

PowerFilm, Inc.
Trading Update

23 January 2013, PowerFilm, Inc. (AIM: PFLM), ("PowerFilm" or the "Company"), the developer and manufacturer of thin flexible solar panels, today announces a trading update for the year ending December 31, 2012.

Financial Update

Revenues for the second half increased to \$6.0 million compared to \$4.3 million in the first half. As a result, the Directors expect revenues for the full year 2012 to be \$10.3 million (same period 2011: \$11.6m). Net loss for the full year 2012 is expected to be approximately \$700,000 (2011: net loss of \$929,774).

PowerFilm maintains a strong balance sheet. As at 31 December 2012 the Company had \$12.8 million (2011: \$14 million) of cash and cash equivalents, restricted cash, and restricted investment securities.

Debt remains limited to the long-term debt of \$3.625 million for the new manufacturing building and land, and \$0.25 million of corresponding short-term debt.

These financial numbers are preliminary and unaudited.

Operational Update

The 2012 revenue level was the result of continued steady sales to the oil and gas exploration, military, and diversified custom OEM markets.

PowerFilm is pleased to announce its strategic relationship with ILAND green technologies SA (ILAND), based in Neuchâtel, Switzerland, which will integrate PowerFilm's thin, flexible, and lightweight solar panels into its product line. ILAND offers turnkey packs of generators and integrated solar system solutions and technology (awnings, solar packs for mobility, etc.).

ILAND has based its product development research on the needs of professionals:

- using fuel generators in their activities
- on rural electrification projects in emerging countries
- on experiences from outdoor activities such as expeditions and explorations.

ILAND products have found a natural use in security and rescue situations without access to electrical networks, such as civil defense, army, police, etc. ILAND products and systems ensure electricity storage and supply for any number of appliances such as lighting, water pumping, household appliances, computers and leisure equipment. Production is strictly based on sustainable development guidelines.

Progress is being made on the previously announced \$2.2 million development contract with the US Army. Developments under this program are targeted at advances in cost and performance that will improve the Army's ROI on the PowerShade solar tent structure. Some of these improvements may apply to other PowerFilm products.

The Company is disappointed with the level of sales and the loss in 2012, in what has been a difficult market for solar products. Efforts to address both revenue and net income improvements are ongoing.

As a strong and strategically well-positioned survivor of the solar industry shakeout, PowerFilm continues to move forward with growth expected through its existing customer base, additional strategic partners, and from opportunities coming from former customers of companies no longer in the industry.

Additional financial and operational details will be included in the full year end results announcement which the Company plans to release on March 18, 2013.

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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.