

PowerFilm, Inc.
Trading Update

17 February 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 year ending December 31, 2011.

Financial Update

PowerFilm made top line financial progress in the 2011 fiscal year. In particular, revenues for the second half have increased to \$7.1 million compared to \$4.5 million in the first half. Sales revenue momentum is expected to continue. As a result, the Directors expect revenues for the year 2011 to be approximately \$11.6 million which is slightly higher than expected (same period 2010: \$10.3m). Costs have been higher than expected given the lag time in reaping the benefits of the lean manufacturing processes that have been implemented and will result in a greater net loss than anticipated.

PowerFilm maintains a strong balance sheet. As at 31 December 2011 the Company had \$14 million of cash and cash equivalents, restricted cash, restricted investment securities, and cash held for property and equipment construction (2010: \$18 million). The cash held for property and equipment construction is a separate internal account only and is not contractually committed for the purchase of property and equipment. The reduction in cash reflects capital expenditures for equipment along with the higher working capital requirements associated with increased revenue and the higher levels of accounts receivable from shipments at the end of the year. These items combined represent an increase of approximately \$3.3 million versus 2010.

Debt remains limited to the long-term debt of \$3.875 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 2011 revenue increase was the result of expanded global distribution, larger penetration of OEM markets, and increasing volumes of PowerShades and foldable solar chargers to the military.

As was previously announced, PowerFilm has successfully established additional commercial strategic relationships with market leaders such as E-Z-GO in the electric golf car market.

For building integrated photovoltaics (BIPV), PowerFilm continues its collaboration with Serge Ferrari for launching a truly integrated product and system for the architectural fabric market globally. The Company continues to expect third-party certification of its building integrated products in the first half of 2012.

Additional financial and operational details will be included in the full year end results announcement which the Company plans to release on March 19, 2012.

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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.