



## **PolyFuel Issues Update-Still Expects Commercialisation Activities in Fuel Cells in 2008/09**

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PolyFuel Inc (AIM: PYF), a world leader in the development of engineered membranes for portable fuel cells, today provides a trading update in advance of entering into the close period prior to the announcement of its interim results for the six months ended 30 June 2007.

The Company continues to anticipate that the leading portable fuel cell system developers will commence early commercialisation activities in various portable electronic applications from 2008/2009, following on from test market activities in 2007/2008.

During the six months to the end of June, PolyFuel has continued to make progress in working with customers to advance fuel cells from development to market introduction:

- PolyFuel is pleased to announce that it has achieved a significant milestone in its relationship with Johnson Matthey Fuel Cells (JMFC) as the Company recently passed a rigorous vendor qualification audit. This audit is a key step in the process of positioning PolyFuel to supply commercial quantities of its hydrocarbon membranes for incorporation into JMFC's value-added fuel cell products.
- PolyFuel has secured three new prototype design wins in the year to date from leading portable fuel cell system developers.
- The strong momentum in membrane shipments experienced in the first months of the year has continued with shipments so far in 2007 now at over twice the level for the whole of 2006.

PolyFuel has in place a full suite of competitive membrane products and in response to end user demand PolyFuel's channel partner, Johnson Matthey Fuel

Cells, is close to making commercial sales of products based on PolyFuel's membranes.

During the period, it became clear that certain portable fuel cell system developers require additional engineering support to optimise the design and performance of their portable fuel cell systems and components. To address this, PolyFuel will refocus resources away from generic research and development of catalyst coated membrane products into engineering support activities to assist system developers with their fuel cell component and system engineering challenges.

Re-prioritising activities in this way will reduce overall expenditure levels and will help the Company to significantly lower its projected cash burn rate. As a result of these measures, PolyFuel is now well-positioned to finance the business into the second half of 2009.

PolyFuel expects to announce its interim results for the six months ended 30 June 2007 on Tuesday, 25 September.

There will be a conference call for analysts today at 8.00 am British Summer Time. Please contact Julie Cordice at Hogarth on +44 (0) 20 7357 9477 for details.

For further information please contact:

PolyFuel, Inc  
Jim Balcom, Chief Executive Officer  
Mark Campion, Chief Financial Officer

Tel: +1 650 429 4646

Hogarth Partnership Limited  
Nick Denton / Sarah MacLeod / Ian Payne

Tel: +44 (0)20 7357 9477

Collins Stewart Europe Limited  
Mark Connelly

Tel: +44 (0)20 7523 8000

### **About PolyFuel**

PolyFuel ([www.polyfuel.com](http://www.polyfuel.com)) is a world leader in engineered membranes that provide significantly improved performance in direct methanol fuel cells (DMFC) and hydrogen fuel cells, particularly for portable electronic and automotive applications. The state of the art of fuel cells is essentially that of the membrane, and PolyFuel believes that its advanced, hydrocarbon-based membranes will enable a new generation of fuel cells that for the first time can deliver on the long-awaited promise of clean, long-running, and cost-effective portable power.

PolyFuel has a world class capability to rapidly translate the system-level requirements of fuel cell designers and manufacturers into engineered polymer nano-architectures. Such capability - based on PolyFuel's over 150 combined years of fuel cell experience, worldclass polymer nano-architects, and a fundamental patent position covering more than 23 different inventions - also makes PolyFuel a key development partner and supplier to any company seeking to advance the state of the art in fuel cells. Polymer electrolyte fuel cells built with PolyFuel membranes can be smaller, lighter, longer-running, more efficient, less expensive and more robust than those made with other membrane materials.

PolyFuel is working with most of the world's leading portable fuel cell system developers, the majority of whom are household brand name consumer electronics manufacturers. Several of the largest Japanese and Korean consumer electronics companies rank PolyFuel's membrane as the best portable fuel cell membrane available in the world today.

PolyFuel was spun out of SRI International (formerly the Stanford Research Institute) in 1999, after 14 years of applied membrane research. The company is based in Mountain View, California, and is publicly listed on the AIM stock exchange in London.

Mark Way / Graham Moonie 020 7593 4000