



Company Overview

PolyFuel, a world leader in *engineered membranes* for fuel cells, has developed a new family of hydrocarbon membranes that exhibit performance characteristics never before achieved simultaneously with any other fuel cell membrane material. PolyFuel's innovative **hydrocarbon membrane technology** is either under test or has been selected by most of the world's leading portable and automotive fuel cell system developers.

History:

1999	PolyFuel is spun out of SRI International (formerly the Stanford Research Institute).
2003	PolyFuel launches a breakthrough hydrocarbon membrane that enables portable fuel cell system developers to produce smaller, lighter, lower cost and longer lasting power supplies.
1999 - 2004	PolyFuel raised approximately \$40m from three rounds of private equity financing between 1999 and 2004.
2004	PolyFuel announces a break through in hydrocarbon membrane technology specific to Automotive Hydrogen fuel cells.
April 2005	PolyFuel announces a 'hot bondable' variant of its portable fuel cell membrane designed for improved fuel cell manufacturability.
July 2005	PolyFuel successfully floated on the Alternative Investment Market (AIM) in London, UK raising \$14.5 million at a price of 51p per share.
Oct. 2005	PolyFuel membrane achieves the 5,000 hour durability milestone, demonstrating that it can more than double the useful life of a lithium ion battery.
Dec. 2005	PolyFuel announces the 45 micron membrane, a higher power, thinner version of its DMFC membrane, which delivers 33% more power than the previous 62 micron version.
Jan. 2006	PolyFuel announces the completion of a successful secondary fundraising of £10m (before expenses), with the placing of an additional 12,500,000 common shares at a price of 80p per share.

Key Strengths:

- PolyFuel has world leading fuel cell technology
- Over 150 years of fuel cell expertise
- 22 patent applications covering all aspects of PolyFuel's technology
- Excellent customer progress
 - 19 customers
 - 11 companies have completed their evaluation stage and all 11 have gone on to purchase PolyFuel's membrane
 - NEC and Sanyo disclosed they are working closely with PolyFuel
- Significant revenue potential
- Attractive operating margins

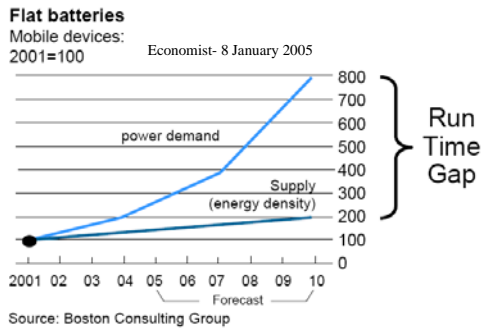
Benefits of PolyFuel's DMFC Membrane
30 - 35% Less Catalyst
30 - 35% Less Membrane
30 - 35% Less Stack
55 - 60% Less Cathode Water
55 - 60% Less Water Recovery
30 - 35% Less Waste Heat
30 - 35% More Run-Time

Key Financials

Date of flotation	5 July 2005
Market Cap at time of flotation	£22.7m
Issue price	51p for 1 share and ½ warrant
Share price at 23 Feb 06	84p
Market Cap as at 23 Feb 06	£56m

Revenues
31 December 2003
US\$ 84,000 (£56,044)
31 December 2004
US\$ 358,047 (£202,894)
31 December 2005
US\$ 1,040,347 (£589,682)

The PolyFuel Solution



The demand for portable power is increasing three times faster than the growth in battery capacity

Consumers want features such as music, video and high speed wireless data. Portable electronics manufacturers can deliver the functionality and wireless carriers can deliver the content. However, batteries cannot deliver the runtime. The issue is particularly acute in Japan and Korea and is a growing issue in Europe.

Portable Direct Methanol Fuel Cells (DMFCs) are the preferred solution

DMFCs can resolve the issue of limited run-time by providing instant recharging capability using a methanol fuel cartridge. Methanol is the preferred fuel for portable fuel cells due to its very high energy density, ease of use and low cost. The world's largest battery companies and most of the leading consumer electronics manufacturers are developing DMFCs for portable applications.

PolyFuel's hydrocarbon membrane technology

Historically, the biggest problem facing DMFC developers has been the lack of a suitable fuel cell membrane, the heart of the fuel cell. PolyFuel has developed a breakthrough membrane technology for use in portable fuel cells, which it believes will enable portable consumer electronic devices to finally deliver unlimited, unplugged run-times. The Company is building relationships with the leading fuel cell system developers, including most of the major consumer electronics manufacturers and aims to establish its membrane as the standard for the DMFC portable power market.

PolyFuel's unique position and customer validation

PolyFuel has chosen to focus exclusively on engineering fuel cell membranes, rather than complete fuel cell systems. It can therefore be a neutral supplier of a key enabling component to the portable electronics industry, and is today working with most of the world's leading consumer electronics manufacturers.

Management

Board of Directors

- **James D. Balcom** – President and Chief Executive Officer
- **Thomas Caldwell** – Chief Financial Officer
- **Graham Titcombe** – Senior Independent Director
- **Harry Fitzgibbons** – Non-Executive Director
- **Robert Jecmen** – Non-Executive Director
- **Donald MacDonald** – Non-Executive Director
- **David Berkowitz** – Non-Executive Director

Senior Management

- **Rick Cooper** – Vice President Business Development
- **Henry Voss** – Vice President Engineering
- **Philip Cox** – Vice President Product Development

For Further Information:

PolyFuel Inc. (PYF.L)
1245 Terra Bella Avenue
Mountain View, CA 94043
Main Number: 650.429.4700
e-mail: info@polyfuel.com

Hogarth Partnership Limited
Nick Denton/Sara Macleod/Ian Payne
44 (0) 20 7357 9477
ndenton@hogarthpr.co.uk/
vorr@hogarthpr.co.uk/
sgelfand@hogarthpr.co.uk