 2010.

Power and energy continue to present major challenges and opportunities in today's emerging world. This is true not only at the utility end of the spectrum but also at the portable end where Protonex operates. There are large and valuable market opportunities for innovative power products which can provide better solutions, in both operational and economic terms, to small or portable applications where batteries and internal combustion generators fail to provide acceptable performance. Batteries have a high power density profile so they can manage brief current peaks but cannot supply power over long periods due to their low energy density. As a result, batteries need to be continuously replaced or recharged, making them an inefficient source of portable or long duration power. Generators produce harmful emissions, are noisy, and are often not suitable for lower to medium power needs. Protonex fuel cell power solutions remove these barriers and can offer compelling benefits by providing clean, quiet, efficient, and cost-effective power systems that run on environmentally friendly fuels. Opportunities in this portable power segment range from leisure and alternative energy applications to the ultra-high performance missions of the world's leading military and government agencies.

Strategy and Products

Protonex' strategy has remained consistent over the years – to deliver a set of compelling and environmentally favorable fuel cell products to a scalable set of commercial, consumer, and military applications. We recognise, particularly in today's challenging economic conditions, that being high performance and "green" in and of itself may not be enough to support a meaningful growth strategy. Therefore, Protonex is also strongly focused on cost reductions at the technology and component levels which will allow its products to be competitive on price with incumbent technologies when produced in similar annual volumes. During the year ended 30 September 2009, Protonex made significant progress on all fronts as it finalised several core technologies and launched the first of a sequence of important products.

Protonex launched its first military power products – the SPM and BPM power managers – in September 2009. The power manager products are being evaluated by several branches of the US military with units currently being utilised in Iraq and Afghanistan. In its 2010 fiscal year, the Company is planning two additional product launches, the M250-CX for the US Military and the M250-B for recreational vehicles and marine markets. Following these products in 2011 and beyond are additional planned product introductions based on the Company's UAV and SOFC technologies.

On the government programme side, in its second half of 2009, the Company reported a significant increase in government contract revenues over the first half as the new US Administration took office and new contracts again began to flow to Protonex. Also, since many of the new programmes are for 12 months or more, the Company has a strong backlog of programme revenue for fiscal 2010.

Partners

As Protonex moves to market-ready products, it is better positioned to attract and recruit additional strategic partners that will assist the Company in growing its business. Protonex' unique combination of PEM (proton exchange membrane) and SOFC (solid oxide fuel cell) systems is emerging as a critical advantage for the Company and its partners, allowing them to offer multi-fuel capabilities and to target a broader set of addressable markets. In 2009, Protonex established a key partnership with Cummins Onan, a global leader in power generation and distribution, to cooperate in the marketing of the M250-B system into the recreational vehicle (RV) market. As part of the agreement, Cummins and Protonex plan to jointly conduct rigorous field testing of the Protonex M250-B fuel cell power system within RVs and Cummins will provide Protonex with certain marketing assistance at trade shows and other related events. In addition, Cummins is in the process of becoming a certified installer of Protonex fuel cell systems developed for RVs. The resulting testing, certification and promotional efforts are expected to facilitate the delivery of Protonex fuel cell power solutions to the RV market.

Protonex is currently engaging in many other discussions with leading companies and more partnerships are expected in 2010 and beyond.

People

Since listing on the AIM market in July 2006, Protonex has had a very seasoned and complete set of Directors and management. In 2009, the Company further enhanced its management capabilities with two key additions:

- Caine Finnerty was hired in July 2009 as Director of SOFC Systems Development and in December was promoted to Vice President of SOFC Development, assuming operating responsibility for the Company's solid oxide fuel cell group in Colorado. Dr. Finnerty, a world expert in solid oxide fuel cells, provides Protonex over 17 years of education and experience with analytical chemistry and SOFC development and has played a key role in the development and implementation of micro tubular technology worldwide. Most recently, Dr. Finnerty was a founding member of Nanodynamics Energy, Inc. and its Chief Technology Officer. While at Nanodynamics, he built a multinational team of engineers and scientists and led this group to develop an industry leading SOFC technology, and successfully integrated that technology into portable SOFC systems operating on various fuels that have been tested and operated globally.
- David Ierardi joined the Company's executive team in May 2009 as Vice President of Operations. Mr. Ierardi provides Protonex over 25 years of global operations and manufacturing experience with specific capabilities in new product introduction, logistics, supply chain management, quality, cost reduction, and contract manufacturing selection and management. Prior to joining Protonex, Mr. Ierardi held senior level positions at RSA – the security division of EMC, Telco Systems, Integral Access and Lucent Technologies and has set-up manufacturing operations in multiple locations in the United States, Europe and Asia.

While at Protonex, Mr. Ierardi has been instrumental in the recent completion of the Company's Enterprise Resource Planning (ERP) system installation.

Protonex maintains a strong and highly experienced team of scientists, engineers, sales, marketing, and business management staff who share a dedication and commitment to the Company's core technologies and products. All full time employees have stock options and a vested interest in the business.

Financial Review

Revenues for the fiscal year ended 30 September 2009 totalled \$7.10 million, a decrease of 10% over the comparative period in 2008. Approximately 100% of the revenue during the period was associated with US Government sponsored development contracts. In comparison, revenues during the fiscal year ended 30 September 2008 were \$7.85 million, of which \$7.68 million were revenues from US Government sponsored development contracts. The reduction in revenue from the prior period was primarily due to the change in US Administration and a general delay in the release of military contracts in the first half of fiscal year 2009. Our intention moving forward is to shift substantially toward product revenues which are expected to bring higher operating margins to the Company than are available from government funded development contracts.

As the Company has continued to grow and invest in its future business, operating expenses have increased 4% to \$19.91 million for the year ended 30 September 2009 (2008: \$19.21 million). The increase in operating expenses was planned and was primarily the result of the expansion in the size of the technical and manufacturing operations, increased spending on product development, marketing programmes, and higher depreciation expenses.

Interest income for the year ended 30 September 2009 decreased to \$0.07 million (2008: \$0.76 million). This decrease was primarily the result of lower cash balances and lower interest rates due to lower short-term market rates and a decision by the Company to shift its short-term investments to a highly secure US Treasury money market fund in December 2007.

The net loss for the fiscal year ended 30 September 2009 was \$12.95 million (2008: \$10.86 million).

The Company's balance sheet remains satisfactory with \$12.47 million in cash and cash equivalents at 30 September 2009. The net cash used in operating activities during the year ended 30 September 2009 was \$11.10 million (2008: \$8.93 million). Cash outflows attributable to capital expenditures totalled \$0.75 million during the year ended 30 September 2009 (2008: \$0.65 million). The overall net cash outflows for the year ended 30 September 2009 of \$11.84 million compared with \$9.57 million of net cash outflows for the year ended 30 September 2008.

Outlook

Protonex is tightly focused on developing and launching a series of advanced fuel cell products that deliver strong value propositions to a set of targeted commercial, consumer and military markets in 2010 and 2011. The Company's major objectives for its 2010 fiscal year are:

- Power Managers – Aggressively market and sell BPM and SPM products. Continue to support evaluations with US Military agencies and secure low to medium volume orders.
- M250-B – With the assistance of Cummins, launch this product into the leisure segments and start shipping low volume quantities in 2010.
- M250-CX – Win and execute on a major Phase 3 programme for this emerging product. This programme should include between 100 and 200 units for field trials and early deployment.
- UAV – Complete the ongoing productisation of the AECV platform for the US Department of Defense and target first system sales at end of 2010. Engage several new UAV system partners in additional product commercialisation efforts.
- SOFC – Complete a beta level design in 2010 that will enable a first product launch to a set of commercial markets in 2011.
- Strategic Partnerships – Formalise additional strategic relationships with market-leading OEMs, integrators and “go to market” partners.
- Government Contracts – Capture a continuing stream of government contracts that will fully or partially support the development and launch of the aforementioned military and commercial products.
- Financing – Secure additional financing to allow the current rate of business development expenditure to continue into 2011/2012.

We thank our shareholders and customers for their ongoing support and we look forward to reporting on our progress throughout the 2010 fiscal year.

Harry Fitzgibbons

Chairman

13 January 2010

Scott A. Pearson

Chief Executive Officer

13 January 2010

Current Public Information

Exact Name of issuer as specified in its charter:

Protonex Technology Corporation.

State/country of incorporation:

State of Delaware, United States of America.

Address of principal executive offices:

153 Northboro Road, Southborough, MA, USA 01772.

Title and class of securities:

Common Stock \$0.005 per share par value.

Number of shares outstanding as of 31 December 2009:

64,987,144.

Transfer agent:

Computershare Investor Services (Channel Islands) Limited, Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, Channel Islands.

Nature of business:

Protonex is a leading provider of advanced fuel cell power solutions for sub-kilowatt portable, remote and mobile applications. Based on patented proton exchange membrane (PEM) and solid oxide (SOFC) fuel cell design and manufacturing technology, these power systems are among the industry's smallest, lightest and highest performing fuel cell systems for portable power applications.

Protonex was incorporated and privately funded by four founders in 2000 to develop a proprietary PEM stack design and manufacturing process. From its inception until October 2003, Protonex was primarily funded by its founders and several key managers of the Company, in addition to commercial and government contracts. Protonex has funded its subsequent growth through two rounds of venture capital financings and two placings on the AIM market of the London Stock Exchange (July 2006 and April 2007). Since the first venture capital financing, the Company has expanded its business focus from providing just fuel cell stacks to complete fuel cell power systems.

In April 2007, Protonex acquired Mesoscopic Devices, a leading SOFC technology, fuel reforming and desulfurisation systems company. The Company is building on the technical and market synergies that exist between the two businesses to strengthen its position as a leading provider in the portable fuel cell industry. Headquartered near Boston, Massachusetts, with a development facility near Denver, Colorado, Protonex had approximately 95 employees as of 30 November 2009.

Protonex is well positioned to deliver high-performance, low-cost fuel cell products to military and commercial customers. With a wide range of technical expertise and an expanding intellectual property portfolio that covers PEM, SOFC and fuel reforming technology, the Company is also able to offer a variety of fuelling options, including hydrogen, chemical hydride, methanol, propane, gasoline, diesel, and other higher hydrocarbons and renewable fuels.

Nature of products and services offered:

Protonex targets both military and commercial markets. The military opportunity includes high energy-density power sources which enable digitisation of the battlefield, providing potential power solutions to electronic devices such as radios, communication systems, night vision equipment, global positioning systems, laser range finders and target designators, digital communication systems, intelligence gathering sensors, and small unmanned vehicles. Non-military, commercial and consumer opportunities include: portable generators for off-grid and emergency power; power sources and battery chargers for portable electronic equipment; auxiliary power units for applications such as boats, RVs, and vehicles; backup systems for electronic equipment and communication networks; and propulsion power for wheelchairs and electric motorbikes.

Protonex is currently developing three product lines for end-user customers: Military Series products for military customers, Professional Series products for professional and consumer customers, and Commercial Series backup power products for telecommunications and network providers. These products offer customers the benefits of fuel cell technology, including reduced noise, lower emissions, and extended runtimes at reduced size and weight, without requiring access to hydrogen or other specialty fuel sources.

While any of Protonex' power solutions can run on direct hydrogen, military and professional products contain fuelling subsystems that allow the systems to run on common organic fuels, such as methanol, propane and diesel. Because fuel cells process fuels electrochemically rather than burning them, running fuel cell systems on carbon-based fuels still retains the environmental benefits associated with fuel cells and other alternative power sources.

Protonex is also developing a series of customisable fuel cell power products for OEM customers in industrial and commercial markets. These products include the core power generation system of Protonex' packaged end-user solutions, and may be integrated by OEMs with existing technologies and products.

Nature and extent of facilities:

Protonex currently has two facilities that house its operations. The first facility, which functions as its principal offices and headquarters, is in Southborough, Massachusetts. This 31,294 square foot facility is leased and houses all of the major functions of the Company including general management, research and development, product engineering, manufacturing, sales, marketing, and customer service. The majority of the footprint of this facility is dedicated to product engineering and manufacturing.

The second facility is located in Broomfield, Colorado, just outside of Denver. This 11,970 square foot facility is also leased and dedicated to the Company's SOFC technology development and the infrastructure components required to support these development efforts.

While Protonex plans to conduct pilot and low-volume manufacturing of its products at its Southborough facility, it intends to outsource any medium to high-volume manufacturing to qualified contract manufacturing firms. This will allow the Company to avoid the capital expense of building out complete factories and to take advantage of the expertise possessed by these world-class manufacturing partners.

Protonex Technology Corporation (A Development Stage Company)
Consolidated Balance Sheets (Unaudited)

	30 September	
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,466,256	\$ 24,303,508
Accounts receivable, net of allowance for doubtful accounts of \$24,855 and \$27,355 at 30 September 2009 and 2008, respectively	714,470	1,212,748
Accounts receivable, unbilled	1,338,375	290,485
Inventory, net	482,073	409,553
Prepaid expenses and other current assets	298,130	320,876
Total current assets	15,299,304	26,537,170
Property and equipment, net of accumulated depreciation and amortisation of \$1,575,791 and \$873,215 at 30 September 2009 and 2008, respectively	1,794,872	1,762,237
Goodwill	7,816,990	7,816,990
Intangible assets, net of accumulated amortisation of \$274,233 and \$164,300 at 30 September 2009 and 2008, respectively	384,767	494,700
Other assets	52,880	52,880
Total assets	\$ 25,348,813	\$ 36,663,977
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable (includes related party payables of \$3,606 and \$36,959 at 30 September 2009 and 2008, respectively)	\$ 704,150	\$ 650,144
Accrued expenses	1,197,137	1,012,616
Deferred revenue	100,517	108,150
Total current liabilities	2,001,804	1,770,910
Deferred tax liability	493,707	296,070
Total liabilities	2,495,511	2,066,980
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.005 par value; 85,000,000 shares authorised; 63,966,546 and 63,868,366 shares issued and outstanding	319,833	319,342
Additional paid-in capital	66,133,781	64,929,209
Deficit accumulated during the development stage	(43,600,312)	(30,651,554)
Total stockholders' equity	22,853,302	34,596,997
Total liabilities and stockholders' equity	\$ 25,348,813	\$ 36,663,977

See the accompanying notes to the preliminary announcement.

Protonex Technology Corporation (A Development Stage Company)

Consolidated Statements of Operations (Unaudited)

	Years ended 30 September		Period from
	2009	2008	6 October 2000 (inception) to 30 September 2009
Revenues:			
Third-party revenues	\$ 7,101,443	\$ 7,845,254	\$ 26,029,919
Related-party revenues	—	6,200	313,200
Total revenues	7,101,443	7,851,454	26,343,119
Operating expenses:			
Research and development	14,185,750	13,858,515	48,183,496
In-process research and development	—	—	1,852,000
Sales and marketing	1,233,780	1,026,968	4,398,143
General and administrative	4,492,828	4,326,895	17,798,596
Total operating expenses	19,912,358	19,212,378	72,232,235
Loss from operations	(12,810,915)	(11,360,924)	(45,889,116)
Other income:			
Interest income	65,764	757,709	2,811,479
Interest expense	(4,772)	—	(48,669)
Miscellaneous income (loss)	802	(59,689)	25,359
Total other income, net	61,794	698,020	2,788,169
Loss before provision for income taxes	(12,749,121)	(10,662,904)	(43,100,947)
Provision for income taxes	(199,637)	(199,717)	(499,365)
Net loss	\$ (12,948,758)	\$ (10,862,621)	\$ (43,600,312)
Basic and diluted net loss per common share	\$ (0.20)	\$ (0.17)	
Weighted average common shares outstanding:			
Basic and diluted	63,846,878	63,510,323	

See the accompanying notes to the preliminary announcement.

Protonex Technology Corporation (A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficit) (Unaudited)

Period from 6 October 2000 (inception) to 30 September 2009

	Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series A Convertible Preferred Stock		Common Stock		Restricted Common Stock		Additional Paid-in Capital	Treasury Stock		Deficit Accumulated during the Development Stage	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Par Value	Shares	Amount		Shares	Cost		
Balance, 6 October 2000	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ —	—	\$ —	\$ —	\$ —
Common stock issued to founders	—	—	—	—	—	—	1,717,368	8,587	—	—	958	—	—	—	9,545
Restricted stock issued to founders	—	—	—	—	—	—	—	—	2,468,048	12,340	21,027	—	—	—	33,367
Treasury Stock Purchase	—	—	—	—	—	—	—	—	—	—	—	128,530	(643)	—	(643)
Stock issued for Series A Convertible Preferred Stock, net of expenses	—	—	—	—	80,000	169,200	—	—	—	—	—	—	—	—	169,200
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(528,470)	(528,470)
Balance, 30 September 2002	—	—	—	—	80,000	169,200	1,717,368	8,587	2,468,048	12,340	21,985	128,530	(643)	(528,470)	(317,001)
Conversion of restricted shares to common stock	—	—	—	—	—	—	195,230	976	(195,230)	(976)	—	—	—	—	—
Treasury stock purchased	—	—	—	—	—	—	—	—	—	—	—	430,376	—	—	(2,152)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(480,395)	(480,395)
Balance, 30 September 2003	—	—	—	—	80,000	169,200	1,912,598	9,563	2,272,818	11,364	21,985	558,906	(2,795)	(1,008,865)	(799,548)
Stock issued for Series B Convertible Preferred Stock, net of expenses	3,333,334	3,437,341	—	—	—	—	—	—	—	—	—	—	—	—	3,437,341
Conversion of debt and interest expense into Series B Convertible Preferred Stock	369,780	388,269	—	—	—	—	—	—	—	—	—	—	—	—	388,269
Restricted stock issued in connection with Series B Convertible Preferred Stock	—	—	—	—	—	—	—	—	462,000	2,310	32,340	—	—	—	34,650
Common stock issued	—	—	—	—	—	—	170,000	850	—	—	11,900	—	—	—	12,750
Treasury stock retired	—	—	—	—	—	—	—	—	(558,906)	(2,795)	—	(558,906)	2,795	—	—
Conversion of restricted shares to common stock	—	—	—	—	—	—	760,246	3,801	(760,246)	(3,801)	—	—	—	—	—
Restricted stock issued	—	—	—	—	—	—	—	—	780,176	3,901	—	—	—	—	3,901

Stock-based compensation	—	—	—	—	—	—	—	—	—	—	1,138	—	—	—	1,138
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,923,796)	(1,923,796)
Balance, 30 September 2004	3,703,114	3,825,610	—	—	80,000	169,200	2,842,844	14,214	2,195,842	10,979	67,363	—	—	(2,932,661)	1,154,705
Stock Issued for Series C Convertible Preferred Stock, net of issuance costs of \$72,163	—	—	8,800,000	10,927,837	—	—	—	—	—	—	—	—	—	—	10,927,837
Stock options exercised	—	—	—	—	—	—	380,952	1,905	—	—	26,667	—	—	—	28,572
Common stock issued for services	—	—	—	—	—	—	40,952	205	—	—	2,867	—	—	—	3,072
Treasury stock purchased	—	—	—	—	—	—	—	—	—	—	—	163,130	(816)	—	(816)
Treasury stock retired	—	—	—	—	—	—	—	—	(163,130)	(816)	—	(163,130)	816	—	—
Restricted stock issued	—	—	—	—	—	—	—	—	2,202,660	11,014	—	—	—	—	11,014
Conversion of restricted shares to common stock	—	—	—	—	—	—	1,032,774	5,163	(1,032,774)	(5,163)	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	36,634	—	—	—	36,634
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,223,370)	(2,223,370)
Balance, 30 September 2005	3,703,114	3,825,610	8,800,000	10,927,837	80,000	169,200	4,297,522	21,487	3,202,598	16,014	133,531	—	—	(5,156,031)	9,937,648
Stock options exercised	—	—	—	—	—	—	218,126	1,091	—	—	19,221	—	—	—	20,312
Conversion of restricted shares to common stock	—	—	—	—	—	—	1,863,073	9,316	(1,863,073)	(9,316)	—	—	—	—	—
Conversion of Series B, C and A Convertible Preferred Stock into common stock	(3,703,114)	(3,825,610)	(8,800,000)	(10,927,837)	(80,000)	(169,200)	25,276,704	126,383	—	—	14,796,264	—	—	—	—
Issuance of common stock, net of issuance costs of \$2,556,734	—	—	—	—	—	—	10,350,000	51,750	—	—	13,598,074	—	—	—	13,649,824
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	757,787	—	—	—	757,787
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,184,774)	(5,184,774)
Balance, 30 September 2006	—	—	—	—	—	—	42,005,425	210,027	1,339,525	6,698	29,304,877	—	—	(10,340,805)	19,180,797
Stock options exercised	—	—	—	—	—	—	358,913	1,795	—	—	32,039	—	—	—	33,834
Conversion of restricted shares to common stock	—	—	—	—	—	—	809,667	4,048	(809,667)	(4,048)	—	—	—	—	—
Issuance of common stock, net of issuance costs of \$1,204,376	—	—	—	—	—	—	16,000,000	80,000	—	—	26,437,375	—	—	—	26,517,375
Issuance of common stock in connection with Mesoscopic Devices, LLC acquisition	—	—	—	—	—	—	4,082,385	20,412	—	—	7,401,571	—	—	—	7,421,983
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	591,083	—	—	—	591,083
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(9,448,128)	(9,448,128)
Balance, 30 September 2007	—	—	—	—	—	—	63,256,390	316,282	529,858	2,650	63,766,945	—	—	(19,788,933)	44,296,944

Stock options exercised	—	—	—	—	—	—	82,118	410	—	—	7,929	—	—	—	8,339
Conversion of restricted shares to common stock	—	—	—	—	—	—	333,764	1,669	(333,764)	(1,669)	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	—	—	—	—	1,154,335	—	—	—	1,154,335
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(10,862,621)	(10,862,621)
Balance, 30 September 2008	—	—	—	—	—	—	63,672,272	318,361	196,094	981	64,929,209	—	—	(30,651,554)	34,596,997
Stock options exercised	—	—	—	—	—	—	98,180	491	—	—	9,953	—	—	—	10,444
Conversion of restricted shares to common stock	—	—	—	—	—	—	196,094	981	(196,094)	(981)	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	—	—	—	—	1,194,619	—	—	—	1,194,619
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(12,948,758)	(12,948,758)
Balance, 30 September 2009	—	\$ —	—	\$ —	—	\$ —	63,966,546	\$319,833	—	\$ —	\$66,133,781	—	\$ —	\$(43,600,312)	\$ 22,853,302

See the accompanying notes to the preliminary announcement.

Consolidated Statements of Cash Flows (Unaudited)Period from
6 October 2000

(inception) to

30 September 2009

	Years ended 30 September		
	2009	2008	
Cash flows from operating activities:			
Net loss	\$ (12,948,758)	\$ (10,862,621)	\$ (43,600,312)
Reconciliation of net loss to net cash used in operating activities:			
In-process research and development	—	—	1,852,000
Depreciation and amortisation of property and equipment	712,272	479,731	1,652,421
Amortisation of intangible assets	109,933	111,300	277,566
Non-cash expense for services	—	—	4,080
Loss on disposal of fixed assets	1,666	46,023	83,587
Loss on impairment of intangible assets	—	13,667	13,667
Non-cash interest expense	—	—	38,269
Deferred tax provision	197,637	199,261	493,707
Stock-based compensation	1,194,619	1,154,335	3,735,599
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	(549,612)	(197,929)	(1,306,268)
Inventory, net	(72,520)	(146,738)	(469,852)
Prepaid expenses and other current assets	22,746	119,933	(260,370)
Other assets	—	874	(45,325)
Accounts payable	54,006	(171,079)	509,142
Accrued expenses	184,521	240,141	1,009,482
Deferred revenue	(7,633)	84,897	100,517
Net cash used in operating activities	(11,101,123)	(8,928,205)	(35,912,090)
Cash flows from investing activities:			
Cash paid for acquisition of Mesoscopic, net of cash acquired	—	(477,645)	(3,399,946)
Cash held in escrow	—	477,645	(22,355)
Additions to property and equipment	(746,573)	(651,148)	(3,453,037)
Net cash used in investing activities	(746,573)	(651,148)	(6,875,338)

See the accompanying notes to the preliminary announcement.

Protonex Technology Corporation (A Development Stage Company)
Consolidated Statements of Cash Flows continued (Unaudited)

Period from
6 October 2000
(inception) to
30 September 2009

Years ended 30 September	2009	2008	30 September 2009
Cash flows from financing activities:			
Proceeds from notes	—	—	350,000
Proceeds from Series B Convertible Preferred Stock, net of issuance costs	—	—	3,437,341
Proceeds from Series C Convertible Preferred Stock, net of issuance costs	—	—	10,927,837
Proceeds from Series A Convertible Preferred Stock, net of issuance costs	—	—	169,200
Proceeds from sale of common stock and stock option exercises	10,444	8,339	205,718
Proceeds from Initial Public Offering on AIM, net of issuance costs	—	—	13,649,823
Proceeds from Secondary Public Offering on AIM, net of issuance costs	—	—	26,517,375
Common stock repurchased	—	—	(3,610)
Net cash provided by financing activities	10,444	8,339	55,253,684
Net increase/(decrease) in cash and cash equivalents	(11,837,252)	(9,571,014)	12,466,256
Cash and cash equivalents, beginning of period	24,303,508	33,874,522	—
Cash and cash equivalents, end of period	\$ 12,466,256	\$ 24,303,508	\$ 12,466,256
Supplemental cash flow information:			
Cash paid for:			
Interest	\$ —	\$ —	\$ 5,628
Income taxes	\$ 2,373	\$ 456	\$ 6,031
Supplemental disclosure of non-cash financing transactions:			
Conversion of accrued expense into shares of common stock	\$ —	\$ —	\$ 3,072
Conversion of debt and interest into Series B Convertible Preferred Stock	\$ —	\$ —	\$ 388,269
Conversion of Convertible Preferred Stock upon reorganisation and admission to AIM	\$ —	\$ —	\$ 14,922,647
Supplemental disclosure of acquisition:			
On 1 April 2007, Protonex acquired Mesoscopic Devices, LLC			
Accounts receivable	\$ —	\$ (29,496)	\$ 739,436
Inventories	—	—	12,221
Property, plant and equipment	—	—	77,844
Other assets	—	—	45,315
Intangible assets	—	—	2,528,000
Goodwill	—	500,000	7,316,990
Accounts payable and accrued expenses	—	7,141	(375,522)
Cash paid for Mesoscopic Devices, LLC, including cash released from escrow and net of cash acquired	—	(477,645)	(2,922,301)
Fair value of common stock issued	\$ —	\$ —	\$ 7,421,983

See the accompanying notes to the preliminary announcement.

Notes to the Preliminary Announcement

Note 1 – Organisation and Basis of Presentation

Organisation

Protonex Technology Corporation (the “Company”) was incorporated in October 2000, and performs engineering and development on fuel cell technology under cost sharing, cost-reimbursement (cost-type), fixed price and cost plus contracts. In addition, the Company assembles and sells prototype products on a limited basis. Since inception, the Company has been considered to be in the development stage as it has devoted substantially all of its efforts to developing its products, raising capital and recruiting personnel. Although the Company is progressing toward the launching of its first consumer and military product offerings, as of 30 September 2009 the development of its product offerings had not reached this stage. The Company expects to incur losses as it continues to participate in government cost share programmes to further certain technology or product development initiatives with key customers or agencies and invests in cost reduction and commercialisation initiatives. The Company’s primary market during the development stage has been government agencies of the United States of America. The Company is headquartered in Southborough, Massachusetts.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in a manner consistent with generally accepted accounting principles as set forth by the United States of America Financial Accounting Standards Board (“U.S. GAAP”).

The information in this preliminary announcement does not constitute the Company’s Annual Report and Accounts for 2009.

The financial information for the year ended 30 September 2008 is derived from the Annual Report and Accounts for that year which have been published and filed with the AIM Exchange. The Independent Auditors have reported on those accounts; their report was unqualified, and did not draw attention to any matters by way of emphasis. The Annual Report and Accounts for the year ended 30 September 2009, on which the Independent Auditors have not yet reported, will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be published and filed with the AIM Exchange in due course.

The financial information set out herein does not constitute the Company’s Annual Report and Accounts for 2009. The Annual Report and Accounts for the year ended 30 September 2008 have been filed. The Annual Report and Accounts for the year ended 30 September 2009 will be filed in due course.

The Company is subject to a number of risks similar to those of other development stage companies, including risks related to: its dependence on key individuals; its ability to develop and market commercially usable products; and its ability to obtain the substantial additional financing necessary to adequately fund the development, commercialisation and marketing of its products.

These consolidated financial statements have also been prepared on a going concern basis. As such, they anticipate the realisation of assets and the liquidation of liabilities in the normal course of business. The Company incurred net losses of \$12,948,758 and \$10,862,621 for the years ended 30 September 2009 and 2008, respectively, and had an accumulated deficit of \$43,600,312 as of 30 September 2009. The Company has funded these losses principally through equity financings.

Reclassifications

Certain prior year amounts have been reclassified in order to conform to the current year’s presentation.

Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162”. This statement modifies the U.S. GAAP hierarchy by establishing only two levels of U.S. GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, the FASB Accounting Standards Codification (“ASC”), also known collectively as the “Codification”, is considered the single source of authoritative US accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the SEC. Nonauthoritative guidance and literature would include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issue Papers and Technical Practice Aids and accounting textbooks. The Codification was developed to organise U.S. GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance. It is organised by topic, subtopic, section, and paragraph, each of which is identified by a numerical designation. All accounting references have been updated, and therefore SFAS references have been replaced with ASC references.

Note 2 – Summary of Significant Accounting Policies

A summary of the accounting policies consistently applied in the financial statements follows:

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and judgments on historical experience and on various other factors that are considered reasonable under the circumstances. Actual results could differ materially from these estimates.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Protonex Technology, LLC. All material intercompany transactions and balances have been eliminated in consolidation.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Similarly, all money market accounts are considered cash equivalents.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits, and in high quality, short-term, highly liquid investment securities. At 30 September 2009, \$12,117,395 of cash and cash equivalents exceeded federally insured limits, but was maintained in a money market fund that invests primarily in U.S. Treasury Bills. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company reviews accounts receivable on a monthly basis to determine if any receivables will potentially be uncollectible. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment. Based on experience, the Company does not record a reserve against the receivables from the agencies/groups of the United States Government. As of 30 September 2009 and 2008, 88% and 64%, respectively, of accounts receivable were from government agencies.

Inventories and Related Allowance for Obsolete and Excess Inventory

Inventories consist primarily of raw materials and are recorded at the lower of cost or net realisable value. Cost is determined on a first-in, first-out basis. Reserves are recorded for slow moving, obsolete, non-sellable or unusable items and amounted to \$525,703 and \$320,497 at 30 September 2009 and 2008, respectively.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their expected useful lives. Construction in progress represents fixed assets not yet placed in service, that at completion are transferred to the appropriate fixed asset category and depreciated on a straight-line basis over estimated useful lives of three – five years or remaining lease terms.

The current useful lives are:

Furniture, fixtures and equipment	five years
Computer hardware and software	three – five years
Leasehold improvements	lesser of useful life or remaining lease term

Goodwill

The Company reviews the valuation of goodwill in accordance with FASB ASC Topic 350, "Intangibles – Goodwill and Other" ("ASC 350"). Under the provisions of ASC 350, goodwill is required to be tested for impairment annually, in lieu of being amortised, using a fair value approach at the reporting unit level. Furthermore, goodwill is required to be tested for impairment on an interim basis if an event or circumstance indicates that it is more likely than not an impairment loss has been incurred. In accordance with ASC 350, goodwill will be tested for impairment on an annual basis as of 1 April, and between annual tests if indicators of potential impairment exist. An impairment loss shall be recognised to the extent that the carrying amount of goodwill exceeds its implied fair value. Impairment losses shall be recognised in operations. The Company operates in one reporting unit. The Company's valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. If these assumptions differ materially from future results, the Company may record impairment charges in the future. As of 30 September 2009, the Company determined that no impairment exists.

Impairment of Long-Lived Tangible and Intangible Assets

The Company examines on a periodic basis the carrying value of our long-lived tangible and intangible assets to determine whether there are any impairment losses. If indicators of impairment were present with respect to long-lived tangible and intangible assets used in operations and undiscounted future cash flows were not expected to be sufficient to recover the assets' carrying amount, an impairment loss would be charged to expense in the period the impairment is identified based on the fair value of the asset less any costs of disposal. The Company believes no impairment exists as of 30 September 2009.

Revenue Recognition and Deferred Revenues

Revenues from cost sharing, cost-reimbursement (cost-type), fixed price and cost plus contracts with various government groups and agencies are recognised when the related costs are incurred and related services are performed. Contract costs primarily include direct labour, consultants, sub-contractors, research and development materials, and other specific administrative costs related to the project. Deferred revenue represents amounts received in advance of services being performed and delivery of products.

Revenue from sales of prototype units is recognised upon the shipment of the units to the customer provided evidence of an arrangement exists, the fee is fixed and determinable and collectibility of the related receivable is probable.

Revenues from research and development contracts are recognised proportionally as costs are incurred and compared to the estimated total research and development costs for each contract. In many cases, the Company is reimbursed only a portion of the costs incurred or to be incurred on the contract. Revenues from government funded research, development and demonstration programmes are generally multi-year, cost reimbursement and/or cost-shared type contracts or cooperative agreements. The Company is reimbursed for reasonable and allocable costs up to the reimbursement limits set by the contract agreements.

For the fiscal years ended 30 September 2009 and 2008, the Company had government sponsored contract revenues of \$7,078,601 and \$7,676,939 which represented approximately 100% and 98%, respectively, of total revenues.

Income Taxes

Deferred income taxes have been recorded to recognise the estimated future tax consequences attributable to the cumulative temporary differences between financial statement and tax bases of assets and liabilities.

Deferred income tax assets and liabilities are computed for those differences that have a future tax consequence using currently enacted laws and rates that apply to periods in which they are expected to affect taxable income. Income tax expense is the current tax payable or refundable for the period plus or minus the net change in deferred tax asset and liability accounts. Valuation allowances are established, if necessary, to reduce a net deferred tax asset to the amount that will more likely than not be realised.

Research and Development Expense

Costs incurred in connection with research and development activities are expensed as incurred. These costs consist of direct and indirect costs associated with specific projects as well as fees paid to various third-party entities that perform certain research on behalf of the Company. Total research and development expenses for the years ended 30 September 2009 and 2008 were \$14,185,750 and \$13,858,515, respectively.

Stock-Based Compensation

The Company has one stock-based employee compensation plan. On 1 October 2005, the Company adopted the fair value recognition provisions now codified as FASB ASC Topic 718, "Stock Compensation" ("ASC 718"), using the prospective transition method. Under this transition method, stock-based compensation cost was recognised in the financial statements for all share-based payments granted after 1 October 2005. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the value of the award and is recognised as expense over the service period.

The following table presents share-based compensation expenses included in the Company's Consolidated Statements of Operations:

	Years ended 30 September	
	2009	2008
Research and development	\$ 668,268	\$ 611,943
Sales and marketing	95,347	82,485
General and administrative	431,004	459,907
Total share-based compensation expense	\$ 1,194,619	\$ 1,154,335

Included in the 2009 compensation costs above is \$26,916 related to the completion of an offer to exchange certain stock options issued under the 2003 Stock Incentive Plan

At 30 September 2009, there is \$775,028 of future compensation cost to be recognised in future periods on outstanding options. That cost is expected to be recognised over a weighted-average period of 2.84 years.

ASC 718 requires the benefits of tax deductions in excess of the compensation cost recognised for those options to be classified as financing cash inflows rather than operating cash inflows, on a prospective basis. The Company has fully reserved for any deferred tax benefits due to the uncertainty of future operating results and its ability to utilise the future tax benefit. As such, the classification as financing cash flows and the effect of adopting ASC 718 had no effect on the Company's Consolidated Statements of Cash Flows.

The fair value of each stock option was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the years ended 30 September 2009 and 2008:

	2009	2008
Expected volatility	83.0% – 94.0%	72.0% – 73.0%
Expected dividend yield	0.0%	0.0%
Expected risk-free interest rate	1.79% – 2.92%	2.56% – 4.14%
Expected term of options	4.79 – 5.86 years	3.73 – 5.86 years
Maximum contractual term	10 years	10 years
Estimated forfeitures	10.6%	10.5% – 12.8%

Stock Price

All stock options issued from 1 October 2005 through 2 July 2006 were valued based on an independent valuation study of the Company performed for the Board.

All options issued subsequent to 2 July 2006 were valued based on the publicly traded market price of the stock.

Expected Volatility

Due to having minimal publicly traded experience of its stock, the Company utilised an expected volatility based on publicly available information as to the volatility of comparable traded companies in similar industries, development stage and size.

Expected Dividend Yield

The Company does not intend to pay dividends on its common stock for the foreseeable future and, accordingly, uses a dividend yield of zero in the Black-Scholes pricing model.

Expected Risk-Free Interest Rate

The risk-free interest rates for stock options are based on the U.S. Treasury yield curve in effect at the time of grant for maturities similar to the expected holding period of the stock options.

Expected Term

The expected term of stock options granted is generally based on historical data and represents the period of time that the stock options granted are expected to be outstanding. The Company has had very limited stock option exercise experience to date, making the Company's determination of the "expected term" judgmental. Accordingly, the Company has based the expected term on publicly available information for companies in similar industries, development stage and size.

Estimated Forfeitures

The Company has estimated employee stock option forfeitures as required under ASC 718 for two groups of stock options: (a) immediately vested options and (b) all others and is based on the Company's limited experience. Estimated forfeitures are adjusted to actual forfeiture experience.

Net Loss per Share

Basic net loss per share is computed by dividing net loss by weighted-average common shares outstanding during the year. All common stock equivalents ("CSEs") were anti-dilutive for the years ended 30 September 2009 and 2008. Incremental common shares as a result of CSEs were not included in the denominator of the diluted earnings per share calculation due to their anti-dilutive nature.

Segment Reporting

In accordance with the provisions of FASB ASC Topic 280 "Segment Reporting", the Company has determined that it has only one operating segment. Additionally, all long-lived assets of the Company are located in the United States of America.

Fair Value Measurements

On October 1, 2008, the Company adopted the provisions now codified as FASB ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognised or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

In February 2008, the FASB issued updated guidance related to fair value measurements, which is included in the Codification in ASC 820-10-55, Fair Value Measurements and Disclosures – Overall – Implementation Guidance and Illustrations. The updated guidance delays the effective date of ASC 820 until fiscal years beginning after 15 November 2008 for all nonfinancial assets and nonfinancial liabilities that are recognised or disclosed at fair value in the financial statements on a non-recurring basis.

On 1 October 2009, the Company will be required to apply the provisions of ASC 820 to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognised or disclosed at fair value in the financial statements on a nonrecurring basis. The Company is in the process of evaluating the impact, if any, of applying these provisions on the financial statements.

Subsequent Events

In May 2009, the FASB issued guidance now codified as FASB ASC Topic 855, "Subsequent Events". This guidance sets forth (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognise events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. ASC No. 855 is effective for interim and annual periods ending after 15 June 2009. The Company adopted ASC No. 855 in the year ending 30 September 2009. The adoption of ASC No. 855 did not have any impact on the Company's financial position, results of operations or cash flows. The Company evaluated all events or transactions that occurred after 30 September 2009 through 13 January 2010, the date the Company issued this preliminary announcement. During this period, the Company did not have any material recognisable subsequent events.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2007, the FASB issued updated guidance related to business combinations, which is included in the codification in FASB ASC Topic 805, "Business Combinations" ("ASC 805"). ASC 805 changes the accounting for business combinations including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalised in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the

recognition of changes in the acquirer's income tax valuation allowance. ASC 805 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. Although the adoption of ASC 805 will not have any impact on our current consolidated financial statements, we expect that it will affect the accounting treatment of future acquisitions, if any, that we may consummate.

In April 2009, the FASB issued FASB Staff Position ("FSP") FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, now referred to as ASC 825-10. ASC 825-10 requires disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. ASC 825-10 also requires those disclosures in summarised financial information at interim reporting periods. ASC 825-10 was effective for interim periods ending after 15 June 2009 and only requires additional disclosure, thus the adoption will not impact the consolidated results of operations, financial condition or cash flows.

In April 2008, the FASB issued FSP FAS142-3, Determination of the Useful Life of Intangible Assets, now referred to as ASC 350-30-65-1. It amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognised intangible asset under SFAS 142, Goodwill and Intangible Assets, now referred to as ASC 350. ASC 350-30-65-1 is effective for fiscal years beginning after 15 December 2008 and may not be adopted early. The Company is currently evaluating the impact of adopting ASC 350-30-65-1 on the consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, Multiple-Deliverable Revenue Arrangements, (amendments to FASB ASC Topic 605, Revenue Recognition) ("ASU 2009-13") and ASU 2009-14, Certain Arrangements That Include Software Elements, (amendments to FASB ASC Topic 985, Software) ("ASU 2009-14"). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-14 removes tangible products from the scope of software revenue guidance and provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are covered by the scope of the software revenue guidance. ASU 2009-13 and ASU 2009-14 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after 15 June 2010, with early adoption permitted. The Company does not expect adoption of ASU 2009-13 or ASU 2009-14 to have a material impact on the Company's consolidated results of operations or financial condition.