

## **PowerFilm, Inc.**

### **Trading Update**

28 June 2012, PowerFilm, Inc. (AIM: PFLM), ("PowerFilm" or the "Company"), the developer and manufacturer of thin flexible solar panels and developer of roll to roll flexible electronics, today announces a trading update for the half year ended 30 June 2012.

In the first half of this year, when revenues are typically lower due to the seasonal nature of some of PowerFilm's markets, preliminary first half revenues of the Company are expected to be in the \$4.0 to 4.2 million range. This is expected to lead to a Net Loss slightly over \$1 million. As announced on 26 March 2012, the net loss is being addressed by the Board and the Company's Management Committee through a comprehensive review of 2012 plans and budgets, sharpened strategic priorities, and cost reductions. Cost reduction progress so far includes reductions in payroll expense, consulting fees, costs in sales and marketing, and consolidation of IT. As was previously announced, the service of 9 employees has been terminated. The impact of these cost reductions will be realized primarily in the second half of the year.

The elimination of a number of competitor companies has improved PowerFilm's market position and is generating interest in the use of PowerFilm products as an established, commercially available alternative. This positive market dynamic for PowerFilm, along with the Company's ongoing strategic partnering, is expected to yield increased orders in the second half and gives the Company a note of cautious optimism for the full year. Achieving positive Net Income remains PowerFilm's top priority.

The Company announces that Tim Neugent, President and COO, will be leaving the company to pursue other opportunities. There is a concerted effort to help ensure a smooth transition. The emphasis on growing sales revenues will continue.

PowerFilm maintains a strong balance sheet with minimal debt (only long-term debt for building and land hard assets).

A full financial and operational update will be provided in the first half results announcement to be released in September.

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*A copy of this announcement will be available on the PowerFilm website at <http://www.powerfilmsolar.com>. The common shares of PowerFilm, Inc. are traded on the AIM Market of the London Stock Exchange and are not registered under the US Securities Act 1933, as amended. Such shares may not be offered or sold to residents of the United States or to persons acting on their behalf, or to other persons who are "United States Persons" within the meaning of Regulation S as promulgated under the Securities Act of 1933, unless such shares have been registered under the Securities Act or there is an available exemption from registration.*

#### **Forward-looking Statements**

*This release includes forward-looking statements which are based on certain assumptions and reflect management's current expectations as contemplated under the Safe Harbor provisions of the U.S.*

*Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these factors include: uncertainty as to whether our strategies, partnerships and business plans will yield the expected benefits; general global economic conditions; general industry and market conditions and growth rates; increasing competition; the ability to identify, develop and achieve commercial success for new products, services and technologies; changes in technology; changes in laws and regulations, including government incentive programs; intellectual property rights; our ability to secure and maintain strategic relationships, including key supply relationships; the availability and cost of capital; the availability of, and our ability to retain, key personnel; and the failure of the Company to effectively integrate acquisitions. Additional factors are discussed in our public disclosure materials from time to time. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*