THINFILM

Annual report 2007

Contents

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Report from the board of directors 07

Printed electronic memory

Thin Film Electronics ASA (Thinfilm ASA) is the parent company of the Thin Film Electronics group (Thinfilm) which consists of the parent company in Oslo, Norway and the subsidiary Thin Film Electronics AB (Thinfilm AB) in Linköping, Sweden. Thinfilm acquired the business including all assets as well as the shares in Thinfilm AB from Thin Film OldCo AS (OldCo) on 15 February 2006.

Thinfilm ASA acquired OldCo's comprehensive intellectual property rights (IPR) which among other things are represented by a patent portfolio. The portfolio consisted of 36 patent families at the end of 2007, compared to 80 at the end of 2006. Each patent family represents one or more inventions which a patent has been applied for in one or several countries. With regards to the cost of obtaining and maintaining patent protection, the patent portfolio has been reduced in 2007. The core inventions have been retained and protection will be maintained in the principal countries. Once the manufacturing processes, designs and products have been established and stabilised, the patent portfolio may be reduced further.

The parent company owns the technology and represents the group. At the end of the year, the parent company had no employees. In 2007 the parent company purchased services externally as well as from Thinfilm AB. Thinfilm AB performs the development and commercialization activities in the group for Thinfilm ASA or on behalf of Thinfilm ASA to Thinfilm ASA's partners and customers.

In 2007 the board has consisted of Messrs. Morten Opstad (chairman), Johan Carlsson and Rolf Åberg. A new board was elected at an extraordinary general meeting on 12 December 2007, comprising Mr. Morten Opstad (chairman), Ms. Catarina Göthe, Mr. William R. Salaneck, Ms. Katarina Segerborg and Mr. Rolf Åberg.The new board commenced office on 1 January 2008 and the instant report and financial statements for 2007 have been prepared by the current board.

Thinfilm redirected its business in the fourth quarter of 2006. During 2007 the company has focused solely on the rapidly growing future market for printed electronics, to which Thinfilm can provide stand-alone memory, i.e. memory that does not include built-in additional circuitry but is written and read by using an external device. The activities throughout 2007 have been concentrated on business development of Thinfilm's existing technology, with the corresponding technical development and support for the commercialisation of printed memories.

The commercial highlight of the year was Cartamundi's payment of a license fee amounting to EUR 20,000 in August. While small, it marked an important milestone by being the first commercial revenue from Thinfilm's printed memory technology.

Thinfilm met its goal for 2007 of establishing strategic alliances for the complete value chain which are needed to provide printed memories for commercial applications. Seven important and valuable joint development agreements were entered into in the year: Xaar plc in England; Soligie, Inc. in Minnesota USA; OTB Engineering in the Netherlands; Solvay Solexis in Belgium; Cartamundi in Belgium; Agfa-Gevaert N.V. in Belgium and InkTec Co., Ltd. in South Korea. The agreements are all contributing to and aiming for Thinfilm's 2008 goal of volume manufacturing of the company's memory technology commencing before the end of the year.

Thinfilm's Technology Advisory Board (TAB) consists of professor Donald W. Lupo and professor Michael O. Thompson. The purpose of the TAB is to provide Thinfilm's management and technical staff with an insight in and awareness of state of the art research that is conducted by universities and others in areas related and relevant to Thinfilm. The TAB also provides guidance on the strategic and long-term direction of Thinfilm's technology development.

Furthermore, the TAB also evaluates Thinfilm's technical work programme, provides advice on technical issues that arise, assists in the generation of product ideas, identifies and facilitates contact with suppliers and developers and, finally, supports the public awareness of Thinfilm at scientific conferences and similar events.

The TAB met four times in 2007, and there were ongoing individual contacts and consultations during the year.

The joint technical development activities outlined in the joint development agreements have progressed according to plan. To move technology into manufacturing the key step is scaling from laboratory-style trial printing into industrial volume manufacturing capability. The technical work has been performed in Thinfilm's laboratory in Linköping as well at partner sites.

A demonstrator unit has been designed and built in cooperation with Cartamundi. By use of the demonstrator unit and a PC with standard interface technology, a user can read information from and write information to a memory printed on game cards.

A printing system for the development and trial manufacturing of printed memory has been acquired and installed at Thinfilm's premises in Linköping. The system, delivered by Thinfilm's partner OTB Engineering, is an important step towards volume manufacturing of printed memories.

Thinfilm ASA acquired OldCo's licensing agreement with Intel Corp which was originally entered into in 1999, expanded in 2001 and renewed in 2002. OldCo retained a license to use the technology in computer games. There has not been any activity related to these licenses in 2007. The board does not expect Intel to make any royalty payments in the foreseeable future. Intel Corp has not yet formally consented to the assignment of OldCo's agreements to Thinfilm ASA.

Group financial statements

In connection with the listing at Oslo Axess, Thinfilm implemented consolidated financial reporting according to International Financial Reporting Standards (IFRS). The consolidated annual financial statements for 2006 were restated. The restatement did not imply any significant adjustment to Thinfilm's assets, equity or results as previously reported under Norwegian Accounting Standards (NRS). The parent company's financial statements have been prepared under NRS.

The revenue in 2007 amounted to NOK 3.1 million, of which about NOK 0.3 million related to Thinfilm's printed memory technology and the rest related to sale of equipment no longer in use because of the change in direction of Thinfilm's technical and commercial activities.

Payroll costs amounted to NOK 14.9 million, on par with 2006. The reduction in manning and a settlement related to an earlier year amounted to one-off payroll costs in the magnitude of NOK 4.0 million. In addition, a NOK 0.8 million share-based compensation cost related to

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subscription rights has been expensed.

Costs for consultants and contractors have been increased from NOK 8.8 million in 2006 to NOK 10.0 million in 2007. The reduction of the patent portfolio had limited impact in 2007. The patent costs consist of filing fees and annual retainer fees, but there are also significant costs related to translation as well as casework in connection with the filing and grant processes in each country.

Costs for advisors and other external costs in connection with the application for listing at Oslo Axess amounted to NOK 3.6 million, most of which were incurred in the fourth quarter.

Depreciation charge on tangible fixed assets amounted to NOK 1.6 million in 2007, and impairment charge of NOK 1.1 million was reversed. In 2006, depreciation amounted to NOK 1.4 million while impairment of tangible fixed assets amounted to NOK 3.0 million.

> The commercial highlight of the year was Cartamundi's payment of a license fee in August. It marked an important milestone by being the first commercial revenue from Thinfilm's printed memory technology.

A substantial part of Thinfilm AB's machinery and equipment which was not needed for the commercialization of printed memory was sold in 2007. At the end of the year, some equipment remained unsold. Discontinued equipment has been written off (impaired).

Upon acquisition of the business from OldCo, Thinfilm ASA paid for intangible assets which in 2006 were written down by NOK 34.7 million. Research costs are expensed. Development costs in 2006 and 2007 did not satisfy the criteria for capitalisation, and were expensed as incurred.

Net financial items, mainly interest income, amounted to a gain of NOK 1.9 million in the year. Following the private placement of 3,200,000 class A shares in June 2007, raising NOK 25.6 million, the company has earned interest income. In 2006, the financial items amounted to only NOK 0.1 million because the net interest income was counteracted by devaluation of an intercompany loan in the group denominated in SEK.

The parent company operates at a loss and there is also a tax loss carryforward position in the Swedish subsidiary, meaning that Thinfilm does not incur any tax cost. The company has not recognised a deferred tax asset in the balance sheet, because such potential asset does not as yet qualify for inclusion in the balance sheet.

The group's cash flow consists of two principal elements. Firstly, the operating activities resulted in a cash outflow of NOK 27.1 million. This cash flow corresponds to the operating loss and changes in working capital. Secondly, the injection of NOK 25.6 million equity by the private placement in July 2007. The cash balance at the end of the year amounted to NOK 19.5 million. The funds available for spending, namely cash position plus receivables less payables, amounted to NOK 11.3 million. In the private placement in January 2008, the company raised additional funds of NOK 16.0 million before expenses.

Parent company financial statements

The personnel costs and cost of services from the subsidiary combined were reduced to less than half the cost in 2006 because of the reduced manning, and amounted to NOK 15.5 million. Other services increased by 15 per cent to NOK 9.2 million, mainly because the costs related to the application for listing at Oslo Axess were significantly more than the reduction in patenting costs, but also because patent administration in 2007 was purchased from Fast.

Financial items amounted to a net cost of NOK 0.7 million. Interest income on cash deposits increased significantly because of the equity raised, but the parent company suffered a currency loss on the contingent debt to Thinfilm AB.

The shares in the subsidiary were written down to the book value of the equity in Thinfilm AB at the end of 2007.

At the end of 2007, Thinfilm ASA had a contingent debt of NOK 4.9 million to Thinfilm AB for services provided in 2006. The companies entered into an agreement in 2006 whereby the debt became contingent on the future financial results of the parent company. The agreement expires at the end of 2009.

Share capital

On 27 June 2007 Thinfilm ASA completed a private placement of 3,200,000 class A shares, raising additional equity of NOK 25.6 million. At the end of 2007 there were 19,357,609 class A shares in the company which were owned by more than 1,400 shareholders. Par value is NOK 0.11 per share. Class A shares were in 2007 traded on the over-the-counter market (OTC market) in Oslo and transactions were reported in the system operated by The Norwegian Securities Dealers Association. At the end of 2007, there were a total of 979,500 class B shares in issue to three shareholders. Class B shares are conditional and may, subject to certain conditions, be converted into class A shares by the shareholders or redeemed by Thinfilm at par value. Class B shares do not carry voting rights.

The share was traded at NOK 7.- on the first trading day in 2007, while the closing price on the last trading day in 2007 was NOK 10.-. There were 531 trades in 2007 and the turnover amounted to NOK 110.8 million.

On 21 November 2007 Thinfilm applied for listing of its class A shares at Oslo Axess, and the share was listed on 30 January 2008. A prospectus was issued in connection with the listing. The prospectus is available at Thinfilm`s web site or on request from the company.

The board may grant up to 1,713,710 subscription rights, corresponding to 10 per cent of the share capital at the date the programme was resolved, to employees and elected officers and to individual consultants on long-term contract performing similar work in Thinfilm. At the end of 2007, 665,000 subscription rights had been granted.

The extraordinary general meeting on 12 December 2007 authorised the board to complete one or more placements by issuing class A shares up to a combined amount of 20 per cent of the company's registered share capital at the the date the authorisation was resolved. The authorisation may not be used unless the company's class A shares are accepted for listing at Oslo Axess. The authorisation had not been used by the end of 2007.

In connection with the listing the company completed a private placement of 1,600,000 class A shares corresponding to 8.3% of the share capital, raising NOK 16.0 million before expenses.

The board considers that the equity is adequate. There are no authorisations to the board for the company to acquire own shares.

Going concern, events in 2008

The board confirms that the conditions for the going concern assumption are met in Thinfilm and that the financial statements of the group as well as the parent company have been prepared based on that assumption.

Between 31 December 2007 and the presentation of this report, no events having any substantial impact on the result for 2007 or the value of Thinfilm's assets and liabilities at the end of 2007 have occurred.

Year-end allocations

The net result for 2007 for Thinfilm ASA was a loss of NOK 26,998,991. The board of directors proposes that the loss is covered by transfer from the share premium fund.

Thinfilm ASA does not have any unrestricted equity. The board does not propose any dividend for 2007.

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Financial risk
Thinfilm is subject to certain financial risks related to currency and interest rates. These risks are, however, insignificant compared to the business risk. The business risk is difficult to assess, because the operating history is limited and the target market largely is yet to be developed. The company has earned insignificant revenue to date.

Thinfilm does not have financial instruments. Reference is made to note 3 to the consolidated financial statements.

Working environment, environmental impact, equality
The patent department of Thinfilm ASA was transferred to Fast Search & Transfer ASA in January 2007 and one employee left the company in July 2007. Hence Thinfilm ASA has no regular employees. Consequently, Thinfilm ASA does not operate any mandatory pension scheme (Norwegian: OTP-ordning).

Thinfilm's operation has been based on Thinfilm AB which has ten employees. Thinfilm purchases patenting and other IPR services from Fast Search & Transfer ASA. Accounting, financial management and other services are also contracted on time-spent basis from firms or individuals. The employees in Thinfilm AB are covered by schemes in line with Swedish practices.

Mr. Johan Carlsson has been CEO since October 2006. The board wishes to thank all employees and contractors for their efforts in 2007.

Thinfilm offers flexible work hours to all employees, and several employees have been equipped with home/portable office equipment. The working environment at Thinfilm is pleasant, stimulating and safe, and beneficial for all employees. The working environment complies in all respects with the relevant laws and regulations. No specific actions have been considered necessary. There have not been any injuries to the company's employees at the place of work causing absence from work and no significant incidents involving the company's assets have occurred. The sick leave was less than 3 per cent in 2007. There are no indications that any sick leave relates to the work or workplace.

Thinfilm's activities do not pollute the environment.

Thinfilm practices equal opportunities in all aspects. The board considers the equality as good as can be, and have not found reason to initiate any particular programme. Fewer women than men have graduated in Thinfilm's scientific fields of interest and in many recruiting situations the candidates have all been men. The length of service principle has been applied at manning reductions.

The board consists of two women and three men. The composition of the board satisfies the gender requirements of the Norwegian public limited companies act.

Corporate governance
The board has adopted policies for corporate governance to safeguard the interests of the company's owners, employees and other stakeholders. These principles and associated rules and practices are intended to create increased predictability and transparency, and thus reduce uncertainties connected with the business. Thinfilm endeavours to have procedures which comply with the Norwegian code for corporate governance adapted to the company's size and stage of development. The board's review of corporate governance is included in the annual report.

Statement on executive remuneration
The general meeting 2007 resolved guiding and binding executive remuneration policies. The statement including the policies and the actual remuneration to the management in 2007 has been included in the notes to the financial statements.

The managing director of the parent company is also CEO for the group and has performed the assignment as part of his employment as managing director in the subsidiary Thinfilm AB without additional remuneration.

Outlook
During 2007 the company has focused solely on the rapidly growing market for printed electronics, to which Thinfilm aims to provide memory technology.

Together with partners and customers, Thinfilm will print the memories either as tags for subsequent attachment to customers' items, or directly onto customers' packages or products. Thinfilm primarily concentrates its attention and activities on products in the medical, games and anti-counterfeit areas.

Thinfilm maintains its licensing model for intellectual property rights (patents and know-how) and does not plan to do in-house manufacturing.

The work to broaden the applications and the technology support to enable printed memories entering into high volume production continues in 2008. It remains Thinfilm's ambition to earn license or royalty revenue within twelve months.

Thinfilm's current staff has the adequate interdisciplinary competence to carry out the activities currently planned for in 2008. Because of the number of application areas and the large interest from potential partners and customers, Thinfilm may choose to expand its workforce during the year as and when more capacity is required and commercially justified by being supported by partner and/or customer projects.

In 2008 Thinfilm will continue its business development activities within printed electronics by setting up new additional alliances with strategic partners and licensees around the world. Some of the alliances already entered into in 2007 are expected to be deepened and further expanded as well.

The printed electronics market is currently in its very early stage. Thinfilm considers that there exist near-term commercial opportunities for simple versions of its printed memory technology, which will form the basis and provide the funds for the more advanced longer-term opportunities as and when the printed electronics market grows and eventually matures.

The board of directors of Thin Film Electronics ASA
Linköping 28 March 2008

Morten Opstad Chairman	Catarina Göthe Board member	William R. Salaneck Board member	Katarina Segerborg Board member, Deputy Chairman	Rolf Åberg Board member	Johan Carlsson Chief Executive Officer

Thin Film Electronics Group:

Consolidated profit and loss statement

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	Note	2007	2006*
Revenue related to intellectual property rights		350	
Other revenue	12	2 786	555
Total revenue		3 136	555
Employee salaries and benefits	13	(14 942)	(14 946)
Services		(10 037)	(8 780)
Depreciation and impairment charge	5,6	(504)	(40 025)
Premises, supplies	14	(4 405)	(5 116)
Travel expenses		(1 272)	(662)
Other expenses		(1 530)	(1 070)
Operating profit (loss)		(29 554)	(70 044)
Interest income		1 470	345
Other financial income		473	4
Interest expense		(8)	
Other financial costs		(80)	(223)
Net financial items		1 855	126
Profit (loss) before income tax		(27 699)	(69 918)
Income tax expense	15		
Profit (loss) for the period		(27 699)	(69 918)
Profit (loss) per share for profit attributable to the equity holders of the Company during the year			
– basic and diluted, expressed in NOK. per share	16	(1.48)	(4.11)

* 22 December 2005 to 31 December 2006

The notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

	Note	31 December 2007	31 December 2006
ASSETS			
Non-current assets	6		
Property, plant and equipment	5	391	987
		391	987
Current assets			
Trade and other receivables	7	1 120	1 701
Cash and cash equivalents	8	19 494	16 372
		20 614	18 073
Total assets		21 005	19 060
EQUITY			
Ordinary shares	9	2 237	1 885
Share premium		8 930	10 681
Other reserves		575	686
Retained earnings		(76)	624
Total equity		11 666	13 876
LIABILITIES			
Current liabilities			
Trade and other payables	10	9 339	5 184
Total liabilities		9 339	5 184
Total equity and liabilities		21 005	19 060

The notes are an integral part of these consolidated financial statements.

The board of directors of Thin Film Electronics ASA
Linköping 28 March 2008

Morten Opstad
Chairman

Catarina Göthe
Board member

William R. Salaneck
Board member

Katarina Segerborg
Board member, Deputy Chairman

Rolf Åberg
Board member

Johan Carlsson
Chief Executive Officer

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Thin Film Electronics Group:

Consolidated statement of changes in equity

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	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
Equity upon establishment on 22 December 2005		1 616	0	0	0	**1 616**
Capital increase on 15 February 2006		161	81 223			**81 384**
Share issue class B shares on 31 March 2006		108				**108**
Currency translation				686		**686**
Net profit (loss) for the year			(70 542)		624	**(69 918)**
Balance at 31 December 2006		1 885	10 681	686	624	**13 876**
Balance at 1 January 2007		1 885	10 681	686	624	**13 876**
Share issue class A shares on 27 June 2007		352	25 248			**25 600**
Currency translation				(617)		**(617)**
Share based compensation				506		**506**
Net profit (loss) for the year			(26 999)		(700)	**(27 699)**
Balance at 31 December 2007	9	2 237	8 930	575	(76)	**11 666**

The notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement

	Note	**2007**	**2006***
Cash flows from operating activities			
Cash generated from (consumed by) operations	17	(27 046)	(28 861)
Interest paid		(8)	(223)
Net cash from (used on) operating activities		(27 054)	(29 084)
Cash flows from investing activities			
Acquisition of business activity less cash received	6		(38 043)
Purchases of property, plant and equipment (PPE)	5	(82)	(76)
Sales of fixed assets	12	2 795	122
Interest received		1 863	345
Net cash from (used on) investing activities		4 576	(37 652)
Cash flows from financing activities			
Proceeds from issuance of class A shares		25 600	83 000
Proceeds from issuance of class B shares			108
Net cash from financing activities	9	25 600	83 108
Net increase in cash, cash equivalents and bank overdrafts		3 122	16 372
Cash, cash equivalents and bank overdrafts at beginning of year		16 372	0
Cash and cash equivalents at the end of the year**	8	19 494	16 372

* 22 December 2005 to 31 December 2006.
** The group had no bank draft facilities at the end of 2007 or 2006.

The notes are an integral part of these consolidated financial statements.

Thin Film Electronics Group:

Notes to the consolidated financial statements

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Note 1 General information

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"). The accounting year 2006 therefore comprised the period 22 December 2005–31 December 2006. The accounting year 2007 corresponds to the calendar year. Thinfilm AB is owned 100% and has been consolidated from 15 February 2006.

The purpose of Thinfilm ASA is research, development, production and commercialisation 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 Torggata 2-4-6, Oslo, Norway. The company's class A shares were listed at the Oslo Axess on 30 January 2008.

These group consolidated financial statements were authorised for issue by the Board of Directors on 28 March 2008.

Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied.

2.1 Basis of preparation

The consolidated financial statements of Thinfilm have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) Standards, amendment and interpretations effective in 2007
IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the group's financial statements.

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.

(b) Interpretation adopted early by the group
IFRIC 11, 'IFRS 2 – Group and treasury share transactions', was early adopted in 2007. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the group's financial statements.

(c) Standards, amendments and interpretations effective in 2007 but not relevant
The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the group's operations:

- Revised guidance on implementing IFRS 4, 'Insurance contracts';
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies'; and
- IFRIC 9, 'Re-assessment of embedded derivatives'.

(d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods, but the group has not adopted them early:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The group will apply IAS 23 (Amended) from 1 January 2009 but it is currently not applicable to the group as there are no qualifying assets.
- IFRS 8, 'Operating segments ' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the group's accounts.

(e) Interpretations to existing standards that are not yet effective and not relevant for the group's operations
The following interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the group's operations:

- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008).
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008).

2.2 Consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Thin Film Electronics Group:

Notes

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2.3 Foreign currency translation

a) Functional and presentation currency
The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency for the parent company.
b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
c) Group companies
On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.4 Property, plant and equipment

These are mainly laboratory equipment and office equipment. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method as follows:

– Installations	7 years
– Laboratory equipment	5 years
– Office equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.5 Intangible assets

a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Patents and licences
Acquired patents and licences are shown at historical cost. Patents and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

c) Research and development
Research costs are taken as cost as they are incurred. An intangible asset arising from development expenditure on an individual project is capitalised only when the group can reliably measure the expenditure and can demonstrate;
• the technical feasibility of completing the intangible asset so that it will be available for use or sale
• how the asset will generate future economic benefits
• the group's ability of obtaining resources to complete the project

Development costs are amortized over the period of expected future economic benefit of the developed product.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill are reviewed for possible reversal of any previous impairment at each reporting date.

2.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Share capital

Ordinary shares, including class B shares, are classified as equity. Incremental costs directly attributable to raising new equity are shown as a deduction to the equity, net of tax.

2.10 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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2.11 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Employee benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.14 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and charged to the income statement.

Note 3 Financial risk management

3.1 Financial risk factors

The accounting financial risk is limited because Thinfilm does not have financial instruments. Thinfilm does not have any hedging transactions.

Market risk factors

a. Currency risk

The group has the major part of its operations in Sweden and there is thus a currency risk related to costs between SEK and NOK as the functional currency of the group is NOK (Norwegian Kroner). The management monitors this risk but has not initiated particular actions to reduce it. The company's revenue is expected to be denominated in EUR or USD. There is minimal sense in managing the currency risk related to revenue before the revenue stream can be reliably forecasted.

The currency risk related to the balance sheet is only related to the net investment in the Swedish subsidiary. The management monitors this risk but has not initiated particular actions to reduce it.

b. Interest risk

Thinfilm does not have any financial debt. The group has cash in bank in NOK and SEK at floating rates, meaning that there is no gain or loss when market rates change. Interest rates may vary over time. The company's cash pool does not justify an advanced cash management system to obtain additional yield from the cash pool.

Credit risk

The company has no substantial credit risk as there are no significant receivables. Thinfilm has not issued guarantees or mortgages.

Liquidity risk

Thinfilm does not have financial debt and has hitherto been able to raise adequate equity. After the private placement completed on 25 January 2008, the company has sufficient liquidity for the present requirements. Thinfilm may in the future need to raise equity in order to fund its operation or growth. Investors may or may not have an interest in investing in the company.

3.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is for disclosure purposes estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

3.3 Financial instruments

Thinfilm is not party to any transactions or financial instruments which are not recorded in the balance sheet or otherwise disclosed in these consolidated financial statements.

Note 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described in note 19.

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Note 5 Property, plant and equipment

	Installations	Laboratory equipment	Office equipment	Total
Economic life, years	7	5	3	
2006				
Opening net book amount	0	0	0	**0**
Part of acquisition		4 870	380	**5 250**
Impairment charge		(3 002)		**(3 002)**
Exchange differences	2	156	6	**164**
Additions	92		11	**103**
Disposals	(33)	(79)		**(112)**
Depreciation	(5)	(1 193)	(218)	**(1 416)**
Balance at 31 December 2006	56	752	179	**987**
2007				
Accumulated cost on 1 Janary 2007	61	5 041	402	**5 504**
Additions			82	**82**
Disposals (at cost)		(2 787)	(76)	**(2 863)**
Exchange differences	(3)	(272)	(27)	**(302)**
Cost at 31 December 2007	58	1 982	382	**2 422**
Accumulated depreciation and impairment on 1 January 2007	(5)	(4 289)	(223)	**(4 517)**
Depreciation	(29)	(1 428)	(98)	**(1 556)**
Disposals (at accumulated depreciation)		2 685	55	**2 740**
Reversed impairment charge		1 052		**1 052**
Exchange differences	1	233	16	**250**
Depreciation and impairment at 31 December 2007	(33)	(1 747)	(251)	**(2 031)**

	Installations	Laboratory equipment	Office equipment	Total
At 31 December 2006				
Accumulated cost	61	5 041	402	**5 504**
Accumulated depreciation and impairment	(5)	(4 289)	(223)	**(4 517)**
Net book value	56	752	179	**987**
At 31 December 2007				
Accumulated cost	58	1 982	382	**2 422**
Accumulated depreciation and impairment	(33)	(1 747)	(251)	**(2 031)**
Net book value	25	235	131	**391**

Note 6 Intangible assets

2006	**Goodwill**
Opening net book amount	0
Acquisition of business	34 749
Impairment charge	(34 749)
Closing net book amount	0

There were no transactions regarding intangible assets in 2007.

31 december 2006	
Cost	34 749
Accumulated amortisation and impairment	(34 749)
Net book amount	0
At 31 December 2007	
Cost	34 749
Accumulated amortisation and impairment	(34 749)
Net book amount	0

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The group is defined as one cash generating unit (CGU) for the purpose of impairment testing. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The future income of the company cannot be predicted with the necessary degree of certainty and all intangible assets were accordingly impaired in 2006.

Note 7 Trade and other receivables

	31 December 2007	31 December 2006
Customer receivables	595	241
Public duties and taxes receivable		1 321
Other receivables	525	138
Less: provision for impairment of trade receivables	0	0
Receivables – net	1 120	1 701
Of this receivables from related parties (note 18)	253	111

All receivables are due within one year and book value approximates fair value. Of the total amount 642 (2006: 397) is denominated in NOK, 287 (2006: 1 304) in SEK and 191 (2006: 0) in EUR.

Note 8 Cash and cash equivalents

	31 December 2007	31 December 2006
Cash in bank excluding restricted cash	18 969	15 572
Deposit account for company credit cards	426	400
Deposit for withheld tax*	99	400
Total	19 494	16 372

* Payable withheld tax amounts in Norway at 31 December 2007 were 238 (2006: 186). The withheld tax amount was paid in January 2008.

Note 9 Share capital

	Number of class A shares	Number of class B shares
Shares upon establishment on 22 December 2006	16 157 609	0
Capital increase on 15 February 2006	0	0
Share issue on 31 March 2006		979 500
Shares at 31 December 2006	16 157 609	979 500
Shares at 1 January 2007	16 157 609	979 500
Share issue on 27 June 2007	3 200 000	
Shares at 31 December 2007	19 357 609	979 500

The par value of both class A and class B shares is NOK 0.11 (11 Norwegian øre).

Class B shares are conditional and may – depending on certain conditions described below – be converted to class A shares by the shareholders or redeemed by Thin Film Electronics ASA at NOK 0.11 per share.

The class B shares are conditional, and do not have voting rights. The holders of class B shares were granted certain subscription rights in Fast Search & Transfer ASA ("Fast") in connection with Fast's acquisition of OldCo's parent company Opticom AS in 2006. In case the holders exercise the specific subscription rights in Fast, one class B share will be converted to one class A share for each 5.25 subscription rights in Fast having been exercised. In case the subscription rights have not been exercised by 15 February 2011, Thinfilm may redeem the class B shares at par value. If neither the holders of class B shares nor the company have requested that the class B shares are redeemed they will be converted to class A shares. There are no other rights or limitations that are different between class A and class B shares.

The extraordinary general meeting on 12 December 2007 authorised the board to complete one or more placements by issuing class A shares up to a combined amount of 20 % of the company's registered share capital at the the date the authorisation was resolved. The authorisation may not be used unless the company's class A shares are accepted for listing at Oslo Axess. The authorisation had not been used by the end of 2007, but Thinfilm completed a private placement on 25 January 2008 of 1,600,000 class A shares, corresponding to 8.3% of the share capital.

There are no authorisations to the board for the company to acquire own shares.

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Note 10 Trade and other payables

	31 December 2007	31 December 2006
Trade payables	1 532	1 669
Salary taxes and social security taxes due	2 167	225
Accrued holiday pay and other accrued salary	1 215	2 728
Other accrued expenses	4 425	562
	9 339	5 184

Note 11 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	31 December 2007	31 December 2006
Deferred income tax assets:		
Intangible assets	8 014	8 009
Accruals	473	
Tax loss carried forward Sweden	4 549	3 703
Tax loss carried forward Norway	18 749	11 742
	31 785	23 454

The company has not recognised the tax asset as there is uncertainty relating to future taxable income for utilization of the tax loss carried forward, and the taxable loss on intangible assets. There is no expiration date on the tax loss carried forward. No tax item has been recorded directly to equity.

Note 12 Other revenue

	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Services performed by Thinfilm Electronics ASA for Opticom AS, Thin Film OldCo AS and Fast Search & Transfer ASA	114	545
Gain on sale of equipment	2 672	10
Total	2 786	555

Note 13 Employee salaries and other benefits

	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Salaries	10 042	10 137
Social security costs *	(856)	2 839
Share-based compensation (subscription rights)	758	
Pension contribution **	4750	1 870
Other personnel related expenses	248	100
Total	14 942	14 946
Average number of employees for the year	11	21

At the end of the year the group employed 10 persons (19 persons at the end of 2006). The low number of employees means that statistics regarding equality are disturbed by arbitrary reasons.

* The net credit in 2007 was due to repayment to Thinfilm AB of Swedish payroll tax relating to an earlier year. The repayment implied a corresponding settlement payment to two employees. Net cost to Thinfilm AB was negligible.

** The company has only defined contribution pension plans. Contributions are expensed and paid when earned.

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Note 14 Operating leases

Thinfilm has a lease agreement for the premises in Linköping, Sweden. The lease amount is 701 per year. The lease can be terminated with 4 months notice at each year end.

Note 15 Income tax expense

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Profit (loss) before tax	(27 699)	(69 918)
Tax (tax income) calculated at domestic tax rates 28%	(7 756)	(19 577)
28 % of permanent differences	827	3 877
Change in deferred tax asset not recognised on the balance sheet	6 929	23 454
Tax charge	0	0

Note 16 Profit (loss) per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of class A and class B shares in issue during the year. Subscription rights issued in 2007 would have reduced the loss per share in 2007 and diluted profit (loss) per share has therefore not been computed.

	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Profit (loss) attributable to equity holders of the Company (NOK 1 000)	(27 699)	(69 918)
Weighted average number of ordinary shares in issue	18 706 424	16 993 449
Basic profit (loss) per share	(NOK 1.48)	(NOK 4.11)

Note 17 Cash generated from operations

	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Profit (loss) before income tax	(27 699)	(69 918)
Adjustments for:		
Depreciation and impairment charge	504	40 025
Gain on sale of fixed assets	(2 672)	(10)
Finance costs – net	(1 855)	(122)
Changes in working capital, other	4 676	1 164
Cash generated from (consumed by) operations	(27 046)	(28 861)

Note 18 Related party transactions

a) Transactions with related parties:	1 January 2007 –31 December 2007	22 December 2005 -31 December 2006
Purchase of goods and services:		
Cost sharing of premises with Fast Search & Transfer ASA	0	684
Patenting services from Fast Search & Transfer ASA	960	0
Purchase of services from law firm Ræder	1 722	459
Sales of goods and services:		
Management and administrative services to Opticom AS and Thin Film OldCo AS	0	545
Patenting work for Fast Search & Transfer ASA	114	173

Transaction prices are based on what would be the prices for sale to third parties.

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b) Compensation to senior management

22 December 2005–31 December 2006	Salary	Pension	Bonus
Compensation to Rolf Åberg, CEO *	494	74	0
Compensation to Per Bröms, CEO **	244	37	0
Compensation to Johan Carlsson, CEO ***	152	22	0
Compensation to Erling Svela, CFO ****	861	332	215

* Mr. Rolf Åberg was CEO 15 February 2006 to 31 May 2006. His compensation for his service as advisor and specialist 1 June 2006 to 31 December 2006 has not been included.

** Mr. Per Bröms was CEO 1 June 2006 to 23 October 2006. His compensation for his service as senior scientist 15 February 2006 to 31 May 2006 and from 24 October 2006 has not been included.

*** Mr. Johan Carlsson was CEO from 23 October 2006.

**** Mr. Erling Svela was CFO 15 February 2006 to 31 October 2006. In the period 1 November 2006 to 31 December 2006 Mr. Svela provided similar services on an hourly basis.

1 January 2007–31. December 2007 *	Salary	Pension	Bonus
Compensation to Johan Carlsson, CEO **	794	117	0
Compensation to Rolf Åberg ***	1 529	84	0
Compensation to Erling Svela, CFO ****	749	0	0

* The value of share based compensation, i.e. subscription rights granted on 28 June 2007, has not been included. No subscription rights have been exercised in 2007.

** Mr. Johan Carlsson was also paid SEK 2,562 thousand and Mr. Göran Gustafsson, formerly R&D director in Thinfilm, was paid SEK 2,112 thousand in settlement related to taxes in connection with a share transaction in 1999 which Messrs. Carlsson and Gustafsson have successfully contested in court against the Swedish tax authorities. The cost of the settlement for Thinfilm AB was equal to a repayment received by Thinfilm AB from the Swedish tax authorities.

*** Mr. Rolf Åberg is not permanently employed, but has a partly fixed and partly hourly based remuneration.

**** Mr. Erling Svela is not permanently employed, but is remunerated per hour worked.

The company has accrued 160 for the probable cost of board remuneration 2007 to be resolved by the annual general meeting 2008. At the date of these statements there is no specific proposal of amount per board member.

c) Year-end balances arising from sales/purchases of goods/services

	2007	2006
Receivables from related parties (note 7):		
Thin Film OldCo AS	36	75
Fast Search and Transfer ASA	142	0
Opticom AS	75	36
Payables to related parties (note 10):		
Debt to Fast Search & Transfer ASA	0	253
Debt to law firm Ræder	1 370	414

The receivables from related parties arose mainly from provision of administrative services, and the payables to related parties arose mainly from charge for office space (Fast, 2006) and provision of legal services (Ræder).

d) Remuneration to auditor

	2007	2006
Audit	330	138
Other assurance services	6	5
Tax services	12	8
Other services	63	18
Total	411	169

Audit in 2007 includes the following services in connection with the application for listing at Oslo Axess: audit of IFRS annual financial statements for 2006, limited audit of IFRS interim statements for third quarter 2007 as well as review of the prospectus.

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Note 19 Contingent liabilities

There is a degree of uncertainty related to the financial interrelation with Smart Material SA ("Smart"), a Belgian company which to Thinfilm's knowledge is owned or controlled by Hans Gude Gudesen ("HGG"). HGG provided services to OldCo via Smart. The agreement was transferred to Thinfilm ASA as part of OldCos business. The agreement was amended in August 2006 and Thinfilm Electronics ASA formally terminated the agreement in February 2007. Smart has not presented any claims against Thinfilm under the agreement. In case Smart or HGG should present claims against Thinfilm, Thinfilm may present counter claims. The board holds the opinion that Thinfilm is not obliged and will not have to pay anything to Smart or HGG. Consequently, there is no net receivable, nor payable to Smart or HGG in the balance sheet as of 31 December 2007.

Thinfilm has not issued any guarantees.

Note 20 Events after the balance sheet date

A new board was elected at an extraordinary general meeting on 12 December 2007. The new board commenced office on 1 January 2008 and the instant financial statements for 2007 have been prepared by the new board.
Thinfilm completed a private placement on 25 January 2008, raising NOK 16.0 million before expenses of NOK 0.6 million. The company's class A shares have been listed at Oslo Axess from 30 January 2008.

Note 21 Shareholders, subscription rights

At the end of 2007 there were 1,419 registered shareholders holding class A shares (2006: 1,422) and three shareholders holding class B shares (2006: three).

The 20 largest class A and combined class A and class B shareholders registered at 31 December 2007:

Shareholder	Class A	Class B	Total	% of total
FAST SEARCH & TRANSFER ASA	2 438 974		2 438 974	11.99%
SIMPSON FINANCIAL LTD	1 790 622		1 790 622	8.80%
FOOD INTERNATIONAL LTD.	1 590 037		1 590 037	7.82%
GOLDMAN SACHS INT. EQUITY	1 263 314		1 263 314	6.21%
KAUPTHING BANK	1 222 000		1 222 000	6.01%
SPENCER TRADING INC.	1 091 000		1 091 000	5.36%
ALDEN AS	750 000		750 000	3.69%
SOLON A/S	663 000		663 000	3.26%
GPR TECHNOLOGY FUND LIMITED	634 400		634400	3.12%
HÅVI AS	626 850		626 850	3.08%
A.S.HOLDING AS	610 000		610 000	3.00%
CHARLES STREET INTERNATIONAL LTD	526 433		526 433	2.59%
BANK JULIUS BAER & CO. AG	44 000	456 250	500 250	2.46%
EUROCLEAR BANK S.A./N.V. ('BA') 500 028	500 028		500 028	2.46%
CITIBANK N.A.		456 250	456 250	2.24%
KING HOLDING AS	350 000		350 000	1.72%
HYSON LIMITED	348137		348 137	1.71%
SIMPSON FINANCIAL LIMITED	300 000		300 000	1.48%
VOLLVIK INVEST AS	289 000		289 000	1.42%
NORDINVEST AS	257 733		257 733	1.27%
SYMRE AS 236 920	236 920		236 920	1.16%
Others	3 825 161	67 000	3 892 161	19.14%
Total	19 357 609	979 500	20 337 109	100.00%

Thinfilm is not aware of any shareholding agreements between shareholders.

The board members and management and their close associates own the following number of shares in Thinfilm:

Shares held on 31 December 2007 by primary insiders and close associates*		Number of shares	Percent**
Morten Opstad	chairman	23 410	0.1 %
Catarina Göthe	board member	0	0.0 %
William R. Salaneck	board member	0	0.0 %
Katarina Segerborg	board member	0	0.0 %
Rolf Äberg	board member	0	0.0 %
Johan Carlsson	CEO	0	0.0 %
Erling Svela	CFO	0	0.0 %

* Primary insiders and their close relations at the date of these financial statements.
** Per cent of class A shares

Thin Film Electronics Group:

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The board may grant up to 1,713,710 subscription rights, corresponding to 10% of the share capital at the date the programme was resolved. Subscription rights may not be granted after ordinary general meeting 2008. The subscription rights vest in tranches of 25% of the grant per year. In case of a change of control, the subscription rights vest immediately.

	2007	
Subscription rights	**Weighted average exercise price**	**Number of subs. rights**
Total on 1 January		0
Granted	10.80	665 000
Forfeited		0
Exercised		0
Expired		0
Total on 31 December	10.80	665 000
Exercisable subscription rights on 31 December (included in total)		0

Outstanding subscription rights 31 December 2007		**Grant date**	**Expiry date**	**Capacity**	**Number of subs. rights**	**price NOK**
Morten Opstad	chairman	28 June 2007	9 May 2012	chairman	75000	10.80
Rolf Äberg	board member	28 June 2007	9 May 2012	board member	25000	10.80
		28 June 2007	9 May 2012	employee/ consultant	125 000	10.80
Johan Carlsson	CEO	28 June 2007	9 May 2012	board member	25 000	10.80
		28 June 2007	9 May 2012	employee	125 000	10.80
Erling Svela	CFO	28 June 2007	9 May 2012	consultant	20 000	10.80
Other employees		28 June 2007	9 May 2012		270 000	10.80
Total					665 000	10.80

Value of subscription rights and assumptions	**Grant date 28 June 2007**
Value of subscription right at grant date, NOK per subscription right	5.04-6.03
Share price, NOK per share	12.00
Exercise price, NOK per share	10.80
Expected volatility, calculated as annual volatility over past three years	50%
Duration, years	2.9-4.4
Expected dividend	0
Risk-free interest rate, 3-year government bonds	5.30%
Value of subscription right at 31 December 2005, NOK per subscription right	3.15-4.12
Share price, NOK per share	10.00
Exercise price, NOK per share	10.80
Expected volatility, calculated as annual volatility over past three years	50%
Duration, years	2.4-3.9
Expected dividend	0
Risk-free interest rate, 3-year government bonds	4.65%

Volatility has been set to 50 per cent, which is slightly higher than the volatility of IT companies listed at Oslo Børs. Thinfilm's past volatility has been significantly higher, but it is assumed that this has been caused by circuimstances which will not occur in the future. Oslo Axess has a short history and few IT companies have been listed.

Note 22 Statement on management remuneration policy

In 2007 Thinfilm's executive management comprised CEO Johan Carlsson, Rolf Åberg and CFO Erling Svela. Messrs. Åberg and Svela are engaged and salaried on time-spent basis. The managing director of the parent company, Johan Carlsson, is also CEO for the group and has performed the assignment as part of his employment as managing director in the subsidiary Thinfilm AB for no additional remuneration. The actual remuneration to management in 2007 is reported in note 15 to these financial statements.

The general meeting 2007 resolved guiding and binding executive remuneration policies. Thinfilm's executive remuneration policy in 2007 was a continuation of prior years' policy, with the addition of share-based remuneration in the form of a subscription rights incentive programme as per the resolution of the annual general meeting on 9 May 2007.

Guiding executive remuneration policy
Thinfilm offers a competitive remuneration consisting of a reasonable base salary with a pension contribution and possibly augmented by motivating cash bonus schemes related to goal achievement. There is no post-employment remuneration beyond notice periods of 3-9 months.

Binding executive remuneration policy
The general meeting on 9 May 2007 resolved a subscription rights incentive programme for the years 2007-2012.

The board may grant up to 1,713,710 independent subscription rights to class A shares to employees and elected officers and to individual consultants on long-term contract performing similar work in Thinfilm. On 28 june 2007, 665,000 subscription rights were granted. The recipients do not pay for the subscription rights grant. The subscription rights vest in tranches of 25% of the grant per year. The subscription rights expire on 9 May 2012.

For any shares issued upon exercise of the subscription rights, the recipient shall pay a price per share equal to the average closing price of the company's class A shares over ten trading days immediately preceding the date of grant.

Thin Film Electronics ASA:

Profit and loss statement

	Note	2007	2006*
Revenue related to intellectual property rights		350	
Other revenue	12	114	545
Total revenue		464	545
Employee salaries and benefits	13, 18	(2 520)	(4 384)
Services (external)		(9 222)	(8 028)
Services (from subsidiary)	15	(12 999)	(28 009)
Depreciation and impairment charge	5, 7	(18)	(26 293)
Premises, supplies		(495)	(895)
Travel expenses		(53)	(272)
Other expenses		(1 425)	(1 049)
Operating profit (loss)		(26 268)	(68 385)
Financial income		1 283	292
Intercompany financial income			102
Impairment charge on investment in subsidiary	6	(1 877)	(2 331)
Other financial costs		(137)	(220)
Net financial items	4	(731)	(2 175)
Profit (loss) before income tax		(26 999)	(70 542)
Income tax expense	11, 14		
Profit (loss) for the period		(26 999)	(70 542)
Allocation/coverage of net result for the year			
Transfer from share premium reserve		26 999	70 542

* 22 December 2005 to 31 December 2006

The notes are a part of these annual financial statements.

Balance sheet

	Note	31 December 2007	31 December 2006
ASSETS			
Non-current assets	7		
Property, plant and equipment	5		19
Investment in subsidiary	6	8 589	10 466
		8 589	10 485
Current assets			
Trade and other receivables	8	444	397
Cash and cash equivalents	9	17 030	8 449
		17 474	8 846
Total assets	16	26 063	19 331
EQUITY			
Ordinary shares	10, 17	2 237	1 885
Share premium		8 930	10 681
Total paid-in equity		11 167	12 566
Other equity		506	0
Total equity	4	11 673	12 566
LIABILITIES			
Current liabilities			
Accounts payable		861	1 121
Withheld tax and public duties payable (receivable)		(66)	225
Debt to group companies		10 378	4 918
Other payables and accruals		3 217	501
Total liabilities	16	14 390	6 765
Total equity and liabilities		26 063	19 331

The notes are a part of these annual financial statements.

The board of directors of Thin Film Electronics ASA
Linköping 28 March 2008

Morten Opstad
Chairman

Catarina Göthe
Board member

William R. Salaneck
Board member

Katarina Segerborg
Board member, Deputy Chairman

Rolf Åberg
Board member

Johan Carlsson
Chief Executive Officer

Thin Film Electronics ASA:
Cash flow statement

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	Note	2007	2006*
Cash flows from operating activities			
Net result before tax		(26 999)	(70 542)
Depreciation and impairment		18	26 293
Change in working capital and other items		9 962	9 595
Net cash from (used on) operating activities		(17 019)	(34 654)
Cash flows from investing activities			
Acquisition of subsidiary and intangible assets	6, 7		(39 986)
Purchases of property, plant and equipment	5		(19)
Net cash from (used on) investing activities		0	(40 095)
Cash flows from financing activities			
Proceeds from issuance of class A shares	10	25 600	83 000
Proceeds from issuance of class B shares	10		108
Net cash from financing activities		25 600	83 108
Net increase in cash, cash equivalents and bank overdrafts		8 581	8 449
Net change in credit facilities			
Cash, cash equivalents and bank overdrafts at beginning of year		8 449	
Cash and cash equivalents at the end of the year**	9	17 030	8 449

* 22 December 2005 to 31 December 2006
** The company had no bank draft facilities at the end of 2007 or 2006.

The notes are a part of these annual financial statements.

Notes to the annual financial statements

Note 1 General information

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act 1998 and Generally Accepted Accounting Practice in Norway.

Thin Film Electronics ASA (Thinfilm ASA) is the parent company in the Thin Film Electronics group (Thinfilm). The group was formed on 15 February 2006 when Thinfilm ASA acquired the business including the subsidiary Thin Film Electronics AB (Thinfilm AB) from Thin Film OldCo ASA (OldCo).

Thinfilm ASA was established on 22 December 2005. The accounting year 2006 therefore comprises the period 22 December 2005 to 31 December 2006. Thinfilm AB has been included in the group in the period 15 February 2006 to 31 December 2006. The accounting year 2007 corresponds to the calendar year 2007.

The purpose of Thinfilm ASA is research, development, production and commercialisation 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 Torggata 2-4-6, Oslo, Norway. The company's Class A shares were listed at Oslo Axess on 30 January 2008.

These annual financial statements were authorised for issue by the Board of Directors on 28 March 2008.

Thin Film Electronics ASA:
Notes

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Note 2 Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been applied consistently.

Principal criteria for valuation and classification of assets and liabilities
Assets for lasting ownership or use have been classified as fixed assets. Other assets have been classified as current assets. Receivables which are due within twelve months have been classified as current assets. Corresponding criteria have been applied when classifying short-term and long-term debt.

Current assets have been valued at the lower of cost and fair value.

Other long-term debt and short-term debt have been valued at face value.

Assets and liabilities denominated in foreign currency
Monetary items in foreign currency have been converted at the exchange rate on the balance sheet date.

Shares in subsidiaries
Investment in subsidiaries has been valued at cost in the parent company. In case of impairment which is not temporary, the investment has been written down to fair value if mandated according to GAAP. Received dividends and group contributions have been included in the income statement as other financial income.

Revenue
Revenue has been recorded when earned, that is when a receivable has been established. This is at the time a service has been provided, according to progression of the work. Revenue has been recorded at the value of the consideration at the transaction time.

Receivables
Accounts receivable and other receivables have been recorded at face value after accruals for expected losses have been deducted. Accruals for losses have been made based on an individual assessment of each receivable.

Bank deposits
Bank deposits include cash, bank deposits and cash equivalents with a due date less than three months from acquisition.

Costs
Costs are normally recognized in the period of corresponding revenue. In situations where there are no clear connection between costs and revenue, the costs are allocated on judgmental basis. Costs without corresponding revenue are recognized when they accrue.

Tax on profit
Tax cost has been matched to the reported result before tax. Tax related to equity transactions has been charged to equity. The tax cost consists of payable tax (tax on the directly taxable income for the year) and change in net deferred tax. The tax cost is split into tax on ordinary result and result from extraordinary items according to the tax base. Net deferred tax benefit is only held in the balance sheet if future benefit can be justified.

Consolidated items
Insignificant items have been combined or included in similar items in order to simplify the statements. Lines which are zero or about zero have been omitted except where it has been deemed necessary to emphasize that the item is zero.

Estimates and judgemental assessments
Every and any item that is not based on a transaction with an external party, must necessarily be based on estimates and judgemental assessments. The actual future situation may prove to deviate from the present best judgement.

Among substantial items, there is a significant degree of judgment in the valuation of tangible fixed assets in the subsidiary Thinfilm AB, which impacts the valuation of the shares in the subsidiary.

Operationally, Thinfilm is fundamentally unsecure because the company does not have a revenue-generating business. The financial risk is nevertheless limited insofar as the company does not have any financial debt. Thinfilm was liquid and sufficient at the end of 2007.

Note 3 Significant events last two years, events after the balance sheet date

2006
Thinfilm ASA was established on 22 December 2005. The accounting year 2006 therefore comprises the period 22 December 2005 to 31 December 2006.

Thinfilm ASA was established to acquire and continue OldCo's activities in the field of polymer electronics. Thinfilm ASA acquired the business of OldCo including all assets and shares in Thinfilm AB on 15 February 2006. The acquisition was part of a larger transaction whereby Fast Search & Transfer ASA (Fast) acquired OldCo's parent company Opticom ASA (Opticom).

Fast injected a total of NOK 83.0 million in equity. As a part of the acquisition of OldCo's business, 979,500 conditional class B shares were issued to three persons who held subscription rights in Opticom, for a consideration of NOK 0.1 million in equity.

2007
In July 2007 Thinfilm ASA completed a private placement of 3,200,000 class A shares, raising additional equity of NOK 25.6 million. On 21 November 2007 Thinfilm applied for listing of its class A shares at Oslo Axess, and the share was listed on 30 January 2008.

Events after balance sheet date
There are no incidents between 31 December 2007 and the date of presentation of these financial statements which have any noteworthy impact on Thinfilm's result for 2007 or the value of Thinfilm's assets or liabilities at 31 December 2007.

A new board was elected at an extraordinary general meeting on 12 December 2007. The new board commenced office on 1 January 2008 and the instant financial statements for 2007 have been prepared by the new board.

Thinfilm completed a private placement on 25 January 2008 of 1,600,000 class A shares, raising NOK 16.0 million before expenses of NOK 0.6 million. The company's class A shares have been listed at Oslo Axess from 30 January 2008.

Thin Film Electronics ASA:
Notes

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Note 4 Equity

	Share capital	Share premium	Other equity	Total
Equity upon establishment on 22 December 2005	1 616	0	0	**1 616**
Capital increase on 15 February 2006	161	81 223		**81 384**
Share issue class B shares on 31 March 2006	108			**108**
Net profit (loss) for the year		(70 542)		**(70 542)**
Balance at 31 December 2006	1 885	10 681	0	**12 566**
Balance at 1 January 2007	1 885	10 681	0	**12 566**
Share issue class A shares on 27 June 2007	352	25 248		**25 600**
Share based compensation			506	**506**
Net profit (loss) for the year		(26 999)		**(26 999)**
Balance at 31 December 2007	2 237	8 930	506	**11 673**

Note 5 Property, plant and equipment

	Office equipment
Economic life, years	3
2006	
Opening net book amount	0
Part of acquisition	20
Depreciation	(1)
Balance at 31 December 2006	19
2007	
Opening net book amount	19
Impairment charge	(14)
Additions	0
Disposals	0
Depreciation	(5)
Balance at 31 December 2007	0

	Office equipment
At 31 December 2006	
Accumulated cost	20
Accumulated impairment charge	0
Accumulated depreciation	(1)
Net book value	19
At 31 December 2007	
Accumulated cost	20
Accumulated impairment charge	(14)
Accumulated depreciation	(6)
Net book value	0

Note 6 Investment in subsidiary

Thin Film Electronics AB, Linköping, Sweden **Acquired on 15 February 2006**	**Per cent holding**	**Per cent of votes**	**Value in balance sheet**
31 december 2006	100 %	100 %	
Accumulated cost			12 797
Accumulated impairment charge			(2 331)
Net book amount on 31 December 2006			10 466
At 31 December 2007	100 %	100 %	
Accumulated cost			12 797
Accumulated impairment charge			(4 208)
Net book amount on 31 December 2007			8 589

The shares are held at the lower of cost and fair value in the balance sheet.

Thin Film Electronics ASA:

Notes

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Note 7 Intangible assets

	Goodwill
2006	
Opening net book amount	0
Acquisition of business	27 189
Impairment charge	(27 189)
Closing net book amount	0

There were no transactions regarding intangible assets in 2007.

31 December 2006	
Accumulated cost	27 189
Accumulated amortisation and impairment	(27 189)
Net book amount	0
At 31 December 2007	
Accumulated cost	27 189
Accumulated amortisation and impairment	(27 189)
Net book amount	0

The future income of the company cannot be predicted with the necessary degree of certainty and all intangible assets were impaired accordingly in 2006.

Note 8 Trade and other receivables

	31 December 2007	31 December 2006
Customer receivables	444	111
Public duties and taxes receivable		286
Less: provision for impairment of trade receivables	0	0
Receivables – net	444	397
Of these receivables from related parties (note 18)	253	111

All receivables are due within one year and book value approximates fair value. Of the total amount 253 (2006: 397) is denominated in NOK and 191 (2006: 0) in EUR.

Note 9 Cash and cash equivalents

	31 December 2007	31 December 2006
Cash in bank excluding restricted cash	16 931	8 049
Deposit for withheld tax *	99	400
Total	17 030	8 449

* Payable withheld tax amounts at 31 December 2007 were 238 (2006: 186). The withheld tax amount was paid in January 2008.

Note 10 Share capital

	Number of class A shares	Number of class B shares
Shares upon establishment 22 December 2006	16 157 609	0
Capital increase on 15 February 2006	0	0
Share issue on 31 March 2006		979 500
Shares at 31 December 2006	16 157 609	979 500
Shares at 1 January 2007	16 157 609	979 500
Share issue on 27 June 2007	3 200 000	
Shares at 31 December 2007	19 357 609	979 500

Thin Film Electronics ASA:
Notes

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The par value of both class A and class B shares is NOK 0.11 (11 Norwegian øre).

Class B shares are conditional and may – depending on certain conditions described below – be converted to class A shares by the shareholders or redeemed by Thin Film Electronics ASA at NOK 0.11 per share.

The class B shares are conditional, and do not have voting rights. The holders of class B shares were granted certain subscription rights in Fast Search & Transfer ASA ("Fast") in connection with Fast's acquisition of OldCo's parent company Opticom AS in 2006. In case the holders exercise the specific subscription rights in Fast, one class B share will be converted to one class A share for each 5.25 subscription rights in Fast having been exercised. In case the subscription rights have not been exercised by 15 February 2011, Thinfilm may redeem the class B shares at par value. If neither the holders of class B shares nor the company have requested that the class B shares are redeemed they will be converted to class A shares. There are no other rights or limitations that are different between class A and class B shares.

The extraordinary general meeting on 12 December 2007 authorised the board to complete one or more placements by issuing class A shares up to a combined amount of 20 % of the company's registered share capital at the the date the authorisation was resolved. The authorisation may not be used unless the company's class A shares are accepted for listing at Oslo Axess. The authorisation had not been used by the end of 2007, but Thinfilm completed a private placement on 25 January 2008 of 1,600,000 class A shares, corresponding to 8.3% of the share capital.

There are no authorisations to the board for the company to acquire own shares.

Note 11 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	31 December 2007	31 December 2006
Deferred income tax assets:		
Intangible assets	8 014	8 009
Tax loss carried forward	18 749	11 742
Total	26 763	19 751

The company has not recognised the tax asset as there is uncertainty relating to future taxable income for utilization of the tax loss carried forward, and the taxable loss on intangible assets. There is no expiration date on the tax loss carried forward. No tax item has been recorded directly to equity.

Note 12 Other revenue

	1 January 2007 –31. December 2007	22 December 2005 -31 December 2006
Services performed by Thinfilm Electronics ASA for Opticom AS, Thin Film OldCo AS and Fast Search & Transfer ASA	114	545

Note 13 Employee salaries and other benefits

	1 January 2007 –31. December 2007	22 December 2005 -31 December 2006
Salaries	1 287	3 138
Social security costs	190	560
Share-based compensation (subscription rights)	758	
Pension contribution *	65	606
Other personnel related expenses	220	80
Total	2 520	4 384

Average number of employees for the year	Fewer than 1	4

At the end of the year there were no employees in the company (3 persons at the end of 2006). The low number of employees means that statistics regarding equality are disturbed by arbitrary reasons.

* The company has only defined contribution pension plans. Contributions are expensed and paid when earned.

Note 14 Income tax expense

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	1 January 2007 – 31. December 2007	22 December 2005 -31 December 2006
Profit (loss) before tax	(26 999)	(70 542)
Tax (tax income) calc. at domestic tax rates 28%	(7 560)	(19 752)
Permanent differences	548	64
Change in deferred tax asset not recognised on the balance sheet	7 012	19 687
Tax charge	0	0

Thin Film Electronics ASA:

Notes

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Note 15 Related party transactions

a) Transactions with related parties:	1 January 2007 –31 December 2007	-31 December 2006 22 December 2005
Purchase of goods and services:		
Technical and commercialisation services from Thinfilm AB	12 999	28 009
Cost sharing of premises with Fast Search & Transfer ASA	0	684
Patenting services from Fast Search & Transfer ASA	960	0
Purchase of services from law firm Ræder	1 722	459
Sales of goods and services:		
Management and administrative services to Opticom AS and Thin Film OldCo AS	0	545
Patenting work for Fast Search & Transfer ASA	114	173

Transaction prices are based on what would be the prices for sale to third parties.

b) Compensation to senior management

22 December 2005–31 December 2006	Salary	Pension	Bonus
Compensation to Rolf Åberg, CEO *	494	74	0
Compensation to Per Bröms, CEO **	244	37	0
Compensation to Johan Carlsson, CEO ***	152	22	0
Compensation to Erling Svela, CFO ****	861	332	215

* Mr. Rolf Åberg was CEO 15 February 2006-31 May 2006. His compensation for his service as advisor and specialist 1 June 2006-31 December 2006 has not been included.
** Mr. Per Bröms was CEO 1 June 2006-23 October 2006. His compensation for his service as senior scientist 15 February 2006-31 May 2006 and from 24 October 2006 has not been included.
*** Mr. Johan Carlsson was CEO from 23 October 2006.
**** Mr. Erling Svela was CFO 15 February 2006-31 October 2006. In the period 1 November 2006-31 December 2006 Mr. Svela provided similar services on an hourly basis.

1 January 2007–31 December 2007 *	Salary	Pension	Bonus
Compensation to Johan Carlsson, managing director **	794	117	0
Compensation to Rolf Åberg ***	1 529	84	0
Compensation to Erling Svela, CFO ****	749	0	0

* The value of share based compensation, i.e. subscription rights granted on 28 June 2007, has not been included. No subscription rights have been exercised in 2007.
** Mr. Johan Carlsson is employed and paid by the subsidiary Thinfilm AB. Mr. Carlsson is also CEO for the group and has performed the assignment as part of his employment as managing director in the subsidiary Thinfilm AB for no additional remuneration. Mr. Carlsson was also paid SEK 2,562 thousand and Mr. Göran Gustafsson, formerly R&D director in Thinfilm, was paid SEK 2,112 thousand in settlement related to taxes in connection with a share transaction in 1999 which Messrs. Carlsson and Gustafsson have successfully contested in court against the Swedish tax authorities. The cost of the settlement for Thinfilm AB was equal to a repayment received by Thinfilm AB from the Swedish tax authorities.
*** Mr. Rolf Åberg is employed and paid by the subsidiary Thinfilm AB. Mr. Åberg is not permanently employed, but has a partly fixed and partly hourly based remuneration.
**** Mr. Erling Svela is not permanently employed, but is remunerated per hour worked.
The company has accrued 160 for the probable cost of board remuneration 2007 to be resolved by the annual general meeting 2008. At the date of these statements there is no specific proposal of amount per board member.

The company has accrued 160 for the probable cost of board remuneration 2007 to be resolved by the annual general meeting 2008. At the date of these statements there is no specific proposal of amount per board member.

c) Year-end balances arising from sales/purchases of goods/services

	2007	2006
Receivables from related parties:		
Opticom AS	75	75
Thin Film OldCo AS	36	36
Fast Search and Transfer ASA	142	0
Payables to related parties:		
Debt to Fast Search & Transfer ASA	0	253
Debt to law firm Ræder	1 370	414

The receivables from related parties arose mainly from provision of administrative services, and the payables to related parties arose mainly from charge for office space (Fast, 2006) and provision of legal services (Ræder).

Thin Film Electronics ASA:

Notes

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d) Remuneration to auditor	2007	2006
Audit	302	80
Other assurance services	6	5
Tax services	12	8
Other services	16	0
	336	93

Audit in 2007 includes the following services in connection with the application for listing at Oslo Axess: audit of IFRS annual financial statements for 2006, limited audit of IFRS interim statements for third quarter 2007 as well as review of the prospectus.

Note 16 Financial instruments, contingent liabilities

Thinfilm is not party to any transactions or financial instruments which are not recorded in the balance sheet or otherwise disclosed in these annual financial statements.

There is a degree of uncertainty related to the financial interrelation with Smart Material SA ("Smart"), a Belgian company which to Thinfilm's knowledge is owned or controlled by Hans Gude Gudesen ("HGG"). HGG provided services to OldCo via Smart. The agreement was transferred to Thinfilm ASA as part of OldCos business. The agreement was amended in August 2006 and Thinfilm Electronics ASA formally terminated the agreement in February 2007. Smart has not presented any claims against Thinfilm under the agreement. In case Smart or HGG should present claims against Thinfilm, Thinfilm may present counter claims. The board holds the opinion that Thinfilm is not obliged and will not have to pay anything to Smart or HGG. Consequently, there is no net receivable, nor payable to Smart or HGG in the balance sheet as of 31 December 2007.

Thinfilm ASA has not issued any guarantees.

Note 17 Shareholders, subscription rights

At the end of 2007 there were 1,419 registered shareholders holding class A shares (2006: 1,422) and three shareholders holding class B shares (2006: three). The 20 largest Class A and combined Class A and Class B shareholders registered at 31 December 2007:

Shareholder	Class A	Class B	Total	% of total
FAST SEARCH & TRANSFER ASA	2 438 974		2 438 974	11.99%
SIMPSON FINANCIAL LTD	1 790 622		1 790 622	8.80%
FOOD INTERNATIONAL LTD.	1 590 037		1 590 037	7.82%
GOLDMAN SACHS INT. EQUITY	1 263 314		1 263 314	6.21%
KAUPTHING BANK	1 222 000		1 222 000	6.01%
SPENCER TRADING INC.	1 091 000		1 091 000	5.36%
ALDEN AS	750 000		750 000	3.69%
SOLON A/S	663 000		663 000	3.26%
GPR TECHNOLOGY FUND LIMITED	634 400		634400	3.12%
HÅVI AS	626 850		626 850	3.08%
A.S.HOLDING AS	610 000		610 000	3.00%
CHARLES STREET INTERNATIONAL LTD	526 433		526 433	2.59%
BANK JULIUS BAER & CO. AG	44 000	456 250	500 250	2.46%
EUROCLEAR BANK S.A./N.V. ('BA') 500 028	500 028		500 028	2.46%
CITIBANK N.A.		456 250	456 250	2.24%
KING HOLDING AS	350 000		350 000	1.72%
HYSON LIMITED	348137		348 137	1.71%
SIMPSON FINANCIAL LIMITED	300 000		300 000	1.48%
VOLLVIK INVEST AS	289 000		289 000	1.42%
NORDINVEST AS	257 733		257 733	1.27%
SYMRE AS 236 920	236 920		236 920	1.16%
Others	3 825 161	67 000	3 892 161	19.14%
Total	19 357 609	979 500	20 337 109	100.00%

Thinfilm is not aware of any shareholding agreements between shareholders.

The board members and management and their close associates own the following number of shares in Thinfilm:

Shares held on 31 December 2007 by primary insiders and close associates*		Number of shares	Percent**
Morten Opstad	chairman	23 410	0.1 %
Catarina Göthe	board member	0	0.0 %
William R. Salaneck	board member	0	0.0 %
Katarina Segerborg	board member	0	0.0 %
Rolf Äberg	board member	0	0.0 %
Johan Carlsson	CEO	0	0.0 %
Erling Svela	CFO	0	0.0 %

* Primary insiders and their close relations at the date of these financial statements.
** Per cent of class A shares

Thin Film Electronics ASA:

Notes

07

The board may grant up to 1,713,710 subscription rights, corresponding to 10% of the share capital at the date the programme was resolved. Subscription rights may not be granted after ordinary general meeting 2008. The subscription rights vest in tranches of 25% per year of the grant. In case of change of control, the subscription rights vest immediately.

	2007	
Subscription rights	**Weighted average exercise price**	**Number of subs. rights**
Total on 1 January		0
Granted	10.80	665 000
Forfeited		0
Exercised		0
Expired		0
Total on 31 December	10.80	665 000
Exercisable subscription rights on 31 December (included in total)		0

Outstanding subscription rights 31 December 2007		**Grant date**	**Expiry date**	**Capacity**	**Number of subs. rights**	**price NOK**
Morten Opstad	chairman	28 June 2007	9 May 2012	chairman	75 000	10.80
Rolf Äberg	board member	28 June 2007	9 May 2012	board member	25 000	10.80
		28 June 2007	9 May 2012	employee/ consultant	125 000	10.80
Johan Carlsson	CEO	28 June 2007	9 May 2012	board member	25 000	10.80
		28 June 2007	9 May 2012	employee	125 000	10.80
Erling Svela	CFO	28 June 2007	9 May 2012	consultant	20 000	10.80
Other employees		28 June 2007	9 May 2012		270 000	10.80
Total					665 000	10.80

Value of subscription rights and assumptions	**Grant date 28 June 2007**
Value of subscription right at grant date, NOK per subscription right	5.04-6.03
Share price, NOK per share	12.00
Exercise price, NOK per share	10.80
Expected volatility, calculated as annual volatility over past three years	50%
Duration, years	2.9-4.4
Expected dividend	0
Risk-free interest rate, 3-year government bonds	5.30%
Value of subscription right at 31 December 2005, NOK per subscription right	3.15-4.12
Share price, NOK per share	10.00
Exercise price, NOK per share	10.80
Expected volatility, calculated as annual volatility over past three years	50%
Duration, years	2.4-3.9
Expected dividend	0
Risk-free interest rate, 3-year government bonds	4.65%

Volatility has bee set to 50 per cent, which is slightly higher than the volatility of IT companies listed at Oslo Børs. Thinfilm's past volatility has been significantly higher, but it is assumed that this has been caused by circuimstances which will not occur in the future. Oslo Axess has a short history and few IT companies have been listed.

Note 18 Statement on management remuneration policy

In 2007 Thinfilm's executive management comprised CEO Johan Carlsson, Rolf Åberg and CFO Erling Svela. Messrs. Åberg and Svela are engaged and salaried on time-spent basis. The managing director of the parent company, Johan Carlsson, is also CEO for the group and has performed the assignment as part of his employment as managing director in the subsidiary Thinfilm AB for no additional remuneration. The actual remuneration to management in 2007 is reported in note 15 to these financial statements.

The general meeting 2007 resolved guiding and binding executive remuneration policies. Thinfilm's executive remuneration policy in 2007 was a continuation of prior years' policy, with the addition of share-based remuneration in the form of a subscription rights incentive programme as per the resolution of the annual general meeting on 9 May 2007.

Guiding executive remuneration policy
Thinfilm offers a competitive remuneration consisting of a reasonable base salary with a pension contribution and possibly augmented by motivating cash bonus schemes related to goal achievement. There is no post-employment remuneration beyond notice periods of 3-9 months.

Binding executive remuneration policy
The general meeting on 9 May 2007 resolved a subscription rights incentive programme for the years 2007-2012.

The board may grant up to 1,713,710 independent subscription rights to class A shares to employees and elected officers and to individual consultants on long-term contract performing similar work in Thinfilm. On 28 june 2007, 665,000 subscription rights were granted. The recipients do not pay for the subscription rights grant. The subscription rights vest in tranches of 25% of the grant per year. The subscription rights expire on 9 May 2012.

For any shares issued upon exercise of the subscription rights, the recipient shall pay a price per share equal to the average closing price of the company's class A shares over ten trading days immediately preceding the date of grant.

Articles of Association 07

Latest amended on 25 January 2008

§1

The name of the Company is Thin Film Electronics ASA. The Company is a public limited company.

§2

The objectives of the Company shall be the research, development, production and commercialization of technology and products of physical storage of information, as well as related activities including participation in other companies.

§3

The registered office of the Company is situated in Oslo.

§4

The Company's share capital is NOK 2,413,081.99, representing 21,937,109 shares at NOK 0.11 par value per share. The shares are divided into 20,957,609 shares in class A with a part of the share capital of NOK 2,305,336.99 and 979,500 shares in class B with a part of the share capital of NOK 107,745.00.

The Company has the right to demand the redemption of shares in class B through a share capital reduction, provided the resolution on redemption is made within 15 February 2011; and provided, further, that the Company only can redeem one class B share for each 5.25 independent subscription rights in Fast Search & Transfer ASA that are not exercised within the subscription right period. If the accompanying subscription rights in Fast Search & Transfer ASA are not exercised within the subscription right period the corresponding (proportionate) number of class B shares shall be redeemed as aforesaid. The Board has the right, at any time, to convert shares in class B into ordinary shares (shares in class A). If the accompanying issued subscription rights in Fast Search & Transfer ASA are exercised within the subscription right period the corresponding (proportionate) number of class B shares shall be converted into ordinary shares in the Company (class A shares). The redemption price shall be set at the holder's original cost price for the shares (original subscription price). The class B shares do not carry voting rights.

§5

The Company's Board of Directors shall consist of from three to nine members, as decided by the general meeting.

The Board may grant powers of procuration.

§6

The ordinary general meeting shall consider and decide:

1. Adoption of the annual financial statements and directors' report, including the declaration of a dividend;
2. Any other business required by statute or the Articles of Association to be transacted by the general meeting.

The general meeting of the Company shall, as a general rule, be conducted in the Norwegian language. However, the Board of Directors may decide that the English language shall be used.

§7

Reference is also made to the public limited company legislation in force at any time.

(Office translation for information purposes.)

Auditor´s Report 07

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Thin Film Electronics ASA

AUDITOR'S REPORT FOR 2007

We have audited the annual financial statements of Thin Film Electronics ASA as of 31 December 2007, showing a loss of NOK 26,998,991 for the parent company and a loss of NOK 27,699,000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss, is consistent with the financial statements and complies with law and regulations.

Oslo, 28 March 2008
Deloitte AS

Trond Edvin Hov (signed)
State Authorised Public Accountant (Norway)

Audit. Tax & Legal. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Org.nr.: 980 211 282

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The Statement outlines the position of Thin Film Electronics ASA ("the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 4 December 2007 ("the Code"). In the following, the Company will address each section of the Code and explain the areas, if any, where the Company does not fully comply with the recommendations and the underlying reasons.

1. Implementation and reporting on corporate governance
The Company seeks to create sustained shareholder value. The Company makes every effort to comply with the word and intent of the laws, rules and regulations in the countries and markets in which it operates. Thinfilm is not aware of being or having been in breach of any such statutory laws, rules or regulations. The Company pays due respect to the norms of the various stakeholders in the business. In addition to the shareholders, the Company considers its employees, the Company's business partners, society at large and the authorities as stakeholders. Thinfilm is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

The board of directors believes that in the present organisation – the Thinfilm group presently has about 10 persons employed – the board of directors and executive management have adequate monitoring and control systems in place to ensure insight and control over the activities.

The Company will make every effort to secure a healthy, safe and lawful work environment, to comply with all applicable laws, rules and regulations concerning occupational health, safety and environmental protection, to promote equality, fairness and ethical behaviour, to offer a pleasant, well-equipped and risk-free work environment, to maintain fair and balanced employment practices and comply with all applicable labour laws, to maintain corporate integrity and reputation and to encourage and expect similar commitment from its suppliers, partners and customers.

2. Business
In the Articles of Association, the Company's business is defined as "The objectives of the Company shall be the 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's business goals and principal strategies are defined in the business plan adopted by the board of directors. The plan will be reviewed and revised as and when needed.

The Annual Report will be compliant with the recommendations under this section of the Code.

3. Equity and dividends
The board of directors is aware of and acknowledges the equity requirements and duty of action in connection with loss of equity, as set out in the Public Limited Companies Act.

The board of directors has proposed to the General Meeting only reasonable authorizations for share issues and incentive schemes. Such board authorizations have explicitly stated the type of transactions in which the authorizations may be applied. The board authorizations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The Company has not had in place any authorizations to the board of directors to acquire own shares. As and when such authorizations are adopted, the board of directors will propose that the length of the authorization be limited to a period ending at the next annual general meeting of shareholders.

Thinfilm has never declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares in the near future. Thinfilm intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operation and capital requirements.

4. Equal treatment of shareholders and transactions with close associates
The Company places great emphasis on ensuring equal treatment of its shareholders.

The Company has two classes of shares, ordinary class A shares and class B shares. The class B shares are restricted shares, as set forth in the Company's Articles of Association. The class B shares were set up in connection with Fast Search & Transfer ASA's acquisition of all the issued shares in Opticom ASA. In relation to this transaction, all subscription right holders in Opticom ASA received subscription rights in Fast Search & Transfer ASA and restricted class B shares in Thinfilm. The Class B shares do not carry voting rights.

There are no trading restrictions or limitations relating only to non-residents of Norway under the Articles of Association of the Company.

All related party transactions in effect are entered into on arm's length basis. Any not immaterial future related party transactions shall be subject to an independent third-party valuation unless the transaction requires shareholder approval under applicable laws. The Company takes legal and financial advice on these matters on an ongoing basis.
Members of the board of directors and management are required to notify the board if they have any material direct or indirect interest in any transaction entered into by the Company.

5. Freely negotiable shares
All class A shares are freely assignable. There are no restrictions on negotiability on the class A shares included in the Articles of Association. The class B shares are restricted in the manner set out in the Company's Articles of Association.

6. General meetings
The General Meeting of shareholders provides a forum for shareholders to raise issues with the directors. To the maximum degree possible, all members of the board of directors shall be present at the General Meeting. The Company's auditors shall also be present at the General Meeting. Notice of a meeting of the shareholders shall be sent in a timely manner and the Company shall endeavour to post the notice and documents for a general meeting, including the proxy form, on its website no later than 21 days before the date of the general meeting.

The board of directors endeavours to provide comprehensive information in relation to each agenda item in order to facilitate productive discussions and informed resolutions at the meeting. The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. Shareholders that are unable to attend in person will be provided the option to vote by proxy in favour or against each of the Board's proposals. The notice shall contain a proxy form as well as information of the procedure for proxy representation. The notice, as well as the Company's website, will set out that the shareholders have the right to propose resolutions in respect of matters to be dealt with at the general meeting.

All reports will be issued to Oslo Axess. The reports and other pertinent information are also available on the Company's website, www.thinfilm.se.

The Company's working language is English but Norwegian versions will be prepared and published whenever appropriate.

7. Nomination committee
With a compact board of directors, there has not been any need for sub-committees to date. The board of directors does not consider that a nomination committee presently is needed. The future need for any sub-committee(s) is considered continuously.

8. Corporate assembly and board of directors; composition and independence
The Company does not have a corporate assembly.

The Company acknowledges the Code's recommendation that the majority of the members of the board of directors shall be independent of the Company's management and material business contacts. The Company meets the aforementioned independence criteria of the Code.

Even though all directors are required to make decisions objectively in the best interest of the Company, the presence of independent directors is intended to ensure that additional independent advice and judgement is brought to bear.

Rolf Åberg is an executive director. The board of

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directors believes that it is essential, at this juncture of the Company's operations, that the Board has insight into the technical, operational and commercial aspects of the Company's business. By reason of Mr. Åberg's position as a director, the board has this capability. Moreover, as his employment contribution to Thinfilm is of a part-time nature and scope, the best utilization of his experience with and knowledge of the Company's business and technology is that he can exercise a control function by virtue of a board position. Such control function cannot be exercised through his part-time job responsibilities within sales and marketing. The board of directors is of the opinion that it is in the best interest of the Company and its shareholders that Mr. Åberg continues to serve on the board.

Thinfilm believes that at this stage of its corporate life, it is beneficial for the Company and its shareholders that the members of the board of directors also are shareholders in the Company. At the start-up and development stage, a company frequently faces critical crossroads which require the intuition and decisiveness typical of active and focused investors. Thinfilm encourages the members of the board of directors to own shares in the Company.

The Company and its directors strongly ensure that active ownership shall not in any way affect or interfere with proper performance of the fiduciary duties which the directors and management owe the Company and all of its owners.

All directors stand for election every two years. On an ongoing basis, the board of directors takes independent advice in respect of its procedures, corporate governance and other compliance matters.

The board meets the statutory gender requirements for the board of directors.

9. The work of the board of directors
The board of directors believes that it is essential, at this juncture of the Company's operations, that the board has full insight into the technical, operational and commercial aspects of the Company's work. This arrangement has served the Company well to date.

The division of work and responsibility between the Managing Director and the board of directors is based on applicable laws and well-established practices, which have been formalized in writing through a so-called Board Instruction in accordance with Section 6-23 of the Public Limited Companies Act. The Board Instruction also sets out the number of regular board meetings per year and the routines associated therewith.

A deputy chairman has been elected for purpose of chairing the board of directors in the event that the chairman cannot or should not lead the work of the board.

The board of directors shall evaluate its performance and expertise annually. Moreover, the board will produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

With a compact board of directors, there has not been any need for sub-committees to date. The future need for any sub-committee(s) is considered continuously.

10. Risk management and internal control
The board of directors has adopted internal rules and guidelines regarding, amongst other things, risk management and internal control, which rules and guidelines duly take into account the extent and nature of the Company's activities as well as the Company's corporate values and ethical guidelines. The board of directors shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The board of directors has approved and adopted an Insider Manual with ancillary documents intended to ensure that, among other things, trading in the Company's shares by directors, management and/or employees are conducted in accordance with applicable laws and regulations.

11. Remuneration of the board of directors
Each of the then current members of the board of directors on 28 June 2007 was granted independent subscription rights under the Company's 2007 Subscription Rights Plan. The grants were made, among other reasons, because the Company, given its financial condition, had not been in a position to grant any cash remuneration for 2006. The current chairman received a total 75,000 subscription rights, while each of the other two board members at the time received 25,000 subscription rights in their capacity as directors. The other two board members received subscription rights also for their executive functions.

A reasonable cash remuneration to the directors for services in 2007 and until the annual general meeting of 2008 will be proposed at the 2008 annual general meeting.

As mentioned, certain of the current board members also receive remuneration for work in capacities other than as board members. Such remuneration consists of a package of cash and incentive subscription rights. Such incentive plans are approved by the shareholders of the Company. The board of directors believes that the Company is positioned for continued growth and the board wishes to both continue to attract and retain the services of its executives by allowing them to share the rewards resulting from their efforts.

Advokatfirma Ræder DA, in which the chairman, Morten Opstad, is a partner, renders legal services to the Company. To the extent the services include work performed by Mr. Opstad, such remuneration should be approved by the board of directors.

All executive directors shall ensure that such incentive arrangements in regard to their executive functions do not in any way affect or interfere with proper performance of the fiduciary duties which they owe the Company and all of its owners.

12. Remuneration of the executive management
For the senior managers and all other employees Thinfilm offers market-based compensation packages in order to attract and retain the competence which the Company needs. Subscription rights are granted at fair market value at the date of grant, and vest in tranches over four years. No golden parachutes are in effect, and post-employment pay will only apply in case the Company invokes contractual non-competition clauses.

The board of directors has adopted a policy for the CEO's remuneration of other executives.

At the Annual General Meeting, the board of directors will present to the shareholders for their approval a statement of remuneration of the executive management. The resolution by the Annual General Meeting is advisory in nature, however, to the extent it relates to share-based compensation the vote is binding on the board.

13. Information and communication
The board of directors places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the Quarterly Interim Reports, the Annual Report and the associated Financial Statements. Thinfilm also issues other notices to the shareholders when appropriate. The General Meeting of shareholders provides a forum for the shareholders to raise issues with the directors. All reports will be submitted to Oslo Axess. The Company shall publish an annual financial calendar, setting forth the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date, if applicable, etc.

The reports and other pertinent information are also available on the Company's website, www.thinfilm.se.

The board of directors has adopted the following policies:

- Policy for Thinfilm's reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside General Meetings; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest;

The financial reporting of Thinfilm is fully compliant with applicable laws and regulations. Commencing with the Q3 2007 interim accounts, Thinfilm has conducted its financial reporting in accordance with IFRS. To present comparative information, Thinfilm's 2006 annual accounts have been restated in accordance with IFRS.

The current information practices are adequate under current rules.

14. Take-overs
There are no take-over defence mechanisms in place.

15. Auditors
The Company's auditor is fully independent of the Company. Thinfilm represents a minimal share of the auditor's business.

The board of directors has established written guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

The board of directors shall otherwise ensure full compliance with this Section of the Code.

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Morten Opstad, chairman
Mr. Opstad has served as Chairman of the board since 2 October 2006. Mr. Opstad is a partner and chairman of the board of directors in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies within this line of business. His directorship over the last five years includes current board positions in Idex ASA (Chairman), Total Sports Online AS, Glommen Eiendom AS, Chaos AS, K-Konsult AS and former directorships in Fileflow Technologies AS, Rosa Media ASA and A. Sundvall AS. Mr. Opstad was born in 1953 and is a Norwegian citizen.

Catarina Göthe, board member
Ms. Göthe has served on the board of the Company since 1 January 2008. Since 2002 she has served as Chief Financial Officer of Identity Works AB of Stockholm, Sweden. From 2001 to 2002, Ms. Göthe served as Chief Financial Officer of Pricerunner AB. She has studied Financial Management at Berghs Individuella, Stockholm (1996) and a Financial Management Program at Berkeley, University of California (1993). Ms. Göthe was born in 1974 and is a Swedish citizen.

William R. Salaneck, board member
Mr. Salaneck has served on the board of the Company since 1 January 2008. He is a Professor of Surface Physics and Chemistry and Vice Rektor at the University of Linköping in Sweden. Mr. Salaneck is a founding member of the Center for Advanced Molecular Materials, focused on the Max Laboratory for Synchrotron Radiation Studies in Lund, Sweden; and was a member of FLATNET, the Brite/EuRam network for coordinating EU industry on issues involving flat panel display systems, supported by the European Commission. He was the former President of the Condensed Matter Division of the Swedish Physical Society (10 years ending in June 2007). He is a Fellow of the American Physical Society. Mr. Salaneck has a Ph. D. in Solid State Physics from the University of Pennsylvania, Philadelphia, USA. Mr. Salaneck was born in 1941 and is a US citizen.

Katarina Segerborg, board member and deputy chairman
Ms. Segerborg has served on the board of the Company since 1 January 2008. She is currently employed as a Strategist in Innovationsbron AB, a position she has held since 2006. Ms. Segerborg previously served as Chief Executive Officer in Innovationsbron Öst AB (2004-2006) and Iteksa Venture AB (2002-2004). She also has or has had a number of board positions in Swedish companies, including Medirox AB (2007-), Östgöta Brandstodsbolag (2006-), Östgöta Brandstodsbolag Kapitalförvaltning AB (2006-), Handelsbankens Lokalstyrelse Linköping City (2000-2005), Rendera AB (Chairman of the board) (2005-2007) and InnovationsKapital Fond 1 (1997-2003). Ms. Segerborg maintains a Master of Science in Mechanical Engineering from University of Linköping (1982-1986). She completed financial studies at the Stockholm School of Economics in Stockholm in 1998. Ms. Segerborg was born in 1961 and is a Swedish citizen.

Rolf Knut Lennart Åberg, board member
Since 2 October 2006 Mr. Åberg has been a board Member in Thinfilm, where he previously was Managing Director between 2000 and 2006. Mr. Åberg has studied computer science at Linköping University. He has also studied strategic sales and management at the HAAS School of Business at Berkeley University. From 1973 until 1981 Mr. Åberg held various positions at SAAB in Linköping. From 1981 until 1987 Mr. Åberg had different leading positions within sales and marketing at Computervision Northern Europe. Between 1987 and 1991 he was Managing Director of Mentor Graphics Scandinavia. From 1991 until 2000 he was Vice President and General Manager Europe of Synopsys Inc. He has been a board member in Chemfilt Ionsputtering AB since January 2007. Mr. Åberg was born in 1951 and is a Swedish citizen.

Management

Johan Roger Axel Carlsson, CEO
Mr. Carlsson has a Ph.D. from the Linköping University in 1995 and served as a visiting professor at the University of Champaign-Urbana, Illinois, USA for two years thereafter. In 1997 he joined TFE AB and served as R&D Director and Managing Director until the beginning of 2005. In 2005-2006 he set up a new company, J2 Holding AB, and later took over a high-tech company Chemfilt Ionsputtering AB as CEO before he rejoined Thinfilm in October 2006 as Managing Director. Mr. Carlsson was born in 1969 and is a Swedish citizen.

Erling Svela, CFO
Mr. Svela serves as Thinfilm's CFO. Mr. Svela has been retained on a part-time basis since October 2006. Previously, from December 2000 and until October 2006 he was employed as Finance Director in Opticom and OldCo. Mr. Svela holds a MSc. in Forest Economy and Management from the Norwegian University of Life Sciences, an MBA from the Henley Management College and is a certified European Financial Analyst from the Norwegian School of Economics and Business Administration. He has also completed the International Financial Reporting Academy by the Norwegian Institute of Public Accountants. Mr. Svela was born in 1958 and is a Norwegian citizen.

Design og produksjon: Accurro.no

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