



PRINTED NON-VOLATILE RE-WRITABLE MEMORY: The addition of integrated circuits makes the roll-to-roll printed Thinfilm Memory addressable by printed logic.

BUSINESS REVIEW

In the third quarter, Thin Film Electronics reached a significant milestone towards printed integrated systems — demonstrating a prototype for Thinfilm Addressable Memory — and opened a new production facility.

Highlights:

- ▶ **Enables the ‘Internet of Things’:** Addressable memories are a key component for the ‘Internet of Things’.
- ▶ **Price/functionality leadership:** Thinfilm sensor tags will have a unique position compared to conventional electronics.
- ▶ **InkTec opens dedicated production facility:** Upgrades and expands their production capacity of Thinfilm Memory.

The Thinfilm Addressable Memory prototype is an important step toward the mass production of low-cost, low-power ubiquitous devices that are a key component of the ‘Internet of Things’ (IoT).

“The Internet of Things, where sensors and intelligence are added to physical objects, is at a tipping point. Near Field Communication (NFC) is emerging as the standard to interact with smart tags, but one needs a technology to tag ‘everything’ in an inexpensive way. This prototype is a demonstration that low-cost printed integrated systems and the tagging of everyday objects are possible,” says Davor Sutija, Thinfilm CEO.

“This opens up new fields of use, as now addressable memory can be combined with sensors, power sources and antennas to

power smart applications,” said Sutija when the prototype was unveiled 21 October.

The prototype is the world’s first printed non-volatile memory device addressed with complementary organic circuits, the organic equivalent of CMOS circuitry. Thinfilm Addressable Memory combines Thinfilm’s polymer-based memory technology with PARC’s transistor technology using complementary pairs of n-type and p-type transistors to construct the circuits.

Price/functionality leadership

The addressable memory can be integrated with other printed components, such as antennas and sensors, to create fully printed systems for interaction with everyday objects. The temperature of food and drugs may be monitored and retail items tracked individually rather than by pallet, container or truckload.

“If you look at price per function, and compare Thinfilm sensor tags with conventional electronics, we will have a unique position,” says Torgrim Takle, Thinfilm CFO, and mentions temperature monitoring as an example of such functionality. “Today’s sensor systems are too expensive to be used on an item-level.”

Using printing to manufacture electronics

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minimizes the number of process steps, which in turn, dramatically reduces manufacturing costs and lowers the environmental impact compared to traditional semiconductor processes.

To monitor that an item has not been exposed to temperatures above certain thresholds, one does not need high storage capacity, a few bits are enough. “Our first sensor system products will target low-bit applications where we have a sustainable price-functionality advantage,” explains Takle.

Dedicated production facility opened

In August, InkTec opened a new dedicated production facility for Thinfilm Memory. The new, upgraded facility has a production capacity of 10 million tags of Thinfilm Memory per month.

Several leading toy manufacturers have purchased the Thinfilm Toy Development Kit and are evaluating specific toy concepts based on Thinfilm Memory. “We have established a supply chain, with InkTec as our main production partner, and are ready to meet the demand for low-cost high-volume consumer applications,” said Sutija at the opening of the production facility.



OPENS NEW PRODUCTION FACILITY: Jeong Kwang-chun, InkTec CEO, and Davor Sutija, Thinfilm CEO.

Notable events in 2011:

News and announcements:

- ▶ Thinfilm Unveils First Scalable Printed CMOS Memory, 21 October 2011
- ▶ InkTec Opens Dedicated Production Facility for Thinfilm Memory, 8 August 2011
- ▶ Davor Sutija New OE-A Board Member, 28 June 2011
- ▶ Thinfilm Unlocks Encrypted Market With New Printed Memory, 28 June 2011
- ▶ Thinfilm Opens Japan Office, 6 June 2011
- ▶ Thinfilm Receives Engineering Orders for Prototypes, 9 May 2011
- ▶ Thinfilm Awarded Government Grant, 6 May 2011
- ▶ Thinfilm & PARC extend printed electronics commercialization engagement, 4 April 2011
- ▶ PARC, a Xerox company, takes minority stake in Thinfilm, 24 March 2011
- ▶ Thinfilm Appoints Top Scientists to Technology Council, 9 March 2011
- ▶ Thinfilm wins Frost & Sullivan's new product innovation award, 2 March 2011
- ▶ Thinfilm launches demo game powered by printed memories, 10 February 2011
- ▶ Thinfilm addressable memory design completed, 18 January 2011

Organizational updates:

- ▶ Rita Glenne New Thinfilm Board Member, 10 May 2011
- ▶ Jennifer Ernst was appointed Vice President, North America, 3 March 2011
- ▶ Torgrim Takle was appointed Chief Financial Officer, 10 January 2011

Conferences and trade shows:

- ▶ Thinfilm presented at IV Nanotechnology International Forum October 26-28, 2011, Moscow
- ▶ Thinfilm presented at SemiCon West—Extreme Electronics July 12-14 2011 in San Francisco
- ▶ Thinfilm exhibited at GamesBeat July 12-13 2011 in San Francisco
- ▶ Thinfilm presented and exhibited at LOPE-C June 28-30 2011 in Frankfurt
- ▶ Thinfilm presented at the Solvay-COPE Symposium on Organic Electronics May 12-13 2011 in Atlanta

- ▶ Thinfilm presented and exhibited at the IDTechEx conference Printed Electronics Europe 5-6 April 2011 in Düsseldorf
- ▶ Thinfilm presented at the IPI conference, Exploiting Printed Electronics Technologies, 23 March 2011 in London
- ▶ Thinfilm presented and exhibited at the Engage Conference and Expo 2011 15-16 February 15-16 2011 in New York
- ▶ Thinfilm presented at the Flexible Electronics and Displays Conference, 7-10 February 2011 in Phoenix, AZ

About Thinfilm and Printed Electronics

Thin Film Electronics ASA ("Thinfilm") is a publicly-listed Norwegian technology company with its head office in Oslo, product development in Linköping, Sweden, and sales offices in San Francisco, USA, and Tokyo, Japan. Thinfilm is a pioneer in the field of Printed Electronics, and provides fully-printed non-volatile, rewritable memory for applications in toys & games, logistics, sensor, and ID systems.

Thinfilm Memory™ products

- ▶ Thinfilm Memory™: 20-bit single-line memories are commercially available. Suitable for consumer applications, such as toys and games and info-kiosks.
- ▶ Thinfilm Passive Array Memory™: 40-bit memories are in test production, and engineering samples will be available later this year. Higher density memories are under development, with planned production in 2012 (up to 121 bits per memory array). Meets the needs of secure archiving, ticketing, and other applications that demand encryption or user-programmed stored IDs.
- ▶ Thinfilm Addressable Memory™: Prototypes demonstrated. Available in 2012. Enables printed systems, such as ID tags, sensor tags, disposable price labels, and other smart tags.

About Printed Electronics

The Printed Electronics market is expected to grow to more than USD 50 billion in market value over the next ten years, according to industry analyst group IDTechEx. IDTechEx predicts that logic, including addressable memory, will be one of the largest segments in this market.

Printed RFID tags are predicted to rapidly gain market share over the coming years. According to IDTechEx, the numbers of printed and chipless RFID tags sold globally will rise from 12 million in 2011 to 209 billion in 2021.

The demand for low cost tags is expected to be driven by retailers' adoption of standard EPC RFID tags in open supply chains. Governments will also drive the RFID boom. The public sector is the largest customer for RFID today, and in the future the use of RFID in the retail industry, transit ticketing and people identification is forecasted to grow significantly.

In parallel to the embracement of item level ID tagging, NFC enabled phones will put an RFID-compatible reader in people's pockets, purses, and backpacks. Major communication device companies are targeting RF applications for consumer mass markets. Examples of these applications are location tags, advertising and smart packaging.

Using printing to manufacture electronic memory makes it possible to reduce the number of process steps, dramatically reduce manufacturing costs, as well as the environmental impact compared to traditional semiconductor processes. Commercial applications of printed electronics include e-paper, electronic readers, and organic light emitting (OLED) displays. Sensors, batteries, and photovoltaic energy sources are also in development, and together with Thinfilm's memory technology they will open the door to new products and applications.

Memory is an essential part of most electronics. Memory is required for identification, tracking status and history, and is used whenever information is stored. Thinfilm's non-volatile ferroelectric polymer memory technology is well suited for application with other printed electronics devices because power consumption during read and write is negligible, and as it is permanent, no connection to external power is required for data detainment. Also, the current required to write information is so small that operation would be limited by the battery's lifetime and not its capacity.

CONDENSED CONSOLIDATED FINANCIAL REPORT AS AT 30 SEPTEMBER 2011

Thinfilm's revenue amounted to NOK 1.5 million in the first nine months of 2011, where approximately NOK 1.4 million was related to government grants being recog-

nized as revenue over the period. Sales revenue in the same period amounted to NOK 92 thousand, mainly related to engineering work and product development

projects provided to strategic customers and partners. In the first nine months of 2010, revenue amounted to less than NOK 0.1 million and related to administrative services (not product revenues).

Other operating costs (i.e., all operating costs excluding depreciation and impairment charge) in the first nine months of

2011 amounted to NOK 28.9 million, including the notional cost of share based compensation of approximately NOK 2.4 million. The corresponding figures for the first nine months of 2010 were NOK 19.2 million and NOK 3.4 million, respectively. Excluding share based compensation and other non-cash costs, the underlying cash cost increase was NOK 6.9 million compared to the first nine months of 2010. The increase in Thinfilm's operating costs (compared to the same period last year) is largely explained by higher activity and manning levels in order to meet the increasing interest from potential customers and partners. At the end of the third quarter 2011, there were eleven full-time employees in the group (compared to six full-time employees at the end of the third quarter 2010). In addition, Thinfilm has expanded scope of strategic development projects with external partners, and incurred related project costs of NOK 7.7 million in the first nine months of 2011 (out of which NOK 4.2 million was related to the extended collaboration and licensing agreement between PARC, a Xerox company, and Thinfilm).

Investments amounted to NOK 0.8 million in the first nine months of 2011 (no investments made in the same period of 2010), mainly related to test equipment and bench-top printing machines. Depreciation amounted to 0.2 million year to date.

Going forward, the investment level is expected to increase because of acquisition of prototyping and pilot equipment for printing of addressable memories.

Net financial items in the first nine months of 2011 amounted to a loss of NOK 9 thousand, as interest income and net exchange gains were offset by accrued interest expenses of NOK 36 thousand (interest on accumulated draw-down from the unsecured credit facility that was entered in July 2011. The credit facility agreement is at favorable terms, with an interest of NIBOR + 1%). In the same period of 2010, net financial items amounted to a loss of NOK 0.2 million.

The company operates at a loss and there is a tax loss carry forward position also in the Swedish subsidiary, such that the group has not incurred any tax costs in 2011 or the year before. The company has not recognized these deferred tax assets in its balance sheet, because this potential asset does not yet qualify for inclusion.

The net result year to date was a loss of NOK 27.6 million, corresponding to a loss of NOK 0.10 per basic share. In the first three quarters of 2010, the loss amounted to NOK 19.4 million corresponding to a similar loss of NOK 0.10 per basic share (as the number of shares has increased over the period).

The group's cash balance decreased by NOK 16.9 million in the first nine months of 2011, of which NOK 2.2 million reduction was in the third quarter (after accounting for proceeds of approximately NOK 6.1 million from the unsecured credit facility). The corresponding numbers for the same periods in 2010 were NOK 6.2 million (as NOK 9.9 million was raised in new equity) and NOK 5.5 million, respectively. The cash balance on 30 September 2011 amounted to NOK 1.2 million, while net of receivables and payables amounted to NOK 1.8 million payable. In October 2011, Thinfilm announced successful completion of the first warrant exercise period (3-14 October 2011), where notice of exercise was received for approximately 99.7% of the total 23.3 million outstanding Warrants A (in addition, notice of exercise of 190,000 Warrants B was received). Proceeds from the warrant exercise will be approximately NOK 21 million.

Principal risks

It is the duty of the board to present the principal risks of Thinfilm and its business. Thinfilm does not have any significant assets or liabilities with risk. Thinfilm does not own financial instruments, nor financial assets or liabilities, and has limited financial risks related to currency and interest rates.

The company's predominant risk is business risk, which may be summarized in the following points: (i) Thinfilm has had minimal revenue to date. (ii) Thinfilm's business plan assumes revenue from products which the company launched in late 2010 and is expected to develop in 2011. (iii) Revenue from the company's products depend among other things on market factors which are not controlled by Thinfilm. (iv) Thinfilm's intended market is still immature and undergoing rapid technological change.

At the annual general meeting 2011 it was resolved to issue two warrants for each share issued in the private placement in October 2010. The first warrant ("Warrant A") was exercisable in the period 3 to 14 October 2011 at an exercise price per share of NOK 0.90. The second warrant ("Warrant B") is exercisable in the period 1 to 12 October 2012 at an exercise price per share of NOK 1.00; provided, however, that Warrant B may only be exercised in case the associated Warrant A has been exercised. Pursuant to a resolution by the annual general meeting, the Board resolved on 19 September 2011 to allow an early exercise of Warrant B concurrent with the exercise period of Warrant A (3-14 October 2011). During the exercise period 3-14 October 2011, Thinfilm received notice of exercise of 23,254,000 Warrants A and

190,000 Warrants B (total of 23,444,000 Warrants). The board believes that the proceeds from this warrant exercise round will provide sufficient funding for the current year, and well into 2012. Following completion of the warrant exercise period 3-14 October 2011, 23,064,000 Warrants B remain outstanding (exercisable in the period 1 to 12 October 2012). The board takes for its basis that the outstanding Warrants B will be exercised.

At 30 September 2011, the equity amounted to NOK -6.5 million.

Outlook

Thinfilm foresees a developing shift towards ubiquitous memory where people and devices can store and retrieve information through portable devices and communicate both with external data sources, and also with memory-enabled objects and sensors in their surroundings (e.g., smart tags). This is our Memory Everywhere™ vision.

Thinfilm concentrates its research and development activities on addressable memories and printed systems. Together with PARC, a Xerox Company, Thinfilm has demonstrated prototypes of printed memories addressed with complementary organic circuits, the organic equivalent of CMOS.

Addressable Thinfilm Memory products will allow integration to create fully printed systems, such as ID tags, sensor tags, and disposable price labels.

Thinfilm's technology staff will continue to improve the production process, provide technical sales support, and aid commercialization efforts with manufacturing partners. They will also work directly with toy and game inventors to integrate printed memories into specific designs

Business development activities will focus on existing toys and games opportunities and new applications and markets.

*Oslo, 14 November 2011
The board of directors of
Thin Film Electronics ASA*

Thin Film Electronics ASA Group
Condensed consolidated interim financial statements 30 September 2011 (Unaudited)
Consolidated statements of comprehensive income

<i>Amounts in NOK 1000</i>	Note	1 July - 30 September, 2011	1 July - 30 September, 2010	1 January - 30 September, 2011	1 January - 30 September, 2010	1 January - 31 December, 2010
Sales revenue		9	-	92	-	0
Other operating revenue		271	-	1 392	60	63
Total revenue		280	-	1 484	60	63
Other operating costs	7	(7 957)	(6 004)	(28 896)	(19 229)	(24 678)
Depreciation and impairment charge	3	(85)	(15)	(207)	(46)	(71)
Operating profit (loss)		(7 762)	(6 019)	(27 619)	(19 215)	(24 686)
Net financial items		(85)	(77)	(9)	(195)	(207)
Profit (loss) before income tax		(7 848)	(6 096)	(27 629)	(19 410)	(24 893)
Income tax expense		0	0	0	0	0
Profit (loss) for the period		(7 848)	(6 096)	(27 629)	(19 410)	(24 893)
Profit (loss) per share basic and diluted	5	(NOK 0.03)	(NOK 0.03)	(NOK 0.10)	(NOK 0.10)	(NOK 0.12)
Profit (loss) for the period		(7 848)	(6 096)	(27 629)	(19 410)	(24 893)
Currency translation		5	101	(64)	174	160
Total comprehensive income for the period, net of tax		(7 843)	(5 995)	(27 693)	(19 236)	(24 733)

Consolidated statements of financial position

<i>Amounts in NOK 1000</i>	Note	30 September, 2011	30 September, 2010	31 December, 2010
ASSETS	6			
<u>Non-current assets</u>				
Property, plant and equipment	3	1 376	133	759
<u>Current assets</u>				
Trade and other receivables		2 060	509	1 829
Cash and cash equivalents		1 187	3 604	18 054
Total current assets		3 247	4 113	19 883
TOTAL ASSETS		4 623	4 246	20 642
EQUITY AND LIABILITIES				
<u>Equity</u>				
Ordinary shares	4	30 921	25 963	30 649
Share premium		22 489	3 803	19 233
Other paid-in equity		8 939	5 870	6 247
Currency translation		49	127	113
Retained earnings		(68 872)	(35 760)	(41 243)
Total equity		(6 474)	3	14 999
<u>Liabilities</u>	6			
Trade and other payables		5 047	4 243	5 643
Short term loan (credit facility)		6 050	-	-
TOTAL EQUITY AND LIABILITIES		4 623	4 246	20 642

Consolidated statements of changes in equity

<i>Amounts in NOK 1000</i>	Note	Share capital	Share Premium	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2011		30 649	19 233	6 247	113	(41 243)	14 999
Share issue 23 March		183	2 528				2 711
Share based compensation	4			2 090			2 090
Reversal of charges in a prior period				602			602
Share issue 11 May, board remuneration		7					7
Share issue to employees 23 May		83	728				810
Comprehensive income					(64)	(27 629)	(27 693)
Balance at 30 September 2011		30 921	22 489	8 939	49	(68 872)	(6 474)
Balance at 1 January 2010		16 018	4 064	2 464	(47)	(16 350)	6 149
Share issue 7 May, board remuneration		32					32
Warrants exercise 31 May 2010		9 913	(261)				9 652
Paid-in, not registered equity				5			5
Share based compensation	4		3 401				3 401
Comprehensive income					174	(19 410)	(19 236)
Balance at 30 September 2010		25 963	3 803	5 870	127	(35 760)	3
Balance at 1 January 2010		16 018	4 064	2 464	(47)	(16 350)	6 149
Share issue 7 May, board remuneration		32					32
Warrant exercises 31 May and 6 November		12 034	(277)				11 757
Private placement 1 October		2 565	15 446				18 011
Share based compensation	4			3 783			3 783
Comprehensive income					160	(24 893)	24 733
Balance at 31 December 2010		30 649	19 233	6 247	113	(41 243)	14 999

Consolidated cash flow statements

<i>Amounts in NOK 1000</i>	Note	1 July - 30 Sept., 2011	1 July - 30 Sept., 2010	1 January - 30 Sept., 2011	1 January - 30 Sept., 2010	1 January - 31 December, 2010
CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit (loss)		(7 762)	(6 019)	(27 619)	(19 215)	(24 686)
Share based payment	4	1 180	1 156	2 090	3 401	3 783
Depreciation and impairment	3	85	15	207	46	71
Changes in working capital and non-cash items		(1 386)	(532)	2 400	(229)	(186)
Interest paid		-	(1)	-	(2)	(2)
Net cash from (used) on operating activities		(7 956)	(5 381)	(22 922)	(15 999)	(21 020)
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	3	(284)	-	(823)		(650)
Interest received		5	1	23	5	12
Net cash from (used) on investing activities		(279)	1	(800)	5	(638)
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issuance of shares	4	-	(204)	817	9 684	29 800
Proceeds from credit facility		6 050		6 050		
Net cash from (used) on financing activities		6 050	(204)	6 867	9 684	29 800
Currency translation effects on cash and bank deposits		2	39	(11)	70	69
Net increase (decrease) in cash and bank deposits		(2 183)	(5 545)	(16 867)	(6 240)	8 210
Cash and bank deposits at the beginning of the period		3 370	9 149	18 054	9 844	9 844
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD		1 187	3 604	1 187	3 604	18 054

The notes on the following pages are an integral part of this condensed interim financial report

Notes to the consolidated financial statements

Note 1: Information about the group

Thin Film Electronics ASA ("Thinfilm ASA") or "the company" was founded on 22 December 2005. The Thinfilm Group was formed on 15 February 2006 when the company purchased the business and assets, including the subsidiary Thin Film Electronics AB ("Thinfilm AB"), from Thin Film OldCo AS ("OldCo"). Thin Film Electronics Inc. was incorporated in US during April 2011. The accounting year corresponds to the calendar year. Thinfilm AB is held 100 per cent and has been consolidated from 15 February 2006. Thinfilm Inc. is held 100 per cent and has been consolidated from 1 May 2011.

The purpose of Thinfilm ASA is research, development, production and commercialization of technology and products for physical storage of information, as well as related activities including participation in other companies.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Henrik Ibsens gate 100, Oslo, Norway. The company's shares were admitted to listing at the Oslo Axess on 30 January 2008.

Note 2: Basis of preparation, accounting policies, resolutions

This condensed interim financial report for the first nine months of 2011 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for 2010.

The IFRS accounting policies applied in this condensed consolidated interim financial report are consistent with those applied and described in the consolidated annual financial statements for 2010.

The going concern assumption has been applied when preparing this interim financial report. The board points out that until the company enters the commercial stage, there is significant uncertainty attached to this assumption. Thinfilm does not earn recurring revenue. The company has limited working capital. There were limited assets readily available for sale to cover future expenses.

At the annual general meeting 2011 it was resolved to issue two warrants for each share issued in the private placement in October 2010. The first warrant ("Warrant A") was exercisable in the period 3 to 14 October 2011 at an exercise price per share of NOK 0.90. The second warrant ("Warrant B") is exercisable in the period 1 to 12 October 2012 at an exercise price per share of NOK 1.00; provided, however, that Warrant B may only be exercised in case the associated Warrant A has been exercised. Pursuant to a resolution by the annual general meeting, the Board resolved on 19 September 2011 to allow an early exercise of Warrant B concurrent with the exercise period of Warrant A (3-14 October 2011). During the exercise period 3-14 October 2011, Thinfilm received notice of exercise of 23,254,000 Warrants A and 190,000 Warrants B (total of 23,444,000 Warrants). The board believes that the proceeds from this warrant exercise round will provide sufficient funding for the current year, and well into 2012. Following completion of the warrant exercise period 3-14 October 2011, 23,064,000 Warrants B remain outstanding (exercisable in the period 1 to 12 October 2012). The board takes for its basis that the outstanding Warrants B will be exercised.

This consolidated interim financial report has not been subject to audit. The report was resolved by the board of directors on 14 November 2011.

Note 3: Property, plant and equipment

Amounts in NOK 1000

	Tangible assets
Three months ended 30 September 2011	
Net book value on 1 January 2011	759
Additions	823
Disposals	-
Depreciation, impairment and other movements	(206)
Net book value on 30 September 2011	1 376
<u>Three months ended 30 September 2010</u>	
Net book value on 1 January 2010	168
Additions	-
Disposals	-
Depreciation, impairment and other movements	(35)
Net book value on 30 September 2010	133
<u>Year ended 31 December 2010</u>	
Net book value on 1 January 2010	168
Additions	650
Disposals	-
Depreciation, impairment and other movements	(59)
Net book value on 31 December 2010	759

Note 4: Shares, warrants and subscription rights

<i>Number of shares</i>	Number of shares
Shares on January 1 2011	278 626 406
Share issue 23 March 2011	1 663 680
Share issue 11 May, board remuneration	60 000
Share issue to employees 23 May	750 000
Shares on 30 September 2011	281 100 086
Shares on 1 January 2010	145 622 654
Share issue 7 May 2010, board remuneration	288 500
Warrants exercised 6-31 May 2010	90 120 870
Shares on 30 September 2010	236 032 024
Shares on 1 January 2010	145 622 654
Share issue 7 May, board remuneration	288 500
Warrants exercised 31 May and 6 November	90 120 870
Share issue 1 October 2010	23 314 000
Warrants exercised 1 September - 6 November 2010	19 280 382
Shares on 31 December 2010	278 626 406

<i>Number of warrants and subscription rights</i>	1 January - 30 September, 2011	1 January - 30 September, 2010	1 January - 31 December, 2010
Warrants and subscription rights opening balance	12 540 417	115 607 212	115 607 212
Grant of incentive subscription rights	3 250 000	1 200 000	7 400 000
Terminated, forfeited and expired subscription rights	(1 951 111)	-	(781 250)
Exercise of subscription rights	(750 000)	-	-
Allotment of warrants	46 628 000	-	-
Exercise and expiry of warrants	-	(90 120 870)	(109 685 545)
Warrants and subscription rights	59 717 306	32 886 342	12 540 417

Note 5: Profit (loss) per share

	1 January - 30 September, 2011	1 January - 30 September, 2010	1 January - 31 December, 2010
Profit (loss) attributable to shareholders (NOK 1000)	(27 629)	(19 410)	(24 893)
Weighted average basic number of shares in issue	280 165 130	186 025 378	206 644 974
Weighted average diluted number of shares	291 001 126	248 710 105	255 516 923
Profit (loss) per share, basic and diluted	(NOK 0.10)	(NOK 0.10)	(NOK 0.12)

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares, but the diluted result per share equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights exceeds the average share price in the period, the subscription rights are not counted as being dilutive.

Note 6: Contingent assets and liabilities

Thinfilm does not have any contingent assets or liabilities. Thinfilm has not issued any guarantees.

Note 7: Related party transactions

In the period 1 January - 30 September 2011, Thinfilm has recorded NOK 1 130 thousand for legal services provided by law firm Ræder, in which Thinfilm's chairman is a partner. John Markus Lervik, who at the date of this report controls about 9 per cent of the shares in Thinfilm, has charged NOK 785 thousand plus expenses for services provided 1 January – 30 September 2011.

Note 8: Events occurring after the balance sheet date

Between 30 September 2011 and the presentation of this condensed consolidated financial information, no events having any material impact on the result for the first nine months of 2011 or the value of Thinfilm's assets and liabilities at 30 September 2011 have occurred. 17 October 2011, Thinfilm announced successful completion of the first warrant exercise period (3-14 October 2011). Thinfilm received notice of exercise of 23,254,000 Warrants A and 190,000 Warrants B (total of 23,444,000 Warrants).