THINFILM

Interim Report and Financial Statements

First Half 2015

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Highlights

- Thinfilm delivers 5.5 million EAS tags to Nedap Retail through Q2
- Thinfilm signs agreements with global leaders in consumer packaged goods
- Thinfilm and G World unveil first “smart wine bottle” featuring printed electronics
- Thinfilm receives funding from European Commission for printed electronics research
- Leading US funds invest $22 million in Thinfilm for capacity expansion
- World Customs Organization and Thinfilm bring NFC to global counterfeiting battle
- Thinfilm’s Chief Commercial Officer presents at Mobile World Congress Shanghai

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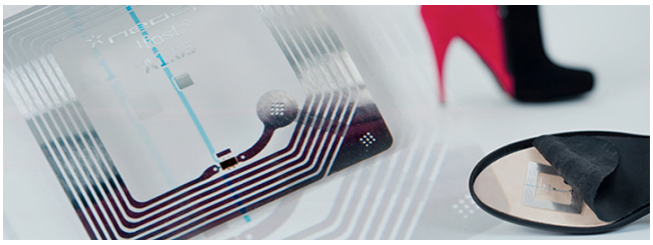
Business Review

Market interest in Thinfilm's NFC OpenSense™ technology continued to grow throughout Q2 following February's product launch. This interest led to several key accomplishments during the quarter, including a partnership with the World Customs Organization, signed OpenSense-related agreements with leading global firms in the spirits, tobacco, and fast moving consumer goods (FMCG) industries, and a partnership with authentication firm, G World, through which Thinfilm unveiled the first "smart wine bottle" powered by printed electronics at Mobile World Congress Shanghai. The Company continued its delivery of EAS (electronic article surveillance) tags to go-to-market partner, Nedap Retail, and also received funding from the European Commission to participate in a research initiative for the advancement of printed electronics technology.

Toward the end of Q2, Thinfilm announced it had secured a $22 million investment from several leading US funds through a private placement. The capital, much of which is earmarked to fund a manufacturing ramp-up at Thinfilm's San Jose, CA, site, will substantially boost the production capacity of NFC OpenSense and EAS tags and provides an opportunity to significantly scale the Company.

Thinfilm delivers 5.5 million EAS tags to Nedap Retail through Q2

Thinfilm continued with volume shipments of its EAS tags during Q2 in support of an upcoming global rollout by go-to-market partner and leading retail solutions provider, Nedap Retail. Nedap's lead customer plans to have Thinfilm EAS tags in-store beginning in September as a component of its a high-value loss prevention system, !FaST, and will continue to market the solution to others within its global fast-fashion client base. As of the end of Q2, Thinfilm has delivered 5.5 million tags of the original 13-million-unit order placed by Nedap and continues to qualify back-end suppliers with respect to front-end capacity.

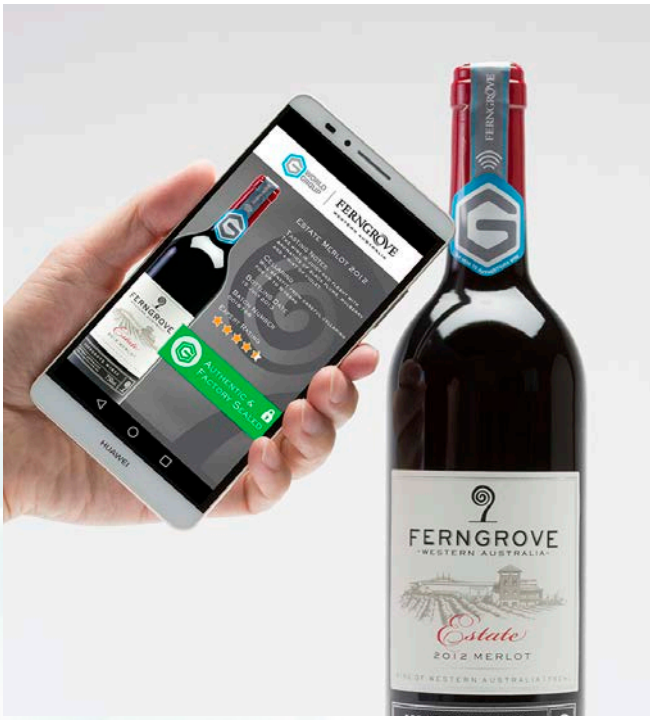


Thinfilm signs agreements with global leaders in consumer packaged goods

Following the Q1 launch of OpenSense and the unveiling of the spirits industry's first connected "smart bottle" at Mobile World Congress 2015 in Barcelona, Thinfilm announced it had signed several new agreements with leading global companies in the spirits, tobacco, and fast moving consumer goods (FMCG) industries. These agreements include orders for demonstration systems featuring Thinfilm's NFC OpenSense product, and follow the previously announced collaboration with Diageo, the world's leading spirits manufacturer.

Thinfilm and G World unveil first "smart wine bottle" featuring printed electronics

In mid-July, Thinfilm and the G World Group (G World), an authentication company specializing in transparency and accountability solutions, showcased the industry's first "smart wine bottle" built using printed electronics technology at GSMA's Mobile World Congress Shanghai event. The connected Ferngrove wine bottle features Thinfilm's patent-pending NFC OpenSense™ technology and G World's globally patented SAMSCAN process, and provides a compelling solution to global consumers concerned about product authenticity and quality. G World and Thinfilm are now preparing to execute a live field trial in collaboration with Ferngrove Wine Group, a Chinese-owned, Western Australia premium wine company. Ferngrove is a major supplier of five-star red wine to the APAC region and exports more than 600,000 bottles annually to China alone. With more than 50 designated retail outlets throughout China, Ferngrove provides a direct line of sight from the vineyard to the Chinese consumer. As part of the agreement with Thinfilm, G World has placed a 7-figure unit order for NFC OpenSense™ tags effective after the completion of successful Ferngrove field trials. Delivery of this initial order will provide Thinfilm with 6-figure revenue annually in 2015-2017.



Thinfilm receives funding from European Commission for printed electronics research

Thinfilm was selected by the European Commission to participate in a group research and innovation initiative focused on the advancement of printed electronics technology. For its anticipated role in the collaborative effort, the Company has been granted €444,000 of funding from the European Union's "Horizon 2020" research and innovation program. The project is planned to be completed in 3.5 years starting in March 2015. Formally known as ATLASS – Advanced high-resolution printing of organic Transistors for Large-Area Smart Surfaces – the project will involve a number of partners working in concert to address materials, cost, scale and performance drivers in high-resolution printed electronics technologies. The program is led by Merck Chemicals LTD and, in addition to Thinfilm, involves a number of other leading organizations, including CEA, VTT and Joanneum Research. Horizon 2020 is the largest EU Research and Innovation program ever with nearly €80 billion of funding available over seven years (2014 to 2020).

Leading US funds invest $22 million in Thinfilm for capacity expansion

On June 19, Thinfilm announced a private placement in which several leading US funds subscribed for 34,034,653 shares at a share price of USD 0.6464 (NOK 5,01 per share), for a total investment of $22 million. At completion of the private placement, the new investors held 6.1 % of the shares in the Company. Following approval of an extraordinary general meeting in Thinfilm on July 14, the investors also received 17,017,326 warrants – each with an exercise price of NOK 6.10 – which are exercisable immediately and expire in 3 years. A significant portion of the $22 million is funding an expansion of Thinfilm's PDPS (printed dopant polysilicon) manufacturing capabilities at its facility in San Jose, California. This expansion will significantly increase the Company's production capacity of NFC OpenSense™ and EAS tags and will position Thinfilm to meet increasing product demand from current and prospective customers.

World Customs Organization and Thinfilm bring NFC to global counterfeiting battle

Thinfilm established a partnership with the World Customs Organization (WCO) through which the Company's NFC products will be the first NFC-based solutions included in the WCO's IPM (Interface- Public Members) anti-counterfeiting tool. IPM is the only global anti-counterfeiting tool that allows a product's operational data to be communicated directly to customs officers on the ground, facilitating the identification of counterfeit or diverted goods. Thinfilm's NFC OpenSense™ and NFC Barcode™ products were selected by the WCO in order to deliver both ease-of-use and high security levels via a wireless, NFC-enabled reading device. The WCO is the international authority on customs-related matters and provides its 179 member countries with best-in-class tools and resources to combat counterfeiting and piracy around the world. Today, 85 countries are using IPM.

Thinfilm's Chief Commercial Officer presents at Mobile World Congress Shanghai

The GSMA selected Kai Leppänen, Thinfilm's Chief Commercial Officer, to speak at Mobile World Congress Shanghai on July 17. Mr. Leppänen delivered a presentation in the venue's main auditorium entitled "A Smarter Way to Build the Internet of Everything: Leveraging Printed Electronics to Create a Truly Connected World." Thinfilm also had an exhibition booth within the event's "Innovation City" pavilion, where team members showcased the Ferngrove "smart wine bottle" and conducted demonstrations of its NFC OpenSense technology and temperature sensor smart labels.



Shows and Events

April 15-17, RFID Live, San Diego, US
Thinfilm exhibited; named finalist in RFID Journal Awards

April 23, Tu.no Event, Internet of Things, Technology Weekly, Oslo, Norway
Thinfilm CEO Davor presented "The Smarter Way to Build the Internet of Everything"

Apr 21-22, CPEIA , 2015 Canadian Printable Electronics Symposium, Montreal, CA
Thinfilm Chief Strategy Officer, Jennifer Ernst, presented

April 28-29, IDTechEx Printed Electronics Europe, Berlin, DE
Thinfilm exhibited; Thinfilm SVP Product Management, Henrik Sjöberg, presented

May 7-8, WBI, PIP Packaging Innovation Programme, Munich, DE
Thinfilm exhibited

May 27-28, Cowen and Company 43rd Annual Technology, Media & Telecom Conference, New York, US
Thinfilm Chief Executive Officer, Davor Sutija, participated at a panel discussion

June 9-11, HBA Global, Health & Beauty America, New York, US
Thinfilm VP Marketing & Communications, Bill Cummings, presented "Cosmetics That Communicate"

June 9-10, OE-A, Organic and Printed Electronics Association, Workgroup meeting, Milan, IT
Thinfilm Chief Product Officer, Peter Fischer, participated as member of the OE-A Board

June 10, Swedish Retail Association, Linköping, Sweden
Thinfilm hosted FMCG companies touring printed electronics technology cluster in Linköping

Thinfilm Product Families

Thinfilm Memory™ for Consumables Solution: Thinfilm Memory labels for Smart Consumables is 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.

Thinfilm Memory for Brand Protection Solution: Thinfilm Memory labels for Brand Protection 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.

Electronic Article Surveillance (EAS) 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 wireless 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.

NFC OpenSense™: Thinfilm's proprietary and patent-pending OpenSense technology provides smartphone-centric NFC readability before and after product opening. Unique identifiers within each OpenSense tag support applications for fighting product diversion, counterfeiting, unauthorized refills, and the use of forged containers. On the consumer side, brand marketers can benefit from enhanced consumer engagement capabilities.

Smart Labels: Thinfilm has developed a smart label platform and a line of intelligent labels featuring memory, displays, logic, sensing capabilities, and wireless communication. The labels can sense distinct phenomena 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

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 to enable the Internet of Everything by bringing intelligence to disposable goods.

Thin Film Electronics ASA ("Thinfilm") is a publicly listed Norwegian company with headquarters in Oslo, Norway; product development and production in Linköping, Sweden; product development, production, and business development in San Jose, California, USA; and sales offices in the United States, Japan, and Singapore. Learn more at www.thinfilm.no.

Condensed Consolidated Financial Report as of 30 June 2015

During the first six months of 2015, Thinfilm continued to evolve into a product company. Activity in San Jose, USA, increased as further hires and investments in equipment and tools were made there. The transition from project based revenue to product sales progressed as delivery on the 13M EAS order, started in the first quarter, continued through the second quarter. Joint Development Agreements (JDA) activities were lower in the first half, compared to a year ago, as resources were deployed to the launch of NFC products, in particular NFC OpenSense™, which was launched in the first quarter.

Profit and loss

Thinfilm's revenue and other income in the first six months of 2015 amounted to USD 1,775 thousand. Excluding the other income recognized in the period, total revenue was USD 1,603 thousand, an increase of USD 101 thousand, or 7%, compared to total revenue in the first six months of 2014 (H1 2014: USD 1,502 thousand). Sales revenue amounted to USD 731 thousand in the first half of 2015, compared to USD 757 thousand in H1 2014, and was largely related to product deliveries, technology access fees, product development projects, and delivery of prototypes and products to strategic customers and partners. The slight decrease in sales revenue year-on-year is mainly a consequence of fewer project milestones during the quarter and lower JDA activities not being fully compensated by increasing product revenue. Revenue related to government grants and other funded projects amounted to USD 872 thousand in the first six months of 2015 (H1 2014: USD 745 thousand). The increase is largely explained by higher activity in existing projects as well as net new projects being progressed. Other income amounted to USD 172 thousand in H1 2015 (H1 2014: 508 thousand) and was almost entirely related to sublease income from the San Jose site. In H1 2014, USD 469 thousand of the USD 508 thousand other income related to income recognized in connection with the acquisition of certain assets from Kovio Inc., which was accounted for as a "Business Combination" as described in IFRS 3. Total revenue and other income in the second quarter increased to USD 1,077 thousand compared to USD 860 thousand the previous year. Sales revenue increased by 17% and other revenue by 8% compared to the same period in 2014 to USD 478 thousand and USD 492 thousand respectively. Other income in the second quarter of 2015 amounted to USD 107 thousand.

Operating costs (excluding depreciation and amortization charges) amounted to USD 14,880 thousand in the first half of 2015, including the cost of share-based compensation of USD 393 thousand. The corresponding figures for the same period in 2014 were USD 13,306 thousand and a negative USD 197 thousand, respectively. The USD 393 thousand cost of share-based compensation in the first six months of 2015 is mainly explained by two counteracting factors: (i) The negative cost effect caused by the reduction in the employer's tax provision on the back of the 27 February exercise. The effect of this was a negative cost of some USD 431 thousand. (ii) Outstanding Employee Subscription Rights and SRs granted during the quarter added some USD 820 thousand to the share-based remuneration cost. The employer´s tax paid in 2015 due to exercise of Employee Subscription Rights amounted to USD 888 thousand. Operating costs in the second quarter of 2015 increased some 4% compared to Q2 2014 to USD 7,738 thousand (Q2 2014: 7,429).

Excluding share-based compensation, depreciation and amortization, the underlying cost increase in H1 2015 was USD 984 thousand, or 7% higher than H1 2014. This increase is caused mainly by: 1) USD 877 thousand higher payroll costs, as the number of full-time employees increased from 77 end of H1 2014 to 105 end of H1 2015. This increase is a result of a strengthening of the organisation globally, but primarily in the US, as the focus is shifted from development to production. Employer´s tax payable on exercise of Employee Subscription Rights in the period inflated payroll costs by USD 888 thousand (which was partially mitigated by a USD 790 thousand cash inflow from financing as a consequence of the exercises). 2) USD 608 thousand higher costs for Premises and supplies mainly since the costs for manufacturing supplies were higher as production activities increased in the first half of 2015. 3) In addition, the cost for sales and marketing and other expenses increased by USD 397 and 316 thousand respectively. 4) The above-mentioned increases were partially offset by USD 1,214 thousand lower costs for services, mainly since the activity level in external development projects was lower than in the same period in 2014.

Investments in fixed and intangible assets amounted to USD 2,238 thousand in the first half of 2015, a 68% decrease compared to the same period in 2014 (H1 2014: USD 6,973 thousand), and were mainly related to equipment and tools for the Printed Dopant PolySilicon (PDPS) line as well as improvements to the San Jose site, and also the licencing of technology. The H1 2014 investments were dominated by the acquisition of assets from Kovio, Inc., in January 2014 and complementary acquisitions of equipment and tools for the site in Linköping, Sweden. Depreciation and amortization during the first six months of 2015 amounted to USD 652 thousand (6M 2014: USD 576 thousand). Net financial items in H1 2015 amounted to a gain of USD 113 thousand (H1 2014: USD 410 thousand), and were mainly related to interest income on cash deposits and currency variations.

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 2015 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 the first half of 2015 was a loss of USD 13,643 thousand, corresponding to a basic loss per share of USD 0.03. In the first half of 2014, the loss amounted to USD 11,462 thousand, corresponding to a basic loss per share of USD 0.02. The net result in the second quarter of 2015 decreased by 3% to USD 6,916 thousand compared to the previous year (Q2 2014: 6,695)

Cash Flow

The group's cash balance increased by USD 5,437 thousand during the first six months of 2015 (compared to a decrease of USD 17,026 thousand in H1 2014). The increase in cash balance is explained by three principal elements: 1) an outflow of USD 12,111 thousand from operating activities, 2) a USD 1,983 thousand outflow from investing activities and 3) a USD 21,132 thousand inflow from financing activities, as a consequence of the issuance of shares to US investors in June 2015 as well as exercises of employee subscription rights in February 2015. The cash balance on 30 June 2015 amounted to USD 36,291

thousand, while cash net of receivables and payables amounted to USD 33,684 thousand (including share-based liability of USD 861 thousand, i.e., provisions for employer´s tax associated with future exercise of subscription rights). The cash balance on 30 June 2014 amounted to USD 26,777 thousand, while cash net of receivables and payables amounted to USD 24,985 thousand (including share-based liability of USD 1,482 thousand).

Balance Sheet

The Company's balance sheet comprises essentially of fixed & intangible assets, cash, receivables, payables & accruals, and equity. Fixed assets amounted to USD 5,426 thousand and stem from machinery and equipment in Linköping, Sweden, and San Jose, California. In addition, USD 2,584 thousand in intangible assets are on the balance sheet, mainly as a result of the acquisition of assets from Kovio, Inc., and the licencing of technology.

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.

3) Product development risks related to eventual cost vs. functionality competitiveness of the products Thinfilm is developing.

Besides intellectual property and property, plant & 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 fluctuation of exchange rates and interest level.

The going concern assumption has been applied when preparing this interim 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 well into 2016.

On 30 June 2015, the equity amounted to USD 42,393 thousand, representing 88% of the gross balance sheet and 405% of the share capital.

Outlook

Thinfilm concentrates its efforts around commercializing and scaling printed memory and logic, in the form of 1) single function products such as printed memory and EAS, 2) integrated systems including RF communications, sensing and/or display, and 3) licensing its technology platform to scale up partners. In December 2014, the Company entered into an agreement with Xerox regarding licensing of Thinfilm Memory™ IPR, furthering the Company's strategy to provide a licensable platform for the manufacture of printed electronic products. Thinfilm expects that the technology transfer to Xerox will be completed according to plan in 2015.

The company is investing additionally in the development and scaling of sheet based and roll-to-roll production of logic, displays and batteries as well as roll-to-roll assembly. The combination of a licensing based business model, low CAPEX requirements for production relative to other electronics manufacturing techniques and a focus on leveraging ecosystem partnerships reduces the company dependence on CAPEX for growth.

In addition, Thinfilm will work toward commercialization of integrated systems such as Thinfilm sensor labels for consumable goods, health care, packaging, and more. Thinfilm has established partnerships for display, sensor, and battery technology, as well as software and distribution. First generation integrated systems and demonstrator deliveries have been made to customers, and production capacity in significant volumes is expected by end 2015.

Thinfilm has shipped 6.5 million EAS tags to date, and expects to deliver the balance of the 13 million unit order in the second half of 2015. The commercialization of PDPS based near field communication (NFC) labels offers significant growth opportunities. Applications for mass markets will likely include brand authentication, supply chain track and trace, digital marketing and consumer engagement. In support of this position, Thinfilm's successful demonstration of prototypes and products has attracted significant interest from prospective customers and partners.

Since the launch of NFC OpenSense in late February 2015, Thinfilm has experienced significant interest in the technology and has received orders for its products. Both the Board of Directors and management are optimistic that Thinfilm will be able to enter new commercial agreements for printed integrated systems and NFC sensor labels during 2015.

Oslo, Norway, 13 August 2015
The Board of Directors of Thin Film Electronics ASA

Thin Film Electronics ASA Group

Condensed consolidated interim financial statements as of 30 June 2015 (Unaudited)

Consolidated statements of comprehensive income

Amounts in USD 1000	Note	1 April - 30 June 2015	1 April - 30 June 2014	1 January - 30 June 2015	1 January - 30 June 2014	1 January - 31 December 2014
Sales revenue		**478**	407	**731**	757	**1 849**
Other operating revenue		**492**	457	**872**	745	**2 140**
Other income		**107**	(5)	**172**	508	**490**
Total revenue & other income		**1 077**	860	**1 775**	2 010	**4 479**
Operating costs	9,10	**(7 738)**	(7 429)	**(14 880)**	(13 306)	**(28 970)**
Depreciation and amortization	3, 4	**(308)**	(355)	**(652)**	(576)	**(1 305)**
Operating profit (loss)		**(6 969)**	(6 924)	**(13 757)**	(11 872)	**(25 796)**
Net financial items		**53**	229	**113**	410	**701**
Profit (loss) before income tax		**(6 916)**	(6 695)	**(13 643)**	(11 462)	**(25 096)**
Income tax expense		**-**	-	**-**	-	**-**
Profit (loss) for the period		**(6 916)**	(6 695)	**(13 643)**	(11 462)	**(25 096)**
Profit (loss) attributable to owners of the parent		**(6 916)**	(6 695)	**(13 643)**	(11 462)	**(25 096)**
Profit (loss) per share basic and diluted	6	**(USD 0.01)**	(USD 0.01)	**(USD 0.03)**	(USD 0.02)	**(USD 0.05)**
Profit (loss) for the period		**(6 916)**	(6 695)	**(13 643)**	(11 462)	**(25 096)**
Other Comprehensive Income						
Currency translation		**251**	(1 041)	**(2 226)**	(3 606)	**(6 391)**
Total comprehensive income for the period, net of tax		**(6 665)**	(7 736)	**(15 869)**	(15 068)	**(31 487)**

Consolidated statements of financial position

Amounts in USD 1000	Note	30 June 2015	30 June 2014	31 December 2014
ASSETS	7			
Non-current assets				
Property, plant, and equipment	3	**5 426**	5 057	**4 870**
Intangible assets	4	**2 584**	2 914	**2 319**
Total non-current assets		**8 010**	7 971	**7 189**
Current assets				
Inventory		**699**	219	**451**
Trade and other receivables	8	**3 071**	2 090	**2 565**
Cash and cash equivalents		**36 291**	26 777	**30 854**
Total current assets		**40 061**	29 086	**33 870**
TOTAL ASSETS		**48 071**	37 058	**41 059**
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	5	**10 464**	9 270	**9 898**
Other paid-in equity		**119 023**	75 503	**97 637**
Currency translation		**(11 825)**	(3 606)	**(9 599)**
Retained earnings		**(75 269)**	(47 992)	**(61 626)**
Total equity		**42 393**	33 176	**36 311**
Liabilities	7			
Trade and other payables		**5 678**	3 882	**4 748**
Total liabilities		**5 678**	3 882	**4 748**
TOTAL EQUITY AND LIABILITIES		**48 071**	37 058	**41 059**

Consolidated statements of changes in equity

Amounts in USD 1000	Note	Share capital	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2015		9 898	97 637	(9 599)	(61 626)	36 310
Share issues		566	20 566			21 132
Share based compensation			820			820
Comprehensive income				(2 226)	(13 643)	(15 869)
Balance at 30 June 2015		**10 464**	**119 023**	**(11 825)**	**(75 269)**	**42 393**
Balance at 1 January 2014		9 173	72 931	(3 208)	(36 531)	42 366
Share issues		97	1 705			1 802
Share based compensation			868			868
Comprehensive income				(397)	(11 462)	(11 859)
Balance at 30 June 2014		**9 270**	**75 504**	**(3 605)**	**(47 993)**	**33 176**
Balance at 1 January 2014		9 173	72 931	(3 208)	(36 531)	42 366
Share issues		725	22 802			23 528
Share based compensation			1 903			1 903
Comprehensive income				(6 391)	(25 096)	(31 487)
Balance at 31 December 2014		**9 898**	**97 637**	**(9 599)**	**(61 626)**	**36 311**

On June 19, Thinfilm announced a private placement in which several leading US funds subscribed for 34,034,653 shares at a share price of USD 0.6464 (NOK 5,01 per share), for a total investment of $22 million ($ 20.3 million net of costs). At completion of the private placement, the new investors held 6.1 % of the shares in the Company. Following approval of an extraordinary general meeting in Thinfilm on July 14, the investors also received 17,017,326 warrants – each with an exercise price of NOK 6.10 – which were exercisable immediately and expire 3 years after the Extraordinary General Meeting on July 14, 2015.

Consolidated cash flow statements

Amounts in USD 1000	Note	1 April - 30 June 2015	1 April - 30 June 2014	1 January - 30 June 2015	1 January - 30 June 2014	1 January - 31 December 2014
CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit (loss)		**(6 969)**	(6 923)	**(13 757)**	(11 871)	**(25 796)**
Share-based payment	5	**395**	474	**820**	868	**1 903**
Depreciation and amortization		**308**	355	**652**	576	**1 307**
Gain on sale of fixed assets	3, 4	**(2)**	-	**(2)**	-	**-**
Changes in working capital and non-cash items		**(549)**	233	**176**	(2 231)	**(1 492)**
Net cash from operating activities		**(6 817)**	(5 861)	**(12 111)**	(12 658)	**(24 079)**
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of property, plant, and equipment	3	**(1 055)**	(2 042)	**(1 497)**	(2 904)	**(3 191)**
Purchases of intangible assets		(674)	-	(674)	-	**-**
Acquisition of business activity		-	-	-	(2 700)	**(2 700)**
Capitalized development expenses	4	(30)	-	(68)	-	**(26)**
Proceeds from sale of fixed assets		125	-	125	-	**-**
Interest received		45	148	131	348	**570**
Net cash from investing activities		(1 589)	(1 894)	(1 983)	(5 256)	**(5 347)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issuance of shares	5	**20 342**	460	**21 132**	1 253	**21 987**
Net cash from financing activities		**20 342**	460	**21 132**	1 253	**21 987**
Currency translation effects on cash and bank deposits		**813**	(742)	**(1 602)**	(365)	**(5 509)**
Net increase (decrease) in cash and bank deposits		**12 749**	(8 037)	**5 437**	(17 026)	**(12 948)**
Cash and bank deposits at the beginning of the period		**23 542**	34 814	**30 854**	43 803	**43 803**
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD		**36 291**	26 777	**36 291**	26 777	**30 854**

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" 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 and to the Oslo Børs on 27 February 2015. On 24 March 2015 Thinfilm's American Depository Receipts (ADRs) commenced trading in the United States on OTQX International.

Note 2 - Basis of preparation, accounting policies, and resolutions

This condensed interim financial report for the first half of 2015 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 2014. The IFRS accounting policies applied in this condensed consolidated interim financial report are, except for the below descriptions, in all materiality consistent with those applied and described in the consolidated annual financial statements for 2014.

From January 1, 2015 the group changed the presentation currency from NOK to USD. The change in presentation currency has been treated as a change in accounting principles which in accordance with IAS 8 has been done retrospectively by translating comparative figures to USD as if this had always been the presentation currency. Translation to the presentation currency for all transactions prior to the change in presentation currency is done by using the following procedure;

1) Assets and liabilities for each balance sheet presented are translated on the rate of exchange at the respective balance sheet date.

2) Revenues and expenses for each Income statement presented are translated at average exchange rate for the period. However, if this average is not a reasonable approximation of the cumulative effect on the rates prevailing on the actual transaction dates, revenues and expenses are translated using the foreign exchange rates on the specific transaction dates.

As a result of the above, a foreign currency translation reserve in equity arises, representing the change in equity calculated at period end-rates versus average rates.

The reason for the change of presentation currency is to provide financial information about Thinfilm that is more useful to investors and other users of the financial statements. The functional currency of the Thin Film Electronics ASA is assessed to be Norwegian kroner by applying the requirements in IAS 21.

Change in presentation currency is considered a voluntarily change in accounting principle which, according to IAS 1, requires a third statement of financial position as at the beginning of the preceding period, i.e. 1 January 2014. However, the only impact would be that all NOK balances are converted to USD at the currency rate of that day. The Company believes that this provides limited useful information to the users of the financial statements of Thinfilm, and has therefore not presented a third statement of financial position.

The going concern assumption has been applied when preparing this interim 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 well into 2016.

This consolidated interim financial report has not been subject to audit. The report was resolved by the Board of Directors on 13 August 2015.

Note 3 - Property, plant, and equipment

Amounts in USD 1000	**Tangible assets**
Six months ended 30 June 2015	
Net value on 1 January 2015	**4 870**
Additions	**1 497**
Disposals	**(123)**
Exchange differences	**(222)**
Depreciation	**(595)**
Net book value on 30 June 2015	**5 426**
Six months ended 30 June 2014	
Net value on 1 January 2014	3 111
Additions	4 004
Exchange differences	(1 555)
Depreciation	(503)
Net book value on 30 June 2014	5 057
Year ended 31 December 2014	
Net book value on 1 January 2014	3 111
Additions	4 317
Exchange differences	(1 459)
Depreciation	(1 099)
Net book value on 31 December 2014	4 870

Note 4 - Intangible Assets

Amounts in USD 1000	**Intangible assets**
Six months ended 30 June 2015	
Net value on 1 January 2015	**2 319**
Additions	**741**
Exchange differences	**(420)**
Amortization	**(56)**
Net book value on 30 June 2015	**2 584**
Six months ended 30 June 2014	
Net value on 1 January 2014	**-**
Additions	**2 969**
Exchange differences	**18**
Amortization	**(73)**
Net book value on 30 June 2014	**2 914**
Year ended 31 December 2014	
Net book value on 1 January 2014	**-**
Additions	**2 995**
Exchange differences	**(468)**
Amortization	**(208)**
Net book value on 31 December 2014	**2 319**

Note 5 - Shares, warrants and subscription rights

Number of shares	**Number of shares**
Shares at 1 January 2015	515 359 852
Share issue to employees, 27 February	5 787 500
Share issue board remuneration, May 29	67 852
Private placement US funds, June 18	34 034 653
Shares at 30 June 2015	555 249 857
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 11 November	350 000
Share issue 18 November, Ferd	37 500 000
Shares at 31 December 2014	515 359 852

Number of warrants and subscription rights	**1 January - 30 June 2015**	**1 January - 30 June 2014**	**1 January - 31 December 2014**
Warrants and subscription rights opening balance	**62 727 500**	25 325 000	**25 325 000**
Grant of incentive subscription rights	**1 828 000**	3 640 000	**11 615 000**
Terminated, forfeited, and expired subscription rights	**(868 000)**	(320 000)	**(725 000)**
Exercise of subscription rights	**(5 787 500)**	(4 200 000)	**(4 737 500)**
Allotment of warrants	**-**		**31 250 000**
Exercise and expiry of warrants	**-**		**-**
Warrants and subscription rights closing balance	**57 900 000**	24 445 000	**62 727 500**

On 14 July 2015, Thinfilm held an Extraordinary General Meeting where it was resolved to issue 17,017,326 warrants to the participants in the 18 June 2015 private placement, each warrant being exercisable for one share.

Note 6 - Profit (loss) per share

	1 January - 30 June 2015	**1 January - 31 June 2014**	**1 January - 31 December 2014**
Profit (loss) attributable to shareholders (USD 1000)	**(13 643)**	(11 462)	**(25 096)**
Weighted average basic number of shares in issue	**520 525 122**	475 837 572	**481 465 574**
Weighted average diluted number of shares	**533 614 059**	487 329 749	**492 734 759**
Profit (loss) per share, basic	**(USD 0.03)**	(USD 0.02)	**(USD 0.05)**

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. As a part of assuming manufacturing assets of Kovio, Inc., Thinfilm in January 2014 issued a USD 600 thousand Letter of Credit to the landlord of the Thinfilm NFC Innovation Center in San Jose, California, USA.

Note 8 - Trade and other receivables

On 30 June 2015, trade and other receivables amounted to USD 3,071 thousand. The components of this balance are accounts receivables USD 624 thousand, receivables from grants USD 1,190 thousand, VAT-related receivables USD 99 thousand, and pre-payments to suppliers USD 1,157 thousand.

Note 9 - Related party transactions

In the period 1 January - 30 June 2015, Thinfilm has recorded USD 230 thousand (net of VAT) for legal services provided by law firm Ræder, in which Thinfilm's Chairman is a partner.

In the period 1 January - 30 June 2015, Thinfilm has recorded USD 2 thousand for consulting services relating to government grants provided by Glenne Invest AS, a company controlled by Thinfilm's Board Member Rita Glenne.

In the same period, the Company has recorded USD 124 thousand (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 USD 9 thousand (net of VAT).

Note 10 - Operating costs

Amounts in USD 1000	1 January - 30 June 2015	1 January - 30 June 2014	1 January - 31 December 2014
Payroll	**8 021**	7 144	**13 659**
Share based remuneration	**393**	(197)*	**941**
Services	**1 689**	2 903	**6 601**
Premises, supplies	**2 945**	2 337	**5 091**
Sales and marketing	**1 382**	985	**2 196**
Other expenses	**450**	134	**482**
Total operating costs	**14 880**	13 306	**28 970**

*Relates to remeasurement of social security costs

Note 11 - Events occurring after the balance sheet date

Since 30 June 2015 and until the date of these financial statements, the Board has granted a total of 1,910,000 subscription rights at an exercise price of NOK 4.01 per share under the employee subscription rights-based incentive program resolved by the annual general meeting.

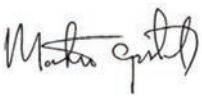
On 14 July 2015, Thinfilm held an Extraordinary General Meeting where it was resolved to issue 17,017,326 warrants to the participants in the 18 June 2015 private placement, each warrant being exercisable for one share, each with a nominal value of NOK 0.11, with an exercise price of NOK 6.10 per share.

On 24 July 2015, Thinfilm established a fully-owned subsidiary in Hong Kong, Thin Film Electronics HK Limited ("Thinfilm HK"), which will be consolidated into the group from August 2015. The company is established as Thinfilm's Vice President Supply Chain will relocate to Asia in order to be situated closer to Thinfilm's suppliers.

Responsibility Statement

We confirm that, to the best of our knowledge, the enclosed condensed set of financial statements for the first half year of 2015, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors of Thin Film Electronics ASA. Oslo, Norway 13 August 2015.



Morten Opstad

Chairman



Rita Glenne

Board Member



Rolf Åberg

Board Member



Preeti Mardia

Board Member



Tor Mesøy

Board Member



Davor Sutija

CEO