

BUSINESS REVIEW

In the fourth quarter, Thinfilm took another important step towards enabling printed integrated systems and smart tags for the “Internet of Things” (IoT) by securing exclusive access to commercial-scale supplies of organic semiconductor inks as well as technology agreements for sensor, battery and display components. These recent achievements have led to significant interest in the company and its technology from various strategic and commercial parties.

Highlights:

► **Established key partnerships for enabling fully printed integrated systems and smart tags:** Technology partnerships with Polyera (organic semiconductor inks), PST Sensors (temperature sensor), Imprint Energy (battery) and Acreo (display).

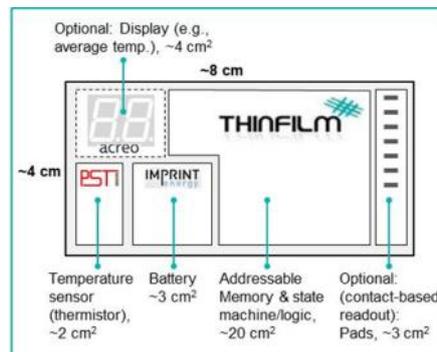
► **Thinfilm, PARC received 2012 FlexTech Alliance Innovation Award:** Industry recognition for Thinfilm Addressable Memory, as a platform for fully-printed electronic systems.

► **Initiated development of integrated system prototype:** First temperature sensor tag expected during 2012.

Thinfilm made significant progress during the fourth quarter of 2011 and in early 2012, in its strategy of expanding into printed transistors and logic. Thinfilm made three important steps towards the mass production of low-cost, low-power, ubiquitous smart tags. In October 2011, a successful prototype of scalable printed CMOS memory was demonstrated, showing that Thinfilm memory can be made addressable by incorporation of printed organic logic circuits, developed jointly with PARC, a Xerox company. This is a critical milestone towards the creation of fully-printed smart tags, combining memory and logic with other printed components such as sensors, batteries, displays and antennas. In November 2011, this was followed by the announcement of a partnership with Polyera, to produce high-mobility semiconductor inks for mass production of CMOS memory. Most recently, key partnerships for display, sensor and battery technology were established in January 2012, securing the remaining “building blocks” for enabling integrated systems and smart tags.

“Integrating our printed memory with logic and other printed components will not only enable smart tags for the Internet of Things (IoT), but it will also allow Thinfilm to capture a larger share of the future value chain,” says Davor Sutija, Thinfilm CEO.

In February 2012, Thinfilm and PARC



TEMPERATURE SENSOR TAG: *Thinfilm's first integrated system prototype will be developed jointly with technology partners during 2012.*

received international recognition for their work on printed addressable memory by winning the prestigious FlexTech Alliance Innovation Award.

Thinfilm has initiated the work of building the first integrated system prototype; a temperature sensor tag that will be developed jointly with technology partners during 2012.

“We estimate the addressable market for low-cost temperature tags to be in the range of USD 1-2 billion,” says Torgrim Takle, Thinfilm CFO, and explains Thinfilm’s strategy for the future product development and market entry. “When analyzing the existing temperature sensor market, we found that relatively simple color changing labels, which are only containing qualitative information, are being sold in massive volumes at 10-40 cents. We believe this is a perfect entry point to demonstrate Thinfilm’s unique cost-functionality position in an existing market”.

Thinfilm’s technology partners have all been chosen based on their ability to meet the required cost and functionality specifications for the respective sensor, battery and display components. “We are excited to work with these companies, and are confident that they have the right technologies for commercializing a low-cost temperature sensor tag within the next years,” concludes Takle.

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In November 2011, Thinfilm made the 20-bit memory technology more broadly accessible by offering Arduino-powered development kits through Inventables - “the innovator’s hardware online store.”

“Numerous development kits have been sold to major strategic accounts also outside the toys and games industry, underpinning the need for making Thinfilm’s market-leading memory technology available for innovation across a wide range of industries,” says Davor Sutija, Thinfilm CEO. Thinfilm continues to see strong interest for its stand-alone memory products in the toys and games industry, and is working focused towards full commercialization of 20-bit memory.

“We have recently received very positive feedback from our prioritized toys and games partners, including statements that Thinfilm offers the world’s cheapest 20-bit rewritable memory. We believe that is a strong indication of future success in this market,” says Sutija.

Notable events in 2011:

News and announcements:

► Thinfilm, PARC Win FlexTech Alliance Innovation Award for Printed Addressable Memory, 9 Feb 2012

► Thinfilm and PST Sensors to jointly develop printed temperature tags to monitor food and other perishable goods, 24 Jan 2012

► Thinfilm builds out ecosystem for printed electronic systems, 24 Jan 2012

► Thinfilm and Polyera Partner to Bring Printed CMOS Memory to Market, 30 Nov 2011

► Thinfilm and Inventables offer Arduino-Powered Development Kit, 16 Nov 2011

► Jennifer Ernst New Flextech Board Member, 7 Nov 2011

► Thinfilm Unveils First Scalable Printed CMOS Memory, 21 Oct 2011

- ▶ InkTec Opens Dedicated Production Facility for Thinfilm Memory, 8 Aug 2011
- ▶ Davor Sutija New OE-A Board Member, 28 Jun 2011
- ▶ Thinfilm Unlocks Encrypted Market With New Printed Memory, 28 Jun 2011
- ▶ Thinfilm Opens Japan Office, 6 Jun 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 Apr 2011
- ▶ PARC, a Xerox company, takes minority stake in Thinfilm, 24 Mar 2011
- ▶ Thinfilm Appoints Top Scientists to Technology Council, 9 Mar 2011
- ▶ Thinfilm wins Frost & Sullivan's new product innovation award, 2 Mar 2011
- ▶ Thinfilm launches demo game powered by printed memories, 10 Feb 2011
- ▶ Thinfilm addressable memory design completed, 18 Jan 2011

Organizational updates:

- ▶ Johanna Puustinen appointed Senior Communications Manager, 22 Feb 2012
- ▶ Magnus Berggren Joins Thinfilm Technology Council, 10 Nov 2011
- ▶ Rita Glenne New Thinfilm Board Member, 10 May 2011
- ▶ Jennifer Ernst was appointed Vice President, North America, 3 Mar 2011
- ▶ Torgrim Takle was appointed Chief Financial Officer, 10 Jan 2011

Conferences and trade shows:

- ▶ Thinfilm presented and organized a separate session at the FlexTech Alliance conference, 6-9 Feb 2012 in Phoenix
- ▶ Thinfilm presented at Semicon, 7 Feb 2012 in Seoul
- ▶ Thinfilm presented and exhibited at the IDTechEx conference Printed Electronics USA, 29-31 Nov 2011 in Santa Clara
- ▶ Thinfilm presented at IV Nanotechnology Int. Forum Oct 26-28, 2011, Moscow
- ▶ Thinfilm presented at SemiCon West—Extreme Electronics Jul 12-14 2011 in SA

- ▶ Thinfilm exhibited at GamesBeat Jul 12-13 2011 in San Francisco
- ▶ Thinfilm presented and exhibited at LOPE-C Jun 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 Apr 2011 in Düsseldorf
- ▶ Thinfilm presented at the IPI conference, Exploiting Printed Electronics Technologies, 23 Mar 2011 in London
- ▶ Thinfilm presented and exhibited at the Engage Conference and Expo 2011 15-16 Feb 2011 in New York
- ▶ Thinfilm presented at the Flexible Electronics and Displays Conference, 7-10 Feb 2011 in Phoenix, AZ

About Thinfilm and printed electronics

Thin Film Electronics ASA group ("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 higher density memories are under development, (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. 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 31 DECEMBER 2011

Thinfilm's revenue amounted to NOK 1.8 million in 2011, where approximately NOK 1.7 million was related to government grants being recognized as revenue over

the period. Sales revenue in 2011 amounted to NOK 102 thousand, and related to sales of technology demonstration kits, engineering work and product development

projects provided to strategic customers and partners. In 2010, revenue amounted to less than NOK 0.1 million and related to administrative services (not sales revenue).

Other operating costs (i.e., all operating costs excluding depreciation and impairment charge) in 2011 amounted to NOK 40.0 million, including the notional cost of

share based compensation of approximately NOK 4 million. The corresponding figures for 2010 were NOK 24.7 million and NOK 3.8 million, respectively. Thinfilm had a project qualified for the Skattefunn scheme in 2011, and the net contribution of NOK 1.1 million was credited against cost in the fourth quarter. Excluding share based compensation and other non-cash costs in 2011, the underlying cost increase was NOK 10.6 million compared to 2010. The increase in Thinfilm's operating costs (compared to last year) is largely explained by higher activity and manning levels in order to accelerate technical development work and meet the increasing interest from potential customers and partners. There were fourteen full-time employees in the group at the end of the year (compared to seven full-time employees at the end of 2010), and payroll related costs represented approximately 40% of Thinfilm's total operating cost base in 2011. In addition, Thinfilm has expanded scope of strategic development projects with external partners, and incurred related project costs of NOK 9.9 million in 2011 (out of which NOK 4.8 million was related to the collaboration and licensing agreement between PARC, a Xerox company, and Thinfilm).

Investments amounted to approximately NOK 0.9 million in 2011 (2010: NOK 0.7 million), mainly related to test equipment and bench-top printing machines. Depreciation and impairment charge amounted to NOK 0.3 million in 2011 (2010: NOK 0.1 million). Going forward, the investment level is expected to increase somewhat due to provision of prototyping equipment for addressable memories and smart tags.

Net financial items in 2011 amounted to a loss of approximately NOK 0.1 million, as interest income was offset by net exchange losses and interest expenses of NOK 79 thousand (out of which NOK 70 thousand was related to interest on accumulated draw-down from the unsecured credit facility that was entered in July 2011. The credit facility was repaid and terminated during the fourth quarter 2011). In 2010, net financial items amounted to a loss of approximately 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 of the year was a loss of NOK 38.7 million, corresponding to a loss of NOK 0.14 per basic share. In 2010, the loss amounted to NOK 24.9 million corresponding to a similar loss of NOK 0.12 per

basic share (as the number of shares has increased over the period).

The group's cash balance decreased by NOK 10.7 million in 2011, yet with a NOK 6.2 million increase in the fourth quarter (as warrants exercised in October 2011 raised approximately NOK 21 million in new equity). The corresponding numbers for the same periods in 2010 were an increase of NOK 8.2 million and NOK 14.5 million, respectively. The cash balance on 31 December 2011 amounted to NOK 7.3 million, while net of receivables and payables amounted to NOK 3.0 million.

The company's balance sheet comprises essentially cash, receivables, payables and accruals, and net equity. The intangible property rights in form of patents and know-how, have not been capitalized.

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 mainly related to market risks (many of Thinfilm's intended markets are still immature) and product development risks (eventual cost-functionality competitiveness of the products under development).

At the annual general meeting 2011 it was resolved to issue two warrants for each share issued in the private placement in October 2010. During the first exercise period 3-14 October 2011, 23,254,000 Warrants A and 190,000 Warrants B were exercised (total of 23,444,000 warrants), which raised approximately NOK 21 million in new equity. 23,064,000 Warrants B remain outstanding (exercisable in the period 1 to 12 October 2012), which would raise gross NOK 23.1 million. The board takes for its basis that the outstanding Warrants B will be exercised.

After Thinfilm's recent achievements related to enabling fully printed integrated systems and smart tags, the company has received significant interest from prospective customers, strategic, licensing and other collaboration partners. Thinfilm is in discussions with various parties which may lead to investments in the company or its technology, and both the board and management are very optimistic that Thinfilm will be able to enter into commercial relationships in the near future. Such relationships may include investment through a new issue in the company's shares.

At 31 December 2011, the equity amounted to NOK 4.3 million, representing

37 per cent of the gross balance sheet and 13 per cent of the share capital.

Outlook

Thinfilm's technology and know-how is essentially about providing low cost electronics to the trillions of disposable products and items that surround us everyday, for which applications printed electronics has an unique and sustainable cost-functionality advantage. 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). Eventually, the physical- and virtual world will intersect by enabling all objects to communicate with the online web, known as the "Internet of Things" (IoT). This is our Memory Everywhere™ vision.

Thinfilm concentrates its effort around three main areas: (i) Commercializing stand-alone memory, (ii) Enabling integrated systems and smart tags and (iii) Building ecosystem of partners and alliances.

Thinfilm has a unique and cost competitive stand-alone memory product, and will continue to work towards large scale commercialization of single-line and passive array memories for both toys & games and other applications.

Addressable Thinfilm Memory products will allow integration to create fully printed systems, such as ID tags, sensor tags and disposable price labels. With the recent established partnerships for display, sensor and battery technology, Thinfilm expects to have a first prototype of a temperature sensor tag ready in 2012, followed by the development of other integrated systems and smart tags in the subsequent years. Successful demonstrations of such prototypes and products are expected to gain significant interest from prospective customers and partners, as well as from established companies offering competing products based on conventional technologies.

Thinfilm has recently received significant interest in the company and its technology from various parties, and will continue to pursue commercial and strategic relationships for the development and commercialization of printed integrated systems and smart tags (e.g., strategic, financial, technology, manufacturing, licensing, distribution and market access partnerships).

*Oslo, 28 February 2012
The board of directors of
Thin Film Electronics ASA*

Thin Film Electronics ASA Group

Condensed consolidated preliminary financial statements 31 December 2011 (Unaudited)

Consolidated statements of comprehensive income

<i>Amounts in NOK 1000</i>	Note	1 October - 31 December, 2011	1 October - 31 December, 2010	1 January - 31 December, 2011	1 January - 31 December, 2010
Sales revenue		10	0	102	0
Other operating revenue		269	3	1 661	63
Total revenue		278	3	1 762	63
Other operating costs	7	(11 120)	(5 450)	(40 016)	(24 678)
Depreciation and impairment charge	3	(106)	(25)	(313)	(71)
Operating profit (loss)		(10 947)	(5 472)	(38 566)	(24 686)
Net financial items		(116)	(12)	(125)	(207)
Profit (loss) before income tax		(11 063)	(5 484)	(38 691)	(24 893)
Income tax expense		0	0	0	0
Profit (loss) for the period		(11 063)	(5 484)	(38 691)	(24 893)
Profit (loss) per share basic and diluted	5	(NOK 0.04)	(NOK 0.02)	(NOK 0.14)	(NOK 0.12)
Profit (loss) for the period		(11 063)	(5 484)	(38 691)	(24 893)
Currency translation		55	(14)	(9)	160
Total comprehensive income for the period, net of tax		(11 008)	(5 498)	(38 700)	(24 733)

Consolidated statements of financial position

<i>Amounts in NOK 1000</i>	Note	31 December, 2011	31 December, 2010
ASSETS	6		
<u>Non-current assets</u>			
Property, plant and equipment	3	1 338	759
<u>Current assets</u>			
Trade and other receivables		3 027	1 829
Cash and cash equivalents		7 339	18 054
Total current assets		10 366	19 883
TOTAL ASSETS		11 704	20 642
EQUITY AND LIABILITIES			
<u>Equity</u>			
Ordinary shares	4	33 500	30 649
Share premium		40 803	19 233
Other paid-in equity		9 861	6 247
Currency translation		104	113
Retained earnings		(79 934)	(41 243)
Total equity		4 332	14 999
<u>Liabilities</u>	6		
Trade and other payables		7 372	5 643
TOTAL EQUITY AND LIABILITIES		11 704	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			3 012			3 012
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
Warrants exercise 3-14 October	4	2 579	18 313				20 892
Comprehensive income					(9)	(38 691)	(38 700)
Balance at 31 December 2011		33 500	40 803	9 861	104	(79 934)	4 332
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 October - 31 December, 2011	1 October - 31 December, 2010	1 January - 31 December, 2011	1 January - 31 December, 2010
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit (loss)		(10 947)	(5 472)	(38 566)	(24 686)
Share based payment	4	922	382	3 012	3 783
Depreciation and impairment	3	106	25	313	71
Changes in working capital and non-cash items		1 318	44	3 716	(186)
Interest paid		(79)	-	(79)	(2)
Net cash from (used) on operating activities		(8 681)	(5 021)	(31 604)	(21 020)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(33)	(650)	(856)	(650)
Interest received		14	7	37	12
Net cash from (used) on investing activities		(19)	(643)	(819)	(638)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares	4	20 892	20 116	21 709	29 800
Proceeds from credit facility (repayment)		(6 050)		-	
Net cash from (used) on financing activities		14 842	20 116	21 709	29 800
Currency translation effects on cash and bank deposits		11	(1)	(0)	69
Net increase (decrease) in cash and bank deposits		6 152	14 450	(10 715)	8 210
Cash and bank deposits at the beginning of the period		1 187	3 604	18 054	9 844
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD		7 339	18 054	7 339	18 054

The Group had no bank draft facilities at 31 December 2011

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 group ("Thinfilm" or "the company") consists of the parent company Thin Film Electronics ASA ("Thinfilm ASA") and the subsidiaries Thin Film Electronics AB ("Thinfilm AB") and Thin Film Electronics Inc. ("Thinfilm Inc."). The group was formed on 15 February 2006 when Thinfilm ASA purchased the business and assets, including the subsidiary Thinfilm AB, from Thin Film OldCo AS ("OldCo"). Thinfilm 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 of 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 preliminary financial report for 2011 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated preliminary financial report should be read in conjunction with the consolidated annual financial statements for 2010.

The IFRS accounting policies applied in this condensed consolidated preliminary 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 preliminary 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 31 December 2011, the net equity amounted to NOK 4.3 million and it is the board's duty to emphasize that more than half the share capital was lost.

At the annual general meeting 2011 it was resolved to issue two warrants for each share issued in the private placement in October

2010. During the first exercise period 3-14 October 2011, 23,254,000 Warrants A and 190,000 Warrants B were exercised (total of 23,444,000 warrants), which raised approximately NOK 21 million in new equity. 23,064,000 Warrants B remain outstanding (exercisable in the period 1 to 12 October 2012), which would raise gross NOK 23.1 million. The board takes for its basis that the outstanding Warrants B will be exercised.

After Thinfilm's recent achievements related to enabling fully printed integrated systems and smart tags, the company has received significant interest from prospective customers, strategic partners, licensing partners and other collaboration partners. Thinfilm is in discussions with various parties which may lead to investments in the company or its technology, and both the board and management are very optimistic that Thinfilm will be able to enter into commercial relationships in the near future. Such relationships may include investment through a new issue in the company's shares.

This consolidated interim financial report has not been subject to audit. The report was resolved by the board of directors on 28 February 2012.

Note 3: Property, plant and equipment

Amounts in NOK 1000

	Tangible assets
Year ended 31 December 2011	
Net book value on 1 January 2011	759
Additions	856
Disposals	-
Depreciation, impairment and other movements	(277)
Net book value on 31 December 2011	1 338
Year ended 31 December 2010	
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
Warrants exercise 3-14 October	23 444 000
Shares on 31 December 2011	304 544 086
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

During the warrant exercise period 3-14 October 2011, 23,254,000 Warrants A and 190,000 Warrants B were exercised (total of 23,444,000 Warrants), raising NOK 21.1 million before expenses. 23,064,000 Warrants B remain outstanding (exercisable in the period 1 to 12 October 2012), where each warrant has a subscription price of NOK 1.00.

<i>Number of warrants and subscription rights</i>	1 January - 31 December, 2011	1 January - 31 December, 2010
Warrants and subscription rights opening balance	12 540 417	115 607 212
Grant of incentive subscription rights	7 700 000	7 400 000
Terminated, forfeited and expired subscription rights	(1 951 111)	(781 250)
Exercise of subscription rights	(750 000)	-
Allotment of warrants (Warrant A and B)	46 628 000	-
Exercise and expiry of warrants	(23 564 000)	(109 685 545)
Warrants and subscription rights closing balance	40 603 306	12 540 417

Note 5: Profit (loss) per share

	1 January - 31 December, 2011	1 January - 31 December, 2010
Profit (loss) attributable to shareholders (NOK 1000)	(38 691)	(24 893)
Weighted average basic number of shares in issue	284 578 310	206 644 974
Weighted average diluted number of shares	296 445 637	255 516 923
Profit (loss) per share, basic and diluted	(NOK 0.14)	(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 twelve months ended 31 December 2011, Thinfilm has recorded NOK 1 610 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 840 thousand plus expenses for services provided in 2011.

Note 8: Events occurring after the balance sheet date

Between 31 December 2011 and the presentation of this condensed consolidated financial information, no events having any material impact on the result of 2011 or the value of Thinfilm's assets and liabilities at 31 December 2011 have occurred.