Interim Report and Financial Statements

Fourth Quarter 2014

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Highlights

- Thinfilm partners with Xerox for mass production of Thinfilm Memory™ labels
- Global Factories selects Thinfilm Memory for pharma security and verification solution
- Thinfilm receives 13-million unit follow-up EAS order
- Ferd AS invests USD 23 million in Thinfilm
- Thinfilm announces collaboration with Diageo as part of OpenSense™ launch; prototype smart bottle will be showcased at MWC
- Thinfilm to list on Oslo Børs, introduce ADR program in US
- Thinfilm receives NFR grant for project with SINTEF

Business Review

Thinfilm started off the year with the completion of the Kovio transaction, delivering Thinfilm Memory™ to commercial markets, and securing the first orders for the Company's temperature sensing smart labels. Thinfilm continued to make significant progress throughout Q4 2014 - strategically, commercially, and operationally.

Xerox became the first to license Thinfilm's technology, establishing itself as a key scale-up manufacturer for Thinfilm Memory as a stand-alone product and as a possible future key component for printed electronics solutions. Ferd AS invested USD 23 million. The capital infusion gives Thinfilm the funding necessary to complete the commercialization of its current product roadmap. Notable commercial achievements included Global Factories' decision to use Thinfilm Memory in its next-generation blister packaging system, and a 13-million unit EAS order commitment through its partnership with Nedap. In Asia, the Company strengthened its presence and capabilities with new sales leadership and distribution channels.

Thinfilm CEO, Davor Sutija, was selected to deliver a keynote presentation at Mobile World Congress 2015, and the Company is actively preparing for participation in the world's largest mobile industry exhibition.

Thinfilm partners with Xerox for mass production of Thinfilm Memory labels

Thinfilm announced a strategic partnership with Xerox for the high-volume production and sales of Thinfilm Memory labels. Xerox plans to leverage its deep manufacturing expertise and ability to scale globally in order to participate in emerging markets adjacent to its core business. The global business services, digital printing, and document management leader licensed Thinfilm's proprietary technology to manufacture Thinfilm Memory and will develop a marketing strategy targeted to key customers. Xerox is modifying a production line in one of its existing facilities in Webster, New York. Once completed, the facility is expected to have an estimated annual capacity of 1.3 billion units.

Global Factories selects Thinfilm Memory for pharma security and verification solution

Global Factories, the market leader in the field of medicine pouch verification, selected Thinfilm printed memory for security and authentication in its new Vandenbrink Blister Packaging Machine (VBM).

The VBM provides automated filling of Global Factories' unit- and multi-dose blister cards, which securely store patient medication and provide a visual blueprint of required daily intake. The Thinfilm "smart consumables" solution will enable Global Factories' clients to confirm authenticity of the VBM blister cards, ensuring only safe and qualified materials are used in the system. In addition to packing and checking of blister cards, the VBM uses a patented verification technique that makes distribution of medicine safer and more efficient than ever before.

Thinfilm receives 13-million unit follow-up EAS order

Thinfilm received a 13-million unit order for its electronic article surveillance (EAS) labels through its relationship with go-to-market partner, Nedap. Nedap, a leading developer and supplier of innovative solutions for the retail market, uses Thinfilm EAS tags in high-value loss prevention systems it offers to global fashion labels under its !FaST brand. This follows a 7-figure unit EAS order Thinfilm had previously delivered.

The latest order is part of a worldwide rollout for a leading global fashion retailer and will be delivered primarily during the first three quarters of 2015.

Ferd AS invests USD 23 million in Thinfilm

Ferd AS, a leading industrial and financial group in Norway and manager of the largest Norwegian private equity fund, completed its purchase of 37,500,000 shares in Thinfilm at a subscription price of NOK 4.00 per share totaling NOK 150,000,000 (USD 23 million). The capital infusion gives Thinfilm the funding necessary to complete the commercialization of its current product roadmap, including NFC Smart Labels. Ferd also received 31,250,000 warrants, each with an exercise price of NOK 4.80, which are exercisable after a 12-month holding period and expire in 3 years. The issuance of shares and warrants, and completion of the private placement, was approved at an extraordinary general meeting of Thinfilm on November 14, 2014.

Thinfilm announces collaboration with Diageo as part of OpenSense™ launch; protoype smart bottle will be showcased at MWC

Thinfilm announced the launch of OpenSense™, a new near field communication (NFC) sensor tag technology with the ability to drive enhanced consumer engagement and improved product security. In addition, the Company announced a collaboration with Diageo, the largest spirits manufacturer in the world, to explore incorporating OpenSense technology in bottles of Diageo's Johnnie Walker Blue Label® brand of Scotch whiskey. The prototype bottles will be showcased at Mobile World Congress 2015, March 2-5, in Barcelona, Spain. Thinfilm's Davor Sutija (CEO) and Jennifer Ernst (Chief Strategy Officer) will both speak at this year's event.

Thinfilm approved for listing on Oslo Børs, will establish ADR program in US

The Board of Oslo Børs approved Thin Film Electronics ASA for listing on Oslo Børs. The first day of trading on the main list will be Friday, February 27. Thinfilm's CEO, Davor Sutija, will ring the bell at the start of trading on the Oslo Børs at 9am CET, after which he will deliver a presentation for financial press, analysts and investors. In addition, Thinfilm's Board of Directors has decided to establish a Level 1 ADR (American Depositary Receipt) program in the United States. The Company has filed a registration statement with the U.S. Securities and Exchange Commission. The Bank of New York Mellon has been appointed as the Company's depositary bank for this program.

Thinfilm receives NFR grant for project with SINTEF

The Research Council of Norway (NFR) awarded Thinfilm a grant of NOK 12 million (approximately USD 1.65 million) for research into novel assembly methods and barrier coatings for printed electronic systems. Thinfilm will partner with SINTEF, the largest independent research institution in Scandinavia, over three years, helping to extend printed electronics research excellence in Norway.



Shows and Events

- Jennifer Ernst presented at the "TC3: Telecom Council Carrier Connections 2014", Mountain View, CA, US, October 2
- Peter Fischer gave a keynote presentation at "Plastic Electronics Exhibition & Conference," part of "SEMICON Europa 2014", Grenoble, FR, October 6
- Bill Cummings presented at "Gartner Semiconductor Briefing: The Internet of Things", Santa Clara, CA, US, October 23
- Jennifer Ernst participated at "IDC Global Research Advisory Council", Half Moon Bay, CA, US, October 23
- Thinfilm participated in the "OE-A Working Group Meeting" hosted by Janssen Pharmaceutical, Beerse, BE, October 28-29
- Patty Britton spoke at PackExpo, during the "AIPIA Session: "Profiting from Active & Intelligent Packaging.", Chicago, IL, November 2
- Peter Fischer presented at the "Swiss MobiCamp", Bern, CH, November 6.
- Davor Sutija presented and Thinfilm exhibited at "Trillion Sensors Summit", San Diego, CA, US, November 12-13
- Jennifer Ernst presented and Thinfilm exhibited at "IDTechEx Printed Electronics USA", Santa Clara, CA, US, November 19-20
- John Afzelius-Jenevall and Peter Fischer presented at the "Deutsche Börse Equity Forum", Frankfurt, DE, November 26
- Kai Leppanen presented and Thinfilm exhibited at the "GSMA Mobile 360" event, Brussels, BE, December 8
- Branson Belle presented at "Trillion Sensors Summit Asia", Tokyo, JP, December 8-9
- John Afzelius-Jenevall and Jennifer Ernst presented at the CLSA Internet of Things/ Everything Innovation Summit, New York, USA, December 10-11

Thinfilm Product Families

Memory Labels for Smart Consumables: Thinfilm Memory labels for Smart Counsumables i**s** a cost-effective read/write memory solution for interactive consumable refills and other plug-and-play product offerings. The non-volatile, rewritable memory – printed on a thin, flexible label – facilitates an electronic handshake between base units and refills while making consumables interactive and enabling usage tracking.

Brand Protection Solution: The Thinfilm Brand Protection Solution is a two-part system that can help manufacturers protect their brands from counterfeiting and grey-market activity. It consists of adhesive labels that generate a distinct forensic electrical signature. A Thinfilm authentication unit reads the label.



EAS (Electronic Article Surveillance) Tags: Thinfilm EAS tags use a proprietary process to improve traditional electronic article surveillance technology by introducing a new category of thin, flexible anti-shoplifting tags. These next-generation labels are compatible with the global base of installed 8.2MHz RF EAS infrastructure.

NFC Barcode™: The Thinfilm NFC Barcode **is a w**ireless tag that combines the instant interactivity of Near Field Communication (NFC) with the advantages of printed electronics technology. The NFC Barcode enables smartphones to communicate with NFC enabled everyday objects in support of B2B and B2C use cases.

Sensor Labels: Thinfilm is developing a smart label platform and a line of intelligent labels featuring memory, displays, logic and sensors. The labels will sense information and store data for 80% to 90% less than the cost of conventional electronics. This is part of Thinfilm's vision to bring the Internet of Everything to even the lowest-cost items.

About Thinfilm

Thin Film Electronics ASA ("Thinfilm") is a publicly listed Norwegian company with its headquarters in Oslo, Norway, product development and production in Linköping, Sweden, product development, production, and business development in San Jose, California, USA, and sales office in the United States, Japan, and Singapore.

Thinfilm is a leader in the development of printed electronics. The first to commercialize printed, rewritable memory, the Company is creating printed systems that include memory, sensing, display, and wireless communication, all at a low cost unmatched by any other electronic technology.

Thinfilm's roadmap integrates technology from a strong and growing ecosystem of partners. Our goal is to enable the Internet of Everything by bringing intelligence to disposable goods. Printing electronics uses far fewer process steps than traditional semiconductor fabrication. This reduces manufacturing costs and lessens the environmental impact of manufacturing electronic memory and logic.

Thinfilm's printed memory and logic are bringing low-cost electronics to the trillions of disposable products and items that we use every day. Cost-effective, ubiquitous smart labels will store and communicate information, a vital part of the Internet of Everything. This is our Memory Everywhere™ vision.

"The explosion of connected things offers opportunities for technology companies across the spectrum, including chip makers such as Qualcomm (QCOM) and Thin Film Electronics (THIN.Norway), traditional networking firms such as Cisco Systems (CSCO), software vendors such as PTC (PTC) and Splunk (SPLK), and cloud-computing service providers such as Amazon and Salesforce.com (CRM)," says Ray. "Although Amazon, Cisco, Qualcomm, and the like are too big to get any near-term kick from the Internet of things, Splunk, Thin Film and PT are highly leveraged to its growth."

Barron's, October 11, 2014
Tiernan Ray, "Tech Outlook: The Next Industrial Revolution"

Condensed Consolidated Financial Report as of 31 December 2014

Thinfilm developed operations significantly in 2014 compared to a year earlier. Increased customer activities led to more than a doubling of revenues, and also increased headcount and resource spend as the Company increased efforts to take products to market and accelerate the development of NFC based products. The technical team in Linköping, Sweden,grew by 50%, and Thinfilm established an NFC Innovation Center in San Jose, California, USA, after the acquisition of certain assets from Kovio Inc.

Thinfilm's revenue and other income in 2014 amounted to NOK 28.6 million. Excluding the other income recognized in the period, total revenue was NOK 25.5 million, an increase of NOK 13.9 million, or 121%, compared to total revenue in 2013 (2013: NOK 11.5 million). Sales revenue amounted to NOK 11.8 million in 2014 (compared to NOK 5.3 million in 2013), and was largely related to technology access fees, product development projects, product deliveries and delivery of prototypes and products to strategic customers and partners. Revenue related to government grants and other funded projects amounted to NOK 13.7 million in 2014 (2013: NOK 6.2 million). Moreover, in January 2014, Thinfilm acquired certain assets from Kovio, Inc., for USD 3.7 million (NOK 22.9 million). As described in IFRS3, this transaction has been accounted for as a "Business Combination"; this is detailed in Note 10. Management initiated a process to identify and determine the fair value of the assets required, and engaged independent experts to assist in this process. The fair value estimate values the acquired assets at USD 4.2 million (NOK 25.8 million). Consequently, an income of NOK 2.9 million was booked in the first quarter. In addition, the Company sold excess equipment for NOK 0.2 million in the period, bringing total other income to NOK 3.1 million. Revenue in the fourth quarter of 2014 amounted to NOK 8.3 million, an increase of NOK 3.0 million, compared to the corresponding quarter last year (Q4 2013 NOK 5.3 million).

Operating costs (excluding depreciation and amortization charges) amounted to NOK 183.7 million in 2014, including the cost of share-based compensation of NOK 6 million. The corresponding figures for 2013 were NOK 93.2 million and NOK 18.3 million, respectively. The operating costs for the fourth quarter of 2014 and 2013 were NOK 58.8 million and NOK 38.2 million, respectively.

The NOK 6.0 million cost of share-based compensation in 2014 is largely explained by two counteracting factors: (i) the decrease in the THIN share price during the period and the resulting decrease in value of the outstanding Employee Subscription Rights, resulted in a decrease of the employer´s tax liability by NOK 5.8 million; (ii) outstanding Employee Subscription Rights, SRs granted during the quarter, and board remuneration in shares added NOK 11.4 million to the share-based remuneration cost. The employer´s tax paid in 2014 due to exercise of Employee Subscription Rights amounted to NOK 5.1 million.

Excluding share-based compensation, depreciation and amortization, the underlying cost increase in 2014 was NOK 102.8 million compared to 2013. This increase is caused mainly by: 1) NOK 58 million higher payroll costs, as the number of full-time employees at the end of the year increased from 37 to 90 on 31 December 2014. This increase is primarily a result of the establishment of the Thinfilm NFC Innovation Center after purchase of assets from Kovio, Inc., and increased headcount in Linköping, Sweden. Employer´s tax payable on exercise of Employee Subscription Rights in the period inflated payroll costs by NOK 5.1 million (which was offset by a NOK 5.5 million cash inflow from financing as a consequence of the exercises); 2) NOK 21.4 million higher office and laboratory costs driven by the establishment of the NFC Innovation Center in California, as well as the ramp up of activities in the Linköping facility; and 3) a NOK 6.9 million increase in consultant & contractor costs as the use of such services increased on the back of the Kovio acquisition and capital market activities.

Investments amounted to NOK 32.2 million in 2014, an increase of NOK 15.0 million, compared to the same period 2013 (2013: NOK 17.1 million), dominated by the acquisition of assets from Kovio, Inc., in January 2014 and complementary acquisitions of equipment and tools for the two sites in Sweden and USA. Depreciation and amortization during 2014 amounted to NOK 8.3 million (2013: NOK 1.6 million).

Net financial items in 2014 amounted to a gain of NOK 3.2 million (2013: NOK 1.7 million), mainly related to interest income on cash deposits and variations in SEK and USD.

The company operates at a loss and there is a tax loss carry forward position in all significant group entities, such that the group has not incurred any tax costs in 2014 or the prior year. 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 2014 was a loss of NOK 160.2 million, corresponding to a basic earnings per share of NOK -0.33. In 2013, the loss amounted to NOK 81.6 million, corresponding to a basic earnings per share of NOK -0.21.

The group's cash balance decreased by NOK 37.1 million in 2014 (compared to an increase of NOK 233.6 million in 2013). The decrease in cash balance is explained by three principal elements: 1) an outflow of NOK 158.1 million from operating activities, 2) a NOK 28.6 million outflow from investing activities, primarily a result of the Kovio, Inc. asset acquisition, and 3) a NOK 149.5 million inflow from financing activities, mainly as a consequence of a private placement of shares to Ferd AS in the fourth quarter of 2014.The cash balance on 31 December 2014 amounted to NOK 229.4 million, while cash net of receivables and payables amounted to NOK 213.1 million (including share-based liability of NOK 10.2 million, i.e., provisions for employer´s tax associated with future exercise of subscription rights). The cash balance on 31 December 2013 amounted to NOK 266.4 million, while cash net of receivables and payables amounted to NOK 238.7 million (including share-based liability of NOK 15.9 million).

The Company's balance sheet comprises essentially of fixed & intangible assets, cash, receivables, payables & accruals, and equity. Fixed assets amounted to NOK 36.2 million and stem from machinery and equipment in Linköping, Sweden, and San Jose, California. In addition, NOK 17.2 million in intangible assets are on the balance sheet as a result of the acquisition of assets from Kovio, Inc. Moreover, in the fourth quarter of 2014 the Company started to capitalize development expenses of Thinfilm Memory™, and as of 31 December 2014 NOK 0.2 million had been recorded on the balance sheet.

Principal Risks

It is the duty of the Board to present the principal risks of Thinfilm and its business.

The Company's predominant risks are market and business risks, summarized in the following points: 1) Many of Thinfilm's intended markets are still immature, and there is a potential risk of delays in the timing of sales; 2) to some extent, Thinfilm is dependent on continued collaboration with existing technology, material, and manufacturing partners; and 3) product development risks related to eventual cost vs. functionality competitiveness of the products Thinfilm is developing.

Besides intellectual property and property, plant and equipment and inventory, Thinfilm does not have any significant assets or liabilities with risk.

Going forward, Thinfilm foresees two important revenue sources: 1) sales of its own manufactured products, and 2) licensing/royalty revenue, where partners and customers pay for the right to use the Company's intellectual property rights (IPR). Thinfilm's ability to earn revenue partly depends on continued successful technology and product development, as well as the Company's ability to legally protect its IPR. This is, in turn, dependent on the Company's ability to attract and retain competent staff and the adequacy of Thinfilm's patenting and other IPR-protection activities.

Thinfilm is exposed to certain financial risks related to exchange rates and interest level.

The going concern assumption has been applied when preparing this preliminary financial report. The Board has formed a judgment that, as of the date of approving the financial statements, the Company has adequate resources to fund operations for the foreseeable future.

On 31 December 2014, the equity amounted to NOK 269.9 million, representing 88% of the gross balance sheet and 476% of the share capital.

Outlook

Thinfilm concentrates its efforts around three main areas: 1) commercializing memory and component products, including brand protection and EAS, 2) developing and commercializing wireless, integrated systems and Smart Labels, and 3) licensing this technology platform to scale-up partners and customers.

Thinfilm has unique and cost competitive stand-alone memory products as well as an EAS product with unique characteristics, and will continue to work toward large-scale commercialization of these products. In December 2014 the Company entered into an agreement with Xerox regarding licensing of Thinfilm MemoryTM IPR. This aligns with and furthers the Company's strategy to provide a licensable platform for the manufacture of printed integrated systems and products. This model will reduce the need for CAPEX due to the expectation that capacity investments will be borne by partners like Xerox. This strategy is expected to lead to an acceleration in license revenues during 2015/2016 and a consequent reduction in direct product sales as compared to previous models communicated by the Company.

In addition, Thinfilm will work toward commercialization of integrated systems such as the Thinfilm Display Label and Thinfilm Sensor Label for disposable goods, health care, packaging, and more. Thinfilm has established partnerships for display, sensor, battery technology, and software, and demonstrated the first prototype of a printed temperature sensor label with battery in early October 2013. Delivery of first generation integrated systems to customers took place in the third quarter of 2014, additional demonstrator deliveries were made in Q4 2014, and production in more significant volumes is expected in 2015.

The integration of near field communication (NFC) into Thinfilm's printed integrated systems is expected to offer additional growth opportunities. Applications for consumer mass markets will likely include brand protection, logistics, health care, and smart packaging. In support of this position, Thinfilm's successful demonstration of prototypes and products has attracted significant interest from prospective customers and partners, as well as from established companies offering competing products based on conventional technologies.

In January 2014, Thinfilm acquired technology, intellectual property, and manufacturing assets from Kovio, Inc. The acquisition provides Thinfilm with in-house NFC technology. As a result of the acquisition, Thinfilm demonstrated the Company´s first wireless temperature sensor label in Q2 2014, 18 months ahead of schedule. Since then, Thinfilm has experienced significant interest in the Company and received both orders and pre-orders for its products, and is in ongoing discussions with both existing and new parties. Both the Board of Directors and management are optimistic that Thinfilm will be able to enter new commercial agreements for printed integrated systems and Smart Labels.

Oslo, Norway, 26 February 2015

The Board of Directors of
Thin Film Electronics ASA

Thin Film Electronics ASA Group

Condensed consolidated interim financial statements as of 31 December 2014 (Unaudited)

Consolidated statements of comprehensive income

Amounts in NOK 1000	Note	1 October - 31 December 2014	1 October - 31 December 2013	1 January - 31 December 2014	1 January - 31 December 2013
Sales revenue		**3 568**	2 900	**11 798**	5 334
Other operating revenue		**4 694**	2 370	**13 657**	6 206
Other income	10	**36**	0	**3 124**	0
Total revenue & other income		**8 298**	5 269	**28 580**	11 540
Operating costs	9	**(58 783)**	(38 173)	**(183 673)**	(93 176)
Depreciation and amortization	3, 4	**(2 569)**	(606)	**(8 262)**	(1 630)
Operating profit (loss)		**(53 054)**	(33 515)	**(163 355)**	(83 266)
Net financial items		**195**	902	**3 172**	1 665
Profit (loss) before income tax		**(52 859)**	(32 613)	**(160 183)**	(81 601)
Income tax expense		**0**	0	**0**	0
Profit (loss) for the period		**(52 859)**	(32 613)	**(160 183)**	(81 601)
Profit (loss) per share basic and diluted	6	**(NOK 0.11)**	(NOK 0.07)	**(NOK 0.33)**	(NOK 0.21)
Profit (loss) for the period		**(52 859)**	(32 613)	**(160 183)**	(81 601)
Currency translation		**4 140**	(71)	**3 425**	244
Total comprehensive income for the period, net of tax		**(48 719)**	(32 542)	**(156 758)**	(81 357)

Consolidated statements of financial position			
Amounts in NOK 1000	**Note**	**31 December 2014**	**31 December 2013**
ASSETS	7		
Non-current assets			
Property, plant, and equipment	3	**36 201**	18 927
Intangible assets	4	**17 215**	0
Total non-current assets		**53 416**	18 927
Current assets			
Inventory		**3 350**	0
Trade and other receivables	8	**19 041**	8 018
Cash and cash equivalents		**229 376**	266 435
Total current assets		**251 767**	274 453
TOTAL ASSETS		**305 183**	293 379
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	5	**56 690**	51 879
Other paid-in equity		**577 596**	413 453
Currency translation		**3 736**	311
Retained earnings		**(368 123)**	(207 940)
Total equity		**269 899**	257 703
Liabilities	7		
Trade and other payables		**35 284**	35 677
Total liabilities		**35 284**	35 677
TOTAL EQUITY AND LIABILITIES		**305 183**	293 379

Consolidated statements of changes in equity

Amounts in NOK 1000	Note	Share capital	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2014		**51 879**	**413 453**	**311**	**(207 940)**	**257 703**
Share issue employees		521	5 001			5 522
Share based compensation			11 782			11 782
Share issue 8 May, board remuneration		13				13
Share issue Kovio-transaction, 29 January		115	6 025			6 139
Share issue PARC, 26 September		37	1 475			1 512
Share issue Ferd, November 18		4 125	139 860			143 985
Comprehensive income				3 425	(160 183)	(156 758)
Balance at 31 December 2014		**56 690**	**577 596**	**3 736**	**(368 123)**	**269 899**
Balance on 1 January 2013		**38 918**	**117 503**	**67**	**(126 339)**	**30 149**
Warrants exercise 11-22 March		1 339	25 431			26 770
Share issue 8 May, board remuneration		9				9
Share-based compensation			5 145			5 145
Share issue to employees		150	1 253			1 403
Share issue 02 October, Invesco		6 160	126 693			132 853
Share issue 29 October, PARC		48	2 349			2 398
Share issue 30 October, Invesco		5 133	129 059			134 192
Share issue 20 December, PARC		121	6 019			6 141
Comprehensive income				244	(81 601)	(81 357)
Balance on 31 December 2013		**51 879**	**413 453**	**311**	**(207 940)**	**257 703**

Consolidated cash flow statements

Amounts in NOK 1000	Note	1 October - 31 December 2014	1 October - 31 December 2013	1 January - 31 December 2014	1 January - 31 December 2013
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit (loss)		**(53 054)**	(33 515)	**(163 355)**	(83 266)
Share-based payment	5	**3 670**	1 925	**11 782**	5 145
Depreciation and amortization	3, 4	**2 569**	606	**8 262**	1 630
Changes in working capital and non-cash items		**6 912**	25 215	**(14 778)**	30 362
Net cash from (used) on operating activities		**(39 903)**	(5 769)	**(158 089)**	(46 130)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant, and equipment	3	**(4 398)**	(9 058)	**(15 344)**	(17 099)
Acquisition of business activity		**0**	0	**(16 711)**	0
Capitalized development expenses		**(165)**	0	**(165)**	0
Interest received		**801**	1 130	**3 640**	1 446
Net cash from (used) on investing activities		**(3 762)**	(7 928)	**(28 580)**	(15 653)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares	5	**144 276**	267 428	**149 500**	295 170
Net cash from (used) on financing activities		**144 276**	267 428	**149 500**	295 170
Currency translation effects on cash and bank deposits		**276**	21	**110**	198
Net increase (decrease) in cash and bank deposits		**100 887**	253 753	**(37 059)**	233 585
Cash and bank deposits at the beginning of the period		**128 488**	12 682	**266 435**	32 850
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD		**229 376**	266 435	**229 376**	266 435

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

Notes to the Consolidated Financial Statements

Note 1 - Information about the group

Thin Film Electronics ASA ("Thinfilm" or "the Company") was founded on 22 December 2005. Thin Film Electronics ASA Group ("Thinfilm") consists of the parent company Thinfilm ASA and the subsidiaries Thin Film Electronics AB ("Thinfilm AB"), Thin Film Electronics Inc. ("Thinfilm Inc.") and Thin Film Electronics KK ("Thinfilm KK"). 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 the US during April 2011, and similarly, Thinfilm KK was incorporated in Japan during January 2013. The accounting year corresponds to the calendar year. Thinfilm AB is held 100% and has been consolidated since 15 February 2006. Thinfilm Inc. is held 100% and has been consolidated since 1 May 2011. Thinfilm KK is held 100% and has been consolidated since 1 February 2013.

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, and resolutions

This condensed preliminary financial report for the four quarters of 2014 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 2013. 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 2013.

The going concern assumption has been applied when preparing this preliminary financial report. The Board has formed a judgment that, as of the date of approving the financial statements, the Company has adequate resources to fund operations for the foreseeable future.

This consolidated preliminary financial report has not been subject to audit. The report was resolved by the Board of Directors on 26 February 2015.

Note 3 - Property, plant, and equipment

Amounts in NOK 1000	**Tangible assets**
Year ended 31 December 2014	
Net book value on 1 January 2014	**18 927**
Additions	**22 152**
Disposals	**0**
Exchange differences	**2 055**
Depreciation	**(6 933)**
Net book value on 31 December 2014	**36 201**

Year ended 31 December 2013	
Net book value on 1 January 2013	2 732
Additions	17 099
Disposals	0
Exchange differences	727
Depreciation	(1 630)
Net book value on 31 December 2013	18 927

Note 4 - Intangible Assets

Amounts in NOK 1000	**Intangible assets**
Year ended 31 December 2014	
Net book value on 1 January 2014	**0**
Additions	**18 544**
Amortization	**(1 329)**
Net book value on 31 December 2014	**17 215**

Note 5 - Shares, warrants and subscription rights

Number of shares	**Number of shares**
Shares at 1 January 2014	**471 625 812**
Share issue as part of Kovio transaction	**1 041 584**
Share issue to employees 27 February	**4 200 000**
Share issue 8 May board remuneration	**120 254**
Share issue to employees 26 August	**187 500**
Share issue 26 September, PARC	**334 702**
Share issue to employees 6 November	**350 000**
Share issue 18 November, Ferd	**37 500 000**
Shares at 31 December 2014	**515 359 852**
	353 801 392
Shares on 1 January 2013	
Warrants exercise 11-22 March	12 172 500
Share issue 8 May board remuneration	84 000
Share issue 15 August employees	62 500
Share issue 27 August employees	250 000
Share issue 23 September employees	750 000
Share issue 2 October Invesco	56 000 000
Share issue 29 October PARC	437 911
Share issue 29 October employees	175 000
Warrants exercise 30 October Invesco	46 666 666
Share issue 7 November employees	125 000
Share issue 20 December PARC	1 100 843
Shares at 31 December 2013	471 625 812

Number of warrants and subscription rights	**1 January - 31 December 2014**	**1 January - 31 December 2013**
Warrants and subscription rights opening balance	**25 325 000**	35 100 000
Grant of incentive subscription rights	**11 615 000**	6 950 000
Terminated, forfeited, and expired subscription rights	**(725 000)**	(2 862 500)
Exercise of subscription rights	**(4 737 500)**	(1 362 500)
Allotment of warrants	**31 250 000**	46 666 666
Exercise and expiry of warrants	**0**	(59 166 666)
Warrants and subscription rights closing balance	**62 727 500**	25 325 000

In Q4 2014 Ferd AS, in conjunction with a private placement of shares, received 31,250,000 warrants, each with an exercise price of NOK 4.80. The warrants are exercisable after an initial 12-month holding period and expire 3 years after the 14 November 2014 Extraordinary General Meeting.

Note 6 - Profit (loss) per share

	1 January - 31 December 2014	1 January - 31 December 2013
Profit (loss) attributable to shareholders (NOK 1000)	**(160 183)**	(81 601)
Weighted average basic number of shares in issue	**481 465 574**	383 795 352
Weighted average diluted number of shares	**492 734 759**	395 647 389
Profit (loss) per share, basic	**(NOK 0.33)**	(NOK 0.21)

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 adjusted exercise price of subscription rights exceeds the average share price in the period, the subscription rights are not counted as being dilutive.

Note 7 - Contingent assets and liabilities

Thinfilm does not have any contingent assets or liabilities. Thinfilm has not issued any guarantees. However, as a part of assuming manufacturing assets of Kovio, Inc., as mentioned in Note 10 below, Thinfilm in January 2014 issued a USD 600,000 Letter of Credit to the landlord of the Thinfilm NFC Innovation Center.

Note 8 - Trade and other receivables

On 31 December 2014, trade and other receivables amounted to NOK 19 million. The main components of this balance are accounts receivables (NOK 4.8 million), receivables from grants (NOK 5.5 million), VAT-related receivables (NOK 2.4 million), and pre-payments to suppliers (NOK 6.2 million).

Note 9 - Related party transactions

In the period 1 January - 31 December 2014, Thinfilm has recorded NOK 2.7 million (net of VAT) for legal services provided by law firm Ræder, in which Thinfilm's Chairman is a partner. This includes costs for services from Ræder provided in conjunction with the acquisition of assets from Kovio, Inc., in January 2014.

In the same period, the Company has recorded NOK 1.9 million (net of VAT) for services provided by Robert N. Keith, a shareholder of Thinfilm, related to a service agreement under which he assists Thinfilm in strategic analysis and in dealing with larger, international, prospective partners.

Also, in the same period, PARC, a shareholder of Thinfilm, supplied the Company with services, licenses, and materials for a value of NOK 8.1 million (net of VAT)

Note 10 - Business Combinations

On 21 January 2014, Thinfilm acquired certain assets, contracts and processes from Kovio Inc., a company active in the field of radio frequency enabled products based on printed dopant polysilicon technology.

The acquired assets include Kovio's technology, intellectual-property , and manufacturing assets located in San Jose, California, USA. Kovio also assigned certain contractual rights to Thinfilm, e.g. the property lease in San Jose. Further, more than 20 former Kovio employees resigned from Kovio and became employed by Thinfilm.

The transaction constitutes a business combination by applying the definition in IFRS 3 appendix A, as the assets are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors.

The transaction is accounted for as a business combination in accordance with IFRS 3. The following table summarizes the consideration transferred on 21 January 2014, and the fair value of the assets acquired.

Note 10 - Business Combinations (continued)

Consideration at January 21, 2014

Amounts in NOK 1,000

Equity instruments (1,041,584 of ordinary shares)	**6 169**
Cash	**16 712**
Total consideration transferred	**22 281**

Estimated amounts of identifiable assets acquired

Amounts in NOK 1,000

Intellectual property	**18 379**
Property, plant and equipment	**6 809**
Inventory	**619**
Total identifiable net assets	**25 806**

The difference between total consideration transferred and fair value of assets presented in the tables above amount to NOK 2.9 million. This constitutes a bargain purchase and the gain of NOK 2.9 million is recognized as other income.

Procedures used to measure the amounts

Management initiated a process to identify and determine the fair value of the assets acquired. The Company engaged independent experts to assist in this process. In particular, identification and valuation of intellectual property rights required significant management judgment and estimates.

Note 11 - Events occurring after the balance sheet date

In the Board meeting on 26 February 2015, the Board resolved to grant a total of 1.1 million Employee Subscription Rights to new employees and consultants of the Company.