

BUSINESS REVIEW

In the second quarter, Thinfilm launched new products and increased its customer-facing activities. "We are seeing interest from new industries at the same time as we have deeper interaction with customers and partners," says Davor Sutija, Thinfilm CEO.

Highlights:

- ▶ **Traction in new industries:** Increased interest from additional markets.
- ▶ **Thinfilm Passive Array Memory™ launched:** Unlocks markets and milestone towards printed integrated systems.
- ▶ **Prototypes delivered to leading toy manufacturers:** Specific toy prototypes are now being evaluated.
- ▶ **US and Japan offices opened:** Increased business development and sales activities.

"We are being approached by leading companies in several additional markets, for applications such as promotional cards, online monetization, and secure documents," says Dr. Davor Sutija, Thinfilm CEO.

The Thinfilm Passive Array Memory, the world's first printed memory array for high-volume manufacturing and consumer applications, was launched in June.

"Thinfilm Passive Array Memory unlocks markets and opens up for new applications," Sutija continues, and mentions that the new memory is suitable in a broader range of applications where ID encryption is needed, e.g. ticketing and secure documents. "With higher storage capacity, information can be encoded," he explains.

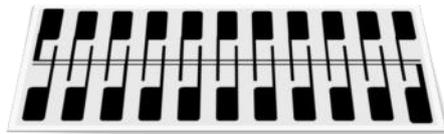
Milestone towards printed systems

The new Thinfilm Passive Array Memory is an important step towards creating low-cost consumer electronics and in developing higher density printed memories suited for high-volume production.

"Thinfilm's memory technology is the natural choice for ubiquitous traceability and smart packaging," says Sutija.

Together with PARC, a Xerox Company, Thinfilm is prototyping addressable array memories that include printed transistors, the Thinfilm Addressable Memory™, where the transistors drive logic for reading and writing data to the memory cells. The addressable memory uses similar array architecture as the Thinfilm Passive Array Memory.

"Thinfilm Addressable Memory is pivotal for creating printed systems because it



THINFILM PASSIVE ARRAY MEMORY uses the same design rules and can be produced using the same roll-to-roll equipment and processes as the single line Thinfilm Memory in production today.

enables integration of other printed components," explains Sutija. Sensors, displays, and antennas are examples of components that can be integrated with the addressable memory to create fully printed systems. "This opens for ID tags, sensor tags, disposable price labels, and other smart tags produced at only a fraction of the cost of conventional silicon based electronics," says Sutija.

Prototypes delivered

In the second quarter, Thinfilm delivered prototypes and engineering services to several leading toy manufacturers.

"We are now seeing a deeper interaction with prospects, existing customers, and partners. Customers are now working on specific toy concepts and the number of projects has increased," says Sutija.

The specific toy prototypes that are now being evaluated by toy manufacturers are based on Thinfilm's current product offering, the Thinfilm Memory™, a 20-bit non-volatile rewriteable printed memory, and the Thinfilm Memory Controller, an application-specific integrated circuit (ASIC). The Memory Controller coupled with the Thinfilm Toy Development Kit, enables rapid prototyping of interactive toys and games.

The OBA reference game, launched in February, demonstrates Thinfilm's technology using cards with Thinfilm Memory to store game status. Companies from several industries has ordered the OBA game.

US and Japan offices opened

In April and May, Thinfilm opened offices in San Francisco and Tokyo.

"We have geared up our business development and sales activities, and this plays a major role in the growing interest from

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new customers and industry sectors we are receiving. Our initial commercial efforts targeted the toys and games industry. Now we are also able to meet the burgeoning demand for low-cost printed electronics for high-volume consumer applications from other industry sectors," says Sutija.

Notable events in 2011:

News and announcements:

- ▶ 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 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 will be ready during 2011. Transfer to production is expected in 2012 (up to 128 bits). 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.

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 JUNE 2011

Thinfilm's revenue in the first half of 2011 was NOK 1.2 million, where approximately NOK 1.1 million was related to government grants being recognized as revenue over the period. Sales revenue in the first half of 2011 amounted to NOK 83 thousand, mainly related to engineering work and product development projects provided to strategic customers and partners. In the first half of 2010, revenue amounted to NOK 60 thousand and related to administrative services.

In May 2011, Thinfilm received a govern-

ment grant of NOK 3 million from Innovation Norway's Industrial Research and development Program ("IFU") to develop addressable memories. The accounting policy adopted for this grant is to recognize it as other operating revenue over the periods in which Thinfilm recognizes as expenses the related costs for which the grant is intended to compensate (approximately NOK 1.1 million in the first half of 2011).

Other operating costs (i.e., all operating costs excluding depreciation and impair-

ment charge) in the first half of 2011 amounted to NOK 20.9 million, including the notional cost of subscription rights (share based compensation) of NOK 1.0 million. The corresponding figures for the first half of 2010 were NOK 13.2 million and NOK 2.4 million, respectively.

The printed electronics industry is gaining momentum, and Thinfilm is experiencing increasing interest from potential customers and partners. The increase in Thinfilm's operating costs (compared to first half last year) is largely explained by higher activity and manning levels in order to cater the market opportunities that this increased interest entails. At the end of June 2011

there were eleven full-time employees in the group (compared to six full-time employees at the end of the first half 2010). In addition, Thinfilm has expanded the scope of strategic development projects with external partners, and incurred related project costs of approximately NOK 6 million in the first half of 2011 (out of which NOK 3.5 million was related to the extended collaboration and licensing agreement between PARC, a Xerox company, and Thinfilm).

Investments amounted to NOK 0.5 million in the first half of 2011 (no investments made in the first half of 2010), mainly related to test equipment and bench-top printing machines. Depreciation is negligible because majority of costs related to equipment and intangible assets have been expensed. Going forward, the investment level is expected to increase somewhat due to provision of prototyping equipment for addressable memories.

Net financial items, mainly exchange gains/losses related to variations in SEK and USD, amounted to a gain of approximately NOK 0.1 million in the first half, compared to a similar loss of NOK 0.1 million in the same period of 2010. Interest income is insignificant.

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 the first half of 2011. 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 in the first half of 2011 was a loss of NOK 19.8 million, corresponding to a loss of NOK 0.07 per basic share. In the first half of 2010, the loss amounted to NOK 13.3 million corresponding to a similar loss of NOK 0.08 per basic share (as the number of shares has increased over the period).

The group's cash balance decreased by

NOK 14.7 million in the first half, where the cash balance on 30 June 2011 amounted to NOK 3.4 million. The corresponding numbers for the first half of 2010 were NOK 0.7 million (as NOK 9.9 million was raised in new equity) and NOK 9.1 million, respectively. In July 2011, Thinfilm entered into an unsecured credit facility agreement to fulfill working capital requirements until the exercise period of the outstanding Warrants A (3-14 October, 2011). The credit facility agreement is at favorable market terms, with an interest of 100 basis points over NIBOR (NIBOR + 1 %).

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. There will be two lots of 23,314,000 warrants per lot, at an exercise price of NOK 0.90 and 1.00, exercisable in October 2011 and October 2012 respectively. The Board believes that the entered credit facility in conjunction with exercise of the outstanding Warrants A will provide

sufficient funding for the current year, and well into 2012.

At 30 June 2011, the equity amounted to approximately NOK 0.3 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 is prototyping addressable array memories that include printed transistors. These prototypes will be ready during 2011. Transfer to production is expected in 2012.

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.

*Linköping, 17 August 2011
The board of directors of
Thin Film Electronics ASA*

Thin Film Electronics ASA Group

condensed consolidated interim financial statements 30 June 2011 (Unaudited)

Consolidated statements of comprehensive income

<i>Amounts in NOK 1000</i>	Note	1 April - 30 June, 2011	1 April - 30 June, 2010	1 January - 30 June, 2011	1 January - 30 June, 2010	1 January - 31 December, 2010
Sales revenue		47	-	83	-	0
Other operating revenue		1 121	16	1 121	60	63
Total revenue		1 168	16	1 204	60	63
Other operating costs	7	(8 557)	(7 058)	(20 939)	(13 225)	(24 678)
Depreciation and impairment charge	3	(68)	(14)	(122)	(31)	(71)
Operating profit (loss)		(7 457)	(7 056)	(19 857)	(13 196)	(24 686)
Net financial items		96	(73)	76	(118)	(207)
Profit (loss) before income tax		(7 361)	(7 129)	(19 781)	(13 314)	(24 893)
Income tax expense		0	0	0	0	0
Profit (loss) for the period		(7 361)	(7 129)	(19 781)	(13 314)	(24 893)
Profit (loss) per share basic and diluted	5	(NOK 0.03)	(NOK 0.04)	(NOK 0.07)	(NOK 0.08)	(NOK 0.12)
Profit (loss) for the period		(7 361)	(7 129)	(19 781)	(13 314)	(24 893)
Currency translation		(86)	34	(69)	73	160
Total comprehensive income for the period, net of tax		(7 446)	(7 095)	(19 849)	(13 241)	(24 733)

Consolidated statements of financial position

<i>Amounts in NOK 1000</i>	Note	30 June, 2011	30 June, 2010	31 December, 2010
ASSETS	6			
<u>Non-current assets</u>				
Property, plant and equipment	3	1 153	142	759
<u>Current assets</u>				
Trade and other receivables		2 746	565	1 829
Cash and cash equivalents		3 370	9 149	18 054
Total current assets		6 116	9 714	19 883
TOTAL ASSETS		7 269	9 856	20 642
EQUITY AND LIABILITIES				
<u>Equity</u>				
Ordinary shares	4	30 921	25 963	30 649
Share premium		22 489	4 007	19 233
Other paid-in equity		7 831	4 709	6 247
Currency translation		45	26	113
Retained earnings		(61 024)	(29 664)	(41 243)
Total equity		262	5 041	14 999
<u>Liabilities</u>	6			
Trade and other payables		7 008	4 815	5 643
TOTAL EQUITY AND LIABILITIES		7 269	9 856	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			982			982
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					(69)	(19 781)	(19 849)
Balance at 30 June 2011		30 921	22 489	7 831	45	(61 024)	262
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	(57)				9 856
Share based compensation	4		2 245				2 245
Comprehensive income					73	(13 314)	(13 241)
Balance at 30 June 2010		25 963	4 007	4 709	26	(29 664)	5 041
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	April - 30 June, 2011	1 April - 30 June, 2010	1 January - 30 June, 2011	1 January - 30 June, 2010	1 January - 31 December, 2010
CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit (loss)		(7 457)	(7 056)	(19 587)	(13 196)	(24 686)
Gain on sale of fixed assets		-	-	-	-	-
Share based payment	4	70	1 304	982	2 245	3 783
Depreciation and impairment	3	68	14	122	31	71
Changes in working capital and non-cash items		(373)	139	3 787	303	(186)
Interest paid		-	-	-	(1)	(2)
Net cash from (used) on operating activities		(7 692)	(5 599)	(14 966)	(10 618)	(21 020)
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	3	(314)	-	(539)		(650)
Sale of fixed assets		-	-			-
Interest received		8	2	18	4	12
Net cash from (used) on investing activities		(306)	2	(521)	4	(638)
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issuance of shares	4	817	9 888	817	9 888	29 800
Net cash from (used) on financing activities		817	9 888	817	9 888	29 800
Currency translation effects on cash and bank deposits		(17)	14	(13)	31	69
Net increase (decrease) in cash and bank deposits		(7 198)	4 305	(14 684)	(695)	8 210
Cash and bank deposits at the beginning of the period		10 568	4 844	18 054	9 844	9 844
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD		3 370	9 149	3 370	9 149	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 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 interim financial report for the first half 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. There will be two lots of 23,314,000 warrants per lot, at an exercise price of NOK 0.90 and 1.00, exercisable in October 2011 and October 2012 respectively. It was also resolved that the Board may, at its sole discretion, allow an early exercise of the warrants. The board believes that the recently entered credit facility in conjunction with exercise of the outstanding Warrants A will provide sufficient funding for the current year, and well into 2012.

This consolidated interim financial report has not been subject to audit. The report was resolved by the board of directors on 17 August 2011.

Note 3: Property, plant and equipment

Amounts in NOK 1000

Tangible

Three months ended 30 June 2011

Net book value on 1 January 2011	759
Additions	539
Disposals	0
Depreciation, impairment and other movements	-145
Net book value on 30 June 2011	1153

Three months ended 30 June 2010

Net book value on 1 January 2010	168
Additions	0
Disposals	0
Depreciation, impairment and other movements	-26
Net book value on 30 June 2010	142

Year ended 31 December 2010

Net book value on 1 January 2010	168
Additions	650
Disposals	0
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 June 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 June 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 June, 2011	1 January - 30 June, 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	2 000 000	1 200 000	7 400 000
Terminated, forfeited and expired subscription rights	(1 850 278)	-	(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 closing balance	58 568 139	26 686 342	12 540 417

Note 5: Profit (loss) per share

	1 January - 30 June, 2011	1 January - 30 June, 2010	1 January - 31 December, 2010
Profit (loss) attributable to shareholders (NOK 1000)	(20 902)	(13 314)	(24 893)
Weighted average basic number of shares in issue	279 687 263	160 607 633	206 644 974
Weighted average diluted number of shares	289 671 094	246 833 017	255 516 923
Profit (loss) per share, basic and diluted	(NOK 0.07)	(NOK 0.08)	(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 June 2011, Thinfilm has recorded NOK 730 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 530 thousand plus expenses for services provided January 1– June 30 2011.

Note 8: Events occurring after the balance sheet date

Between 30 June 2011 and the presentation of this condensed consolidated financial information, no events having any material impact on the result for the first half of 2011 or the value of Thinfilm's assets and liabilities at 30 June 2011 have occurred. In July 2011, Thinfilm entered into an unsecured credit facility agreement to fulfill working capital requirements until the exercise period of the outstanding Warrants A (3-14 October, 2011). The credit facility agreement is at favorable market terms.