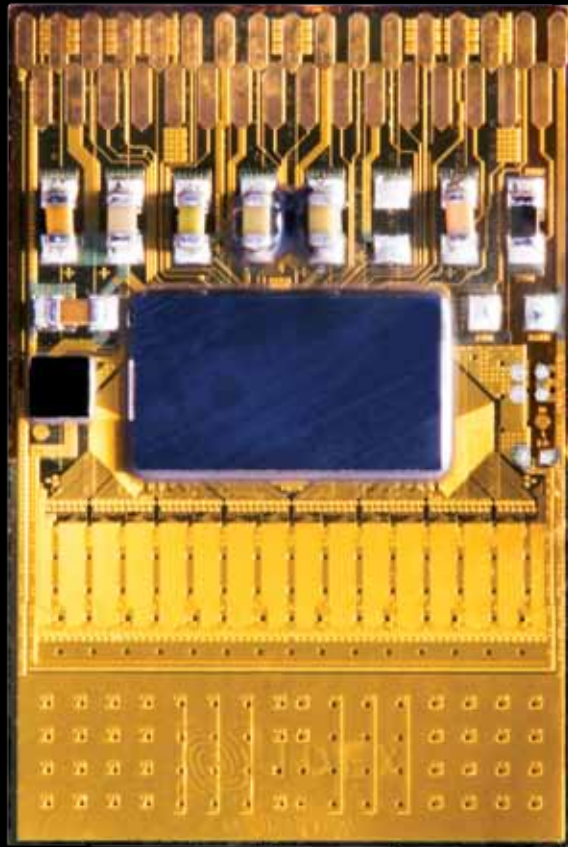


**Annual report
2010**





Contents

Report from the board of directors 2010	3
Statements of financial position	8
Statements of comprehensive income	10
Cash flow statements	11
Statements of changes in equity IDEX Group	12
Statements of changes in equity IDEX ASA	13
Notes to the financial statements	14
Responsibility statement	27
Auditor's report	28
Articles of association of IDEX ASA	30
Corporate governance statement	31
Board of directors	34
Management	35

Board of Directors

Morten Opstad (Chairman)
Jon Ola Frankplads
Hanne Hovding
Joan Frost Urstad
Harald Voigt

Head office

Rolfsbuktveien 17
NO-1364 Fornebu
Norway

Solicitors

Advokatfirma Ræder DA
Oslo, Norway

Bankers

DnB NOR
Oslo, Norway
Narvik Sparebank,
Narvik, Norway

Auditors

Ernst & Young AS
Oslo Norway

Report from the board of directors 2010

IDEX ASA is a Norwegian public company specialised in fingerprint imaging and recognition technology. IDEX has developed the SmartFinger® technology platform including the patented fingerprint imaging principle, sensing scheme and chip design. Combined with core software solutions for imaging and authentication SmartFinger enables on-device enrollment, template storage and verification within the very same module.

The company is located at Fornebu in Bærum municipality, Norway. A sales and marketing subsidiary company in California, USA has been dormant since July 2010. The shares were admitted to trading at Oslo Axess as of 12 March 2010. Before that date, trades were reported at the A list of the Norwegian Stock-brokers' Association information system. The company has about 1,100 shareholders at the date of this report.

IDEX has made significant investments in research and product development in biometry and related technology. The technical work in 2010 has focused on polymer-based sensor technology and embedded software solutions suitable for on-device and on-card fingerprint verification systems.

The novel SmartFinger Film technology was presented to the market at the CARTES in Asia exhibition in March 2010. The SmartFinger Film is ultra-thin and bendable, and is especially well suited for ID cards, access control and financial cards. One month later, IDEX' manufacturing partner, Ionics EMS Inc., completed the first fingerprint sensor prototypes based on the SmartFinger Film technology. Later in the year, Validus Technologies Inc. designed the sensor into its biometric-powered VALIDcard™.

IDEX and its partners demonstrated SmartFinger Film integrated into a one-time password cards at the CARTES and IDentification 2010 exhibition in December. IDEX won the prestigious SESAMES Award for SmartFinger Film, also at the CARTES & IDentification 2010 exhibition. At the event and into 2011, IDEX has experienced strong interest from prospective customers and partners, and received in January 2011 an order for a trial batch. The company has also in 2011 responded to numerous requests and shipped development kits to important suppliers in the card industry. A development kit includes the sensor, electronics and software to demonstrate and test the sensor as well as to develop applications based on the SmartFinger technology.

Into 2011, IDEX conducts qualification and ramp-up to volume production of the SmartFinger Film sensor.

IDEX is a partner in the eGo™ project with twelve European R&D and industrial partners, such as Gemalto, ST Microelectronics, Precise Biometrics and Atos Worldline. The project started in 2010. IDEX will develop new technologies for simple, safe and secure transactions, log-on and physical access control. The eGo project also won the SESAMES award in its category.

The technical activities in the evaluation project with a major semiconductor manufacturer announced in 2009 were completed in the fourth quarter 2010. This project focused on a silicon-based sensor, as opposed to the polymer-based SmartFinger Film. Functional sensors have been made and tested. The quality of the fingerprint images complied with or exceeded specifications and confirmed a functionally successful SmartFinger design and implementation. No final conclusion had been reached by end of the year, and the work on specific product prospects and business opportunities continues in 2011.

IDEX aims to earn revenue from sale of fingerprint sensor units and software as well as licensing its intellectual property rights. The licensing scheme is aimed at volume manufacturers and offers partners the opportunity to develop and manufacture the fingerprint technology on a non-exclusive basis. In addition, IDEX will have the sensor manufactured to sell fingerprint sensor units directly to original equipment manufacturers in selected segments.

Continuous innovation and technology development is therefore important to IDEX. It is expected that during the years ahead IDEX will need to develop further products which performance is adapted to the market of various appliances. Particularly autonomous, stand-alone authentication systems such as biometric cards and tokens, offers potentially huge volumes. Also mobile phones, PDAs, computers and data storage units represent substantial volume opportunities.

The board was elected for two years at the annual general meeting in 2009, with supplementing election at the annual general meeting in 2010. The board comprised in 2010 Mr. Morten Opstad (chairman), Mr. Jon Ola Frankplads (elected for two years at the annual general meeting 2010), Mr. Andrew Heap (until the annual general meeting 2010), Ms. Hanne Høvdning, Ms. Joan Frost Urstad and Mr. Harald Voigt.

Group annual financial statements

Revenue: IDEX has earned NOK 66 thousand from product sales and NOK 77 thousand from administrative services in 2010. In 2009, revenue was NOK 68 thousand.

Payroll expenses: There were ten persons employed in the company at yearend, up from nine at the end of 2009. Two employees work part time. Payable payroll expenses increased from NOK 9.0 million in 2009 to NOK 10.4 million in 2010. Notional cost of share-based compensation increased to NOK 3.3 million (2009: NOK 3.0 million). The increase was largely due to grants to new staff members and additional grants to continuing staff.

Research and development expenses: Payroll cost of research and development conducted by IDEX employees amounted to about NOK 3.0 million in 2010 versus NOK 2.1 million the year

before. This cost is included in the payroll expenses line. Gross external research and development expenses increased to NOK 7.4 million versus NOK 6.0 million in 2009. Contributions from the 'SkatteFunn' R&D grant scheme managed by the Research Council of Norway amounted to NOK 1.1 million in 2010 versus NOK 1.0 million in 2009. These grants have been set off against research and developments expenses.

Other operating expenses: Other operating expenses were slightly reduced from NOK 8.3 million in 2009 to NOK 7.9 million in 2010. Marketing activities were increased, while other contracted services were reduced. In each of the fourth quarter of 2009 and the first quarter of 2010, IDEX incurred about NOK 1.0 million expenses related to the listing at Oslo Axess.

Depreciation: amounted to NOK 134 thousand in 2010 and NOK 43 thousand in 2009. IDEX has invested in total NOK 0.8 million in its office facility, computers and laboratory equipment in 2009-2010.

Net financial items: Net financial items amounted to nought in 2010, compared to a cost of NOK 2.3 million NOK in 2009. The decrease is primarily caused by the relief from interest cost on the financial debt which was converted to equity in February 2010.

Taxes: IDEX operated at a loss and did not incur deferred or payable income taxes in 2010 or 2009.

Net result in the year: Net loss for the year resulting from the above was NOK 27.9 million, which is on par with 2009. In order to be viable, IDEX needs to obtain revenue.

Total cash and bank deposits: amounted to NOK 12.6 million at the end of 2010, compared to NOK 5.3 million at the preceding year-end. The operations have consumed cash in an amount of NOK 23.2 million in 2010 and NOK 24.1 million in 2009. New funds have been obtained by share issues amounting to net cash inflow of NOK 30.7 million in 2010 and NOK 25.1 million in 2009.

Equity: Equity was negative at the start of 2010, at minus NOK 8.2 million. NOK 45.7 million was added by several transactions in 2010 (2009: added NOK 29.2 million). Three major transactions took place in the first quarter of 2010: The debt conversion added NOK 13.1 million. Early exercise of warrants raised new equity and working capital amounting to NOK 18.1 million. In a private placement, conducted to satisfy the listing conditions at Oslo Axess, a further NOK 11.9 million new equity and liquidity was added. The first ordinary exercise period of warrants was in the third quarter, with NOK 1.3 million received in September-October. Equity at the end of 2010 amounted to NOK 9.6 million.

The substantial annual losses have eroded the company's equity.

There was no unrestricted equity at the end of 2010 or the preceding year. At 31 December 2010, 70 per cent of the share capital had been lost.

The company conducted a successful private placement of shares in April 2010. At the date of this report, the company has received subscriptions for 18.1 million shares at a price of NOK 1.80 per share, amounting to NOK 32.6 million.

Liquidity and capital resources: The net current assets and liabilities at the end of the year was NOK 8.7 million. The available liquidity was insufficient to meet the expected need for working capital and capital expenditures until the end of 2011.

The company raised NOK 32.6 million new equity and liquidity in the private placement conducted in April 2011, whereafter the company has sufficient liquidity and working capital.

Financial statements of the parent company

The subsidiaries have limited activities. IDEX Holding Inc. performs solely holding company functions for IDEX America Inc., and does not have any employees. IDEX America Inc. performed marketing and sales activities on behalf of the parent company, primarily in the USA, and had one employee until July 2010. There are few and insignificant differences between the consolidated financial statements and the parent company's financial statements. The comments and rationale above regarding the consolidated financial statements applies also to the parent company itself.

Events after 31 December 2010

On 10 April 2011, the board granted 2,557,500 subscription rights to employees under the subscription rights-based incentive programme resolved by the annual general meeting 2010. The exercise price of the subscription rights is NOK 1.96 per share.

The company conducted a private placement of 18,098,222 shares in April 2011 at a price of NOK 1.80 per share, amounting to NOK 32.6 million before expenses. For each two shares issued in the placement, the board will propose to the annual general meeting 2011 that the company issues one warrant with a term of one year and exercise price of NOK 2.10 per share. If the warrants are exercised, the company will raise another NOK 19.0 million.

Between 31 December 2010 and the date of the annual financial statements no events have occurred which may significantly impact the result for 2010 or the value of IDEX' assets and debt at the end of 2010.

Going concern

70 per cent of the share capital of the parent company had been lost by the end of 2010. The board acknowledges its duty to act

which follows from the loss of more than half the share capital. IDEX does not earn recurring revenue and there are limited funds and assets available for sale to cover future expenses. The going concern assumption has nevertheless been applied when preparing the financial statements of the group and the parent company.

The remaining outstanding warrants issued in connection with the rights issue in 2009 expires on 12 August 2011. If the warrants are exercised, NOK 11.8 million equity and liquidity will be added to the company. The board takes for its basis that the warrants will be exercised.

The company conducted a private placement of shares in April 2011 amounting to NOK 32.6 million before expenses. The payment is due on 15 April 2011. The additional equity provides that IDEX under current plans will have sufficient liquidity and working capital for more than 12 months after the date of this report. Consequently, the board considers it prudent to resolve the financial statements prepared under the going concern assumption.

Allocation of net profit (loss) for the year

The net loss for 2010 of the parent company IDEX ASA was NOK 27,928,197. The board proposes that the loss shall be carried forward as uncovered losses. IDEX ASA had no unrestricted equity at the end of 2010, and the board does not propose any dividend payments for 2010.

Financial risk

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the Company's financial position at the end of 2010 and the long term business risk.

The financial situation of the Company was vulnerable at the end of 2010. The equity of the group as well as that of the parent company were inadequate and IDEX needed additional working capital in the first half of 2011. IDEX obtained adequate funding in April 2011.

Business risk may be summarised in the following points: (i) IDEX has had minimal revenue to date. The company has reported accumulating accounting losses and expects losses also in 2011. (ii) IDEX' business plan assumes revenue from products which IDEX has not yet traded commercially. (iii) Revenue from the company's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products have entered the commercial stage. (v) IDEX' intended market is immature and undergoing rapid technological changes.

IDEX does not have financial debt or financial instruments.

IDEX does not have any significant trade receivables or other receivables with any credit risk.

Share capital and shareholders

The issued share capital of the company at the end of 2010 amounted to NOK 32,239,971.30, consisting of 214,933,142 ordinary shares, each share having a par value of NOK 0.15. At the end of 2010 there were a total of 840 registered shareholder accounts, compared to 641 one year earlier.

The closing share price on the last day of trading in 2010 was NOK 1.80, compared to NOK 0.96 at the last date of 2009 when adjusted for the share issues and the 3:1 consolidation of shares

in 2010. From the listing on 12 March 2010 and until the end of 2010, there were about 1,700 trades with a total turnover of NOK 29.0 million, compared to 172 reported trades and turnover amounting to NOK 3.3 million in 2009.

In connection with the listing at Oslo Axess, the lender converted the loan to shares, and warrant holders exercised warrants. The number of shares increased by 247.3 million. 10 March 2010 the shares were consolidated 3:1 in order to secure a trading price higher than NOK 1.00. The company conducted a private placement of 9.9 million consolidated shares on the same day. In the first planned exercise period, in the third quarter of the year, 4.4 million warrants were exercised. Counting consolidated shares, the number of shares increased from 118,077,713 at the beginning of the year to 214,933,142 at the end of 2010.

The board was authorised by the annual general meeting to issue up to 31,557,433 shares or 15 per cent of the share capital when the resolution was made. The authorisation is valid until the annual general meeting 2011. The authorisation had not been used by the end of 2010.

The board may grant up to 21,038,289 incentive subscription rights under the 2010 subscription rights based incentive programme, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX.

In 2010 the board granted 1,617,000 subscription rights under the 2010 programme. At the end of 2010, there were a total of 8,917,096 subscription rights outstanding under various programmes. Weighted average exercise price was NOK 1.31 per share.

There are no authorisations to the board to purchase own shares.

The equity of the group and the parent company was inadequate at the end of 2009. This is not a sustainable position and additional equity was secured in April 2010.

Organisation; health, safety and environment

At the end of the year IDEX had ten employees (2009: nine), all employed in the parent company. Two worked part time. In addition, the company had four individual technical/scientific specialists on contract working on its premises. All employees are male. In addition to its employees IDEX makes use of contractors and service providers in functions like patenting, finance and administration.

The board and the management seek to create a working environment that is pleasant, stimulating, safe and to the benefit of all employees. The working environment complies with the existing rules and regulations. The company offers flexible working hours for all employees, and those who so wish have been equipped with a portable PC and a mobile phone, which enable them to work equally efficiently from other places than the company's facilities. The board has not found reason to implement special measures. No employee has suffered work-related injury resulting in sick leave. No accidents or incidents involving the assets of the company have occurred. The sick leave was less than 1 per cent in 2010 like in 2009.

The Company practices equal opportunities in all aspects. All facilities at IDEX are equally well equipped for females and males. Traditionally, fewer women than men have graduated in IDEX'

fields of work: solid state physics, software development and design of electronic components. Because of the highly specialized positions, the candidates available for recruiting have often solely been males. The management structure reflects the composition of the technical staff. The board has not taken any special measures.

IDEX' activities do not pollute the environment. No hazardous materials are used in the company's facilities.

Corporate governance

The board considers that the increasing attention to corporate governance is beneficial for companies and investors. IDEX seeks to comply with the Norwegian code of practice for corporate governance, while taking into account the size and maturity of the company. The board's review of corporate governance has been included in the annual report.

Statement on management remuneration

The annual general meeting in 2010 considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2010 have been included in a note to the financial statements.

The managing director of the parent company is also CEO for the group and has performed this duty as a part of his employment for no additional remuneration.

Outlook

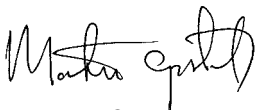
IDEX' vision is to ensure individuals a safe, secure and simple use of personal ID. IDEX has developed the award-winning SmartFinger Film technology. SmartFinger Film is the next-generation fingerprint sensor technology and suitable for a range of mass market applications. IDEX offers solutions that can significantly improve card ID and financial security by incorporating biometric ID with existing systems. In particular, system-on-card implementations, which avoid external exchange of fingerprint data, represent a strong selling point.

The SmartFinger Film sensor is thin and bendable and can be embedded in ID cards and smartcards of standard size and thickness. The first delivery of sensors to a customer is scheduled in the second quarter of 2011.

IDEX is now in a commercial phase and will ramp up to volume production of SmartFinger Film sensors to be able to take orders in commercial volumes. IDEX builds its go-to-market strategy on partnerships with its suppliers and customers. The overall goal of 2011 is to have the SmartFinger Film technology implemented in products on the market as well increasing the customer base.

Fornebu 14 April 2011


The board of directors of IDEX ASA



Morten Opstad
chairman



Jon Ola Frankplads
board member



Hanne Høvding
board member



Joan Frost Urstad
board member



Harald Voigt
board member



Ralph W. Bernstein
CEO

Statements of financial position

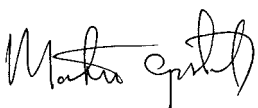
Amounts in NOK 1,000

31 December		IDEX Group		IDEX ASA	
Assets	Note	2010	2009	2010	2009
Long-term assets					
Fixed assets					
Fixed assets	5	632	409	632	405
Total fixed assets		632	409	632	405
Financial assets					
Shares in subsidiary	17	-	-	6	6
Other long-term receivables	16	319	313	319	313
Total financial assets		319	313	325	319
Total long-term assets		951	722	957	724
Current assets					
Receivables					
Accounts receivable		32	16	32	16
Receivables from group companies	14	-	-	53	448
Other receivables	13	1 572	3 189	1 572	3 189
Prepaid expenses		318	125	318	125
Total receivables		1 922	3 330	1 975	3 778
Cash and bank deposits					
Cash and bank deposits	3	12 649	5 286	12 648	5 203
Total cash and bank deposits		12 649	5 286	12 648	5 203
Total current assets		14 571	8 616	14 623	8 981
Total assets		15 522	9 338	15 580	9 705

Amounts in NOK 1,000

31 December	Note	IDEX Group		IDEX ASA	
		2010	2009	2010	2009
Equity and liabilities					
Equity					
Paid-in capital					
Share capital	8	32 240	17 712	32 240	17 712
Share premium reserve		29 274	0	29 274	0
Other paid-in capital		3 000	0	3 000	0
Total paid-in capital		64 514	17 712	64 514	17 712
Other equity		(54 911)	(25 903)	(54 890)	(25 882)
Total equity		9 603	(8 191)	9 624	(8 170)
Liabilities					
Short-term liabilities					
Short-term loan	13, 14	0	11 954	0	11 954
Accounts payable		1 553	2 796	1 547	2 769
Accounts payable intercompany	14	-	-	46	373
Public duties payable		840	638	840	638
Other short-term liabilities	13	3 526	2 141	3 523	2 141
Total liabilities		5 919	17 529	5 956	17 875
Total equity and liabilities		15 522	9 338	15 580	9 705

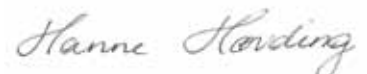
Fornebu 14 April 2011
The board of directors of IDEX ASA



Morten Opstad
 chairman



Jon Ola Frankplads
 board member



Hanne Høvdig
 board member



Joan Frost Urstad
 board member



Harald Voigt
 board member



Ralph W. Bernstein
 CEO

Statements of comprehensive income

Amounts in NOK 1,000

1 January-31 December	IDEX Group		IDEX ASA		
	Note	2010	2009	2010	2009
Operating revenue					
Sales revenue		66	3	66	3
Other operating revenue		77	65	77	65
Total revenue		143	68	143	68
Operating expenses					
Payroll expenses	4	13 739	12 006	12 864	10 586
Research and development expenses	6	6 278	4 989	6 278	4 989
Other operating expenses	14	7 912	8 296	8 790	9 708
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)		(27 786)	(25 223)	(27 789)	(25 215)
Depreciation expenses	5	134	43	131	35
Profit (loss) before interest and tax (EBIT)		(27 920)	(25 266)	(27 920)	(25 250)
Financial income and expenses					
Interest income		221	116	221	116
Agio		69	114	69	114
Interest expenses	13	(271)	(2 420)	(271)	(2 420)
Disagio		(27)	(129)	(27)	(129)
Net financial items		(8)	(2 319)	(8)	(2 319)
Net result before tax (EBT)		(27 928)	(27 585)	(27 928)	(27 569)
Taxes	7	0	0	0	0
Net loss for the year		(27 928)	(27 585)	(27 928)	(27 569)
Profit (loss) per share basic and diluted	11	(0.14)	(0.20)		
Other comprehensive income		0	0	0	0
Total comprehensive income for the year, net of tax		(27 928)	(27 585)	(27 928)	(27 569)

Cash flow statements

Amounts in NOK 1,000

1 January-31 December	IDEX Group		IDEX ASA	
	2010	2009	2010	2009
Cash flows from operating activities				
Profit (loss) before interest and taxes	(27 920)	(25 266)	(27 920)	(25 250)
Share-based remuneration (equity part)	3 000	2 882	3 000	2 882
Depreciation	134	43	131	35
Interest paid	(174)	(1 287)	(174)	(1 287)
Change in receivables	1 408	(1 125)	1 803	1 816
Change in payables, accruals	344	668	35	(2 340)
Net other items	41	7	40	6
Net cash flow from operational activities	(23 167)	(24 078)	(23 085)	(24 138)
Cash flows from investing activities				
Investments	(357)	(420)	(357)	(420)
Changes in long-term receivables	(6)	507	(6)	484
Interest received	221	116	221	116
Net cash flow from investing activities	(142)	203	(142)	180
Cash flows from financing activities				
Share issues	30 672	25 137	30 672	25 137
Net cash flow from financing activities	30 672	25 137	30 672	25 137
Net change in cash and bank deposits	7 363	1 262	7 445	1 179
Cash and bank deposits at 1 January	5 286	4 024	5 203	4 024
Cash and bank deposits at 31 December	12 649	5 286	12 648	5 203

Statements of changes in equity

IDEX Group

Amounts in NOK 1,000

	Share capital	Share premium fund	Other paid-in capital	Other equity	Total
Balance at 1 January 2010	17 712	0	0	(25 903)	(8 191)
Conversion of debt 17 February	3 282	9 848	-	(1 080)	12 050
Exercise of warrants 9 March	9 081	9 042	-	-	18 123
Private placement 10 March	1 482	9 834	-	-	11 316
Share issue 11 May (board remuneration)	17	-	-	-	17
Exercise of warrants 30 September	666	550	-	-	1 216
Share-based remuneration	-	-	3 000	-	3 000
Comprehensive income (loss) for the year	-	-	-	(27 928)	(27 928)
Balance at 31 December 2010	32 240	29 274	3 000	(54 911)	9 603
Balance at 1 January 2009	16 206	0	0	(25 983)	(9 777)
Share issue 20 February	4 632	5 350	-	-	9 982
Capital reduction 12 August	(18 754)	-	-	18 754	0
Share issue 8 September	15 628	(473)	-	-	15 155
Convertible loan 20 November	-	-	1 152	-	1 152
Share-based remuneration	-	-	2 882	-	2 882
Comprehensive income (loss) for the year	-	(4 877)	(4 034)	(18 674)	(27 585)
Balance at 31 December 2009	17 712	0	0	(25 903)	(8 191)

Statements of changes in equity

IDEX ASA

Amounts in NOK 1,000

	Share capital	Share premium fund	Other paid-in capital	Other equity	Total
Balance at 1 January 2010	17 712	0	0	(25 882)	(8 170)
Conversion of debt 17 February	3 282	9 848	-	(1 080)	12 050
Exercise of warrants 9 March	9 081	9 042	-	-	18 123
Private placement 10 March	1 482	9 834	-	-	11 316
Share issue 11 May (board remuneration)	17	-	-	-	17
Exercise of warrants 30 September	666	550	-	-	1 216
Share-based remuneration	-	-	3 000	-	3 000
Comprehensive income (loss) for the year	-	-	-	(27 928)	(27 928)
Balance at 31 December 2010	32 240	29 274	3 000	(54 890)	9 624
Balance at 1 January 2009	16 206	0	0	(25 978)	(9 772)
Share issue 20 February	4 632	5 350	-	-	9 982
Capital reduction 12 August	(18 754)	-	-	18 754	0
Share issue 8 September	15 628	(473)	-	-	15 155
Convertible loan 20 November	-	-	1 152	-	1 152
Share-based remuneration	-	-	2 882	-	2 882
Comprehensive income (loss) for the year	-	(4 877)	(4 034)	(18 658)	(27 569)
Balance at 31 December 2009	17 712	0	0	(25 882)	(8 170)

Notes to the financial statements

1. Group information

IDEX ASA ("IDEX") is a Norwegian Public Limited Company with registered office in Bærum municipality. Trades in the company's shares were reported on the A-list of the Norwegian Stockbrokers Association's OTC system throughout 2009 and until IDEX was admitted to listing at the Oslo Axess marketplace of Oslo Børs on 12 March 2010.

IDEX is a technology company specialized in the development of on-screen navigation and fingerprint recognition technology.

IDEX was incorporated in 1996. The IDEX group was formed on 20 January 2007 and comprises the parent company IDEX ASA and a sub-group in the USA. The sub-group consists of the parent company IDEX Holding Company Inc with subsidiary IDEX America Inc. All subsidiaries are owned 100 per cent.

The annual financial statements for 2010 were resolved by the board on 14 April 2011.

2. Accounting principles

Basis of preparation

The accounting year coincides with the calendar year. The annual financial statements have been prepared on a historical cost basis. The group's financial statements are presented in NOK which is also the parent company's functional currency. All figures in the tables have been rounded to the nearest thousand except where indicated otherwise. The financial statements of the IDEX group and IDEX ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The standards have been applied congruently in the group and in the parent company.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered. None of the new standards, amendments and interpretations that apply as of 1 January 2010 had any impact on the result or equity of IDEX in 2010, or the company does not have transactions or balance sheet items that shall be disclosed under the new or amended rules.

The company considers that new standards which have been resolved by the date of these financial statements and which standards will apply to the accounting year 2011, will not have any significant impact on the annual financial statements for 2011.

The company does not operate business segments, geographical

segments or have significant revenue and has therefore not presented segment reports. IDEX will apply IFRS 8 Operating segments in due course.

Significant accounting judgements and estimates

Preparation of financial statements compliant to IFRS implies that the management makes judgements and prepares estimates and assumptions which have an impact on the recognised amounts for assets, liabilities, revenue and costs. Estimates and related assumptions have been based on the management's best knowledge of past and recent events, experience and other factors which are considered reasonable under the circumstances. Actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous evaluation. Critical accounting estimates for IDEX are:

Share based remuneration: IDEX estimates the fair value of option and subscription rights at the grant date. IDEX has applied a Black & Scholes option pricing model when valuing the subscription rights. The option valuation is based on assumptions about volatility, interest rates and duration of the option. The cost of share based remuneration is expensed over the vesting period. Estimates with regards to future attrition are applied. Such estimates are updated at the balance sheet date. Changes in this estimate will impact the expensed cost of share based remuneration in the period.

Income taxes: Deferred tax asset related to losses carried forward is recognised when it is probable that the loss carried forward may be utilised. Evaluation of probability is based on historical earnings, expected future margins and the size of the order back-log. Future events may lead to these estimates being changed. Such changes will be recognised when reliable new estimates can be made.

Financial risk, capital management

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk and the Company's financial position.

Business risk may be summarised in five points: (i) IDEX has had minimal revenue to date. The company has reported accumulating financial losses and expects future losses. (ii) IDEX' business plan assumes revenue from products which IDEX has not yet traded commercially. (iii) Revenue from the company's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products have entered the commercial stage. (v) IDEX' intended market is immature and undergoing rapid technological changes.

IDEX had in 2007 taken up a financial loan with principal amounting to NOK 12,505 thousand with payable fixed interest and the lender had the right to convert the receivable to shares.

The lender gave notice of conversion in January 2010 and the loan including interest was converted to NOK 13.1 million new equity on 17 February 2010.

IDEX does not have any significant trade receivables or other receivables with any credit risk.

IDEX does not hold any other financial instruments in the balance sheet or any such instruments outside the balance sheet. IDEX manages its liquidity passively, which means that funds are placed in floating-interest bank accounts. Investments in fixed assets are only made when mandatory for the needs of the company's core business. The company has been funded by equity in the past, but practical circumstances implied that the company took up a short-term financial loan in June 2007. The loan was repaid by conversion to equity in 2010. The company will prepare and implement comprehensive capital management and funding policies as and when needed.

The financial situation of the Company was vulnerable at the end of 2010. The equity of the group as well as that of the parent company were inadequate and IDEX needed additional working capital in the first half of 2011. IDEX obtained adequate funding in April 2011.

Summary of significant accounting policies

Consolidation

The Group's consolidated financial statements comprise IDEX ASA and companies in which IDEX ASA has a controlling interest. A controlling interest is normally obtained when the Group holds more than 50 per cent of the voting rights or has decisive power on the entity's operational and financial management. Minority interests are included in the group's equity.

Intra-group transactions and balance sheet items and any unrealised gains or losses or revenue and cost related to intra-group transactions have been eliminated when preparing the consolidated financial statements. The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Revenue

Revenue is recognised to the extent that it is probable that an economic benefit will flow to the group and the revenue can be reliably measured.

Royalty: Royalty revenue will be recognised at the time the licensee generates income on which IDEX shall receive a royalty payment.

Development and milestone payments: Revenue will be recognised at the time of performance, and when the risk of the delivered

items have passed to the buyer and can be reliably measured.

Rendering of services: Revenue generated by rendering of services is recognised as the services are delivered.

Delivery of products: Revenue will be recognised at the time of delivery, and when the risk of the goods has passed to the buyer and can be reliably measured.

Currency

Monetary assets and liabilities denominated in foreign currency are converted using exchange rates of the balance sheet date. Revenues and expenses in foreign currency are converted using the exchange rate at the transaction date.

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rates on the balance sheet date. Incomes and expenses relating to foreign operations are translated into NOK using the average exchange rate. Exchange rate differences are recognised in equity.

Translation differences due to the translation of a net investment in foreign operations and from related hedging objects are included in comprehensive income. Translation differences previously recognised in comprehensive income are reversed and recognised in the net result of the year when the foreign operations are disposed of.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an individual project is recognised only when IDEX can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the company's intention and capability of completing the development and realise the asset, and the net future financial benefits of use or sale.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or retired, the gross carrying amount and accumulated depreciations are derecognised. Any gain or loss on the sale or retirement is recognised in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance expenses, are normally recognised in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such expenses will be recognised in the balance sheet as additions to non-current assets.

The assets are depreciated using the straight-line method over

each asset's economic life. The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the residual value.

Impairment of fixed assets

An assessment of impairment losses on fixed assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the net amount that can be obtained from a sale to an independent third party. The recoverable amount is determined separately for each asset.

Impairment losses recognised in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists. The reversal is recognised as revenue or an increase in other reserves. Reversal is limited by the carrying amount not exceeding acquisition cost less normal depreciation.

Provisions

Provisions are recognised when and only when the group has a valid liability (legal or constructive) as a result of events that have taken place and it is more probable than not that a financial settlement will take place as a result of the event(s), and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will amount to the present value of future payments to cover the liability. Any increase in the provisions due to time is recorded as interest costs.

Interest bearing debt

Loans and credits are initially recognised at cost, which is fair value of the received amount less directly attributable transaction costs. Following the initial recognition, the interest bearing debt are measured at amortised cost applying the effective interest method. Any difference between amount received and repayment amount is recognised over the duration of the loan. Any transaction costs and discounts are taken into account when calculating amortised cost. Amortised cost is calculated. Gains and losses are recorded as net gain or loss when the liability is derecognised.

Loans which the lender or IDEX may convert to equity and where the number of issued shares does not change with any change in fair value, are considered composite financial instruments. The equity component is calculated on the issue date as the excess of the amount received and the present value of future interest and repayment amounts, discounted by the market rate for comparable loans without conversion rights. Interest cost is recognised applying the effective interest method.

Accounts receivable

Receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be evidence of impairment, the receivable is written down to the present value of future cash flows discounted by the receivable amount's effective interest rate.

Cash and bank deposits

Cash and bank deposits 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 any bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Taxes

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated with 28 per cent on the temporary differences between the recorded and tax values, as well as on any tax loss carry-forward at the balance sheet closing date. Any temporary differences increasing or reducing tax that will or may reverse in the same period, are netted.

A deferred tax asset is recognised when it is probable that the group will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, IDEX carries out a review of its unrecognised deferred tax assets and the value it has recognised. The group recognises an unrecognised deferred tax asset to the extent that it has become probable that the group can utilise the deferred tax asset. Similarly the group will reduce its deferred tax asset to the extent that it can no longer utilise it.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates.

Contingent liabilities and assets

Contingent liabilities are possible obligations resulting from past events which existence depends on future events; obligations that are not recognised because it is not probable that they will lead to an outflow of resources; and obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements, but will be disclosed in the notes if applicable.

A contingent asset is not recognised in the annual financial statements, but is disclosed in the notes if there is a degree of probability that a benefit will accrue to IDEX.

Share-based remuneration

Option and subscription rights granted to employees and members of the board of directors are charged against the profit and loss at their fair value over the vesting period. The fair value of share based awards is determined using a Black & Scholes option pricing model.

Social security tax related to share-based remuneration is calculated on the fair value of options and subscription rights and accrued on the balance sheet date.

Leasing agreements

Leasing contracts are classified as financial or operational leases based on an individual assessment. Operational lease contracts are expensed on a straight-line basis through the contract period. Assets financed by financial leases are capitalised and amortised over their economic useful lives. The corresponding lease commitment is reduced by the value of lease payments made, less calculated interest.

Earnings per share

Earnings per share are calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. Earnings per share fully diluted are calculated based on the result for the year divided by the average number of shares fully diluted. The effect of dilution is not counted in when the result is a loss.

Cash flow

The cash flow statement has been drawn up in accordance with the indirect method and reports cash flows during the period classified by operating, investing and financing activities.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in expense.

Segment reporting

The company does not operate business segments, geographical segments or have significant revenue and has therefore not presented segment reports. IDEX will implement segment reporting as and when segment reporting will be informative.

3. Cash and bank deposits

Cash and bank deposits amounted to NOK 12,649 thousand at the end of 2010. Of this amount, NOK 501 thousand were employees' withheld payroll tax deposits and NOK 166 thousand were restricted deposits to cover credit lines on purchasing cards. Virtually all cash was held in NOK. At the end of 2010 cash and bank deposits amounted to NOK 5,286 thousand of which NOK 298 thousand were employees' withheld payroll tax deposits and NOK 164 thousand were restricted deposits to cover credit lines on purchasing cards. No amounts were held in foreign currency. Deposits for rent of facilities have not been included in bank deposits.

4. Payroll expenses and remuneration 1 January-31 December

Amounts in NOK 1 000	IDEX Group		IDEX ASA	
	2010	2009	2010	2009
Payroll expense				
Salaries, fees	8 757	7 527	7 986	6 271
Share-based remuneration (notional salary)	3 000	2 882	3 000	2 882
Share-based remuneration (accrual of employer's tax)	323	111	323	111
Pension contribution	134	85	134	85
Social security taxes	1 169	940	1 116	881
Other personnel expenses	356	461	305	356
Total	13 739	12 006	12 864	10 586
Average number of employees	9	8	8	7

The parent company provides a contribution based pension insurance scheme for all employees. The scheme satisfies the mandatory service pension ('OTP') in Norway. The contribution is 2 per cent of the employee's annual salary between 2G and 12G, where G is the basic amount in the Norwegian social security system, and amounted to NOK 75 thousand in 2010.

All employees are male so salary statistics per gender have not been prepared.

Actual remuneration for senior managers**2010**

Amounts in NOK 1 000

	Salary	Bonus	Other benefits	Pension cost	Share based remuneration	Total remuneration
Ralph W. Bernstein, CEO	1 366	-	9	17	827	2 219
John R. Robinson, VP of sales and marketing	354	62	3	6	120	545
Erling Svela, CFO	1 395	-	6	25	24	1 450
Total remuneration	3 115	62	18	48	971	4 214

Salary, bonus and other benefits in 2010 are the amounts as declared for tax purposes, while pension cost and share based remuneration are expensed amounts in the year. All amounts exclude employer's tax. No subscription rights were exercised in 2010.

Mr. Robinson joined IDEX on 2 August 2010.

Mr. Svela worked flexible hours as required by IDEX in 2010, and the remuneration was based on the number of hours worked. Mutual minimum work and pay obligation was 40 per cent of full time.

2009

Amounts in NOK 1 000

	Salary	Bonus	Other benefits	Pension cost	Share based remuneration	Total remuneration
Ralph W. Bernstein, CEO	1 257	-	12	15	462	1 746
Erling Svela, CFO	877	-	-	-	6	883
Total remuneration	2 134	0	12	15	468	2 629

Salary, bonus and other benefits in 2009 are the amounts as declared for tax purposes, while pension cost and share based remuneration are expensed amounts in the year. All amounts exclude employer's tax. No subscription rights were exercised in 2009.

Mr. Svela worked flexible hours as required by IDEX in 2009, and the remuneration was based on the number of hours worked.

Guidelines for remuneration to senior managers

In order to attract and retain the competence the company needs, the remuneration of senior managers, and all other employees, shall be competitive and comprise a basic salary which may be supplemented by performance-based cash bonus and subscription rights. Any cash bonus schemes are limited by a fixed amount or a percentage of base salary. All parts of the remuneration – fixed as well as variable – shall reflect the responsibility and performance over time of the respective manager and employee. The basic salary is evaluated annually. The board determines the salary and other remuneration to the CEO. The CEO determines the salary and other remuneration of all other employees, within the framework set by the board.

There is no post-employment remuneration beyond notice periods of 3-6 months.

The company has not made any advance payments or issued loans to, or guarantees in favour of, any members of management.

Share-based remuneration

Employees and senior management are eligible to participate in the company's subscription rights plan(s) as resolved by the general meeting. The purpose of such plans is to strengthen the company by providing to employees, management and individual contractors additional performance incentive.

Implementation and effect of the policies

Salary, pension and any bonuses will attract employer's tax which will be expensed simultaneously with the remuneration.

The notional cost of subscription rights as share based remuneration is expensed but the equity effect is nil because the contra item is a notional equity injection of equal amount. In addition employer's tax is accrued on the net present value of the subscription right as an option on the balance sheet date. The value varies with the share price and may entail a net reversal of costs. In 2001 NOK 83 thousand was expensed and the accumulated accrual amounted to NOK 102 thousand for employer's tax on

the subscription rights to management.

If and when the subscription rights are exercised, the accrued employer's tax will be reversed and the payable employer's tax of the actual gain will be expensed.

For the shareholders a possible exercise will represent a dilution. At the end of 2010, the number of outstanding subscription rights to management amounted to 2,298,629, corresponding to 1.1 per cent of the share capital.

Board remuneration

The company has no other obligation to remunerate the board than the board remuneration as resolved by the annual general meeting. The company has not issued any advance payments or loans to, or guarantees in favour of, any board member.

The annual general meeting 2010 resolved an annual board remuneration amounting to NOK 100 thousand per board member for the period from the annual general meeting 2009 to the annual general meeting 2010. The chairman shall receive an additional NOK 30 thousand for the service as chairman. The board members had the option to receive part or all of the remuneration in the form of shares. The number of shares corresponded to a gross value of 133 per cent of the board remuneration, for which the board paid the par value and the shares were locked up for one year. Board members Joan Frost Urstad and Harald Voigt chose this option, in a manner where the cash part covered the withholding tax and the exercise price.

The company has accrued a corresponding amount for board remuneration in the period June-December 2010. The accrual amounted to NOK 403 thousand at the end of 2010. Such remuneration, if any, shall be resolved by the annual general meeting 2011.

The company refunds relevant out-of-pocket expenses incurred by the board members.

5. Fixed assets 1 January-31 December

Amounts in NOK 1 000	IDEX Group		IDEX ASA	
	2010	2009	2010	2009
Cost at 1 January	497	1 822	474	1 794
Additions	357	420	357	420
Disposals at cost	(59)	(1 740)	(36)	(1 740)
Currency adjustment		(5)		
Cost at 31 December	795	497	795	474
Accumulated depreciation at 1 January	88	1 788	69	1 774
Accumulated depreciation of disposed items	(59)	(1 740)	(36)	(1 740)
Depreciation	134	43	131	35
Currency adjustment		(3)		
Accumulated depreciation at 31 December	163	88	163	69
Book value at 31 December	632	409	632	405
Depreciation period (straight line), years	3-5	3-5	3-5	3-5

Fixed assets at the end of 2010 were mainly upgrade of leased facilities, personal computers, office furniture.

6. Research and development expenses

Research costs are expensed when incurred. The criteria for capitalization of development expenses have not been met at the date of these financial statements, because IDEX has not demonstrated its ability to earn revenue from the SmartFinger. Hence, all costs related to development have been expensed.

External direct costs for research and development (R&D) including patenting costs have been expensed, and any grants and contributions have been credited. The gross expense amounted to NOK 7,418 thousand in 2010 compared to NOK 6,025 thousand in 2009. Since 2005, IDEX

has received R&D grants from the 'SkatteFunn' scheme, a governmental R&D grant scheme operated by the Research Council of Norway. For 2010, IDEX expects to receive NOK 1,140 NOK which has been set off against R&D expenses. For 2009 the grant amounted to NOK 1,036 thousand. Net R&D cost was NOK 6,278 thousand in 2010 versus NOK 4,989 thousand in 2009.

In addition, about NOK 3.3 million of the payroll expenses in 2010 were related to R&D (2009: NOK 2.1 million). Infrastructure costs are not included.

7. Income tax expense 1 January-31 December

Amounts in NOK 1 000	IDEX Group and IDEX ASA	
	2010	2009
Specification of the tax expense for the year		
Payable taxes on the result of the year	0	0
Change in deferred tax asset/liability	0	0
Tax expense on net result	0	0
Computation of taxes payable for the year		
Net result before taxes	(27 928)	(27 569)
Permanent differences	(1 824)	(1 222)
Changes in temporary differences	(62)	(140)
Basis for taxes payable	(29 814)	(28 931)
28% tax, representing total taxes payable on current year's result	0	0
Temporary differences at 31 December		
Fixed Assets	18	(44)
Temporary differences	18	(44)
Change in temporary differences		
Temporary differences	(62)	(140)
Specification of deferred taxes at 31 December		
Losses carried forward	(253 876)	(223 845)
Temporary differences	18	(44)
Basis for deferred taxes	(253 858)	(222 889)
Calculated deferred tax, 28%	71 080	62 689
Deferred tax asset in the balance sheet	0	0
Specification of payable taxes in the balance sheet at 31 December		
Taxes payable on this year's result	0	0
Total taxes payable	0	0

Amounts in NOK 1 000	IDEX Group		IDEX ASA	
	2010	2009	2010	2009
Specification of actual tax expense				
Result (loss) before tax	(27 928)	(27 585)	(27 928)	(27 569)
Theoretical tax expense (income)	(7 819)	(7 724)	(7 819)	(7 719)
Permanent differences	(510)	(342)	(510)	(342)
Deferred tax asset not recognised	8 329	8 066	8 329	8 061
Actual tax expense (income)	0	0	0	0

The deferred tax asset of NOK 71,080 thousand is virtually entirely related to tax losses carry forward. IDEX has not generated taxable profits in prior years. At 31 December 2010 there was not sufficiently convincing evidence that sufficient taxable profit will be generated, against which the unused tax losses could be applied. There are no restrictions as to how long tax losses may be carried forward.

8. Share capital and shareholder information, warrants and subscription rights

There is one class of shares, and all shares have equal rights and are freely negotiable. There were 214,933,142 shares in the company on 31 December 2010, after several share issues and a 3:1 consolidation in 2010.

2010	Number of shares	Number of warrants
Balance at 1 January	354 233 139	312 558 652
Conversion of debt 17 February	65 651 250	
Exercise of warrants 9 March	181 631 781	(181 631 781)
Accumulated	601 516 170	130 926 871
Consolidation 3:1 10 March	200 505 390	43 642 230
Private placement 10 March	9 877 500	
Share issue (board remuneration) 11 May	113 800	
Exercise of warrants 30 September	4 436 452	(4 436 452)
Balance at 31 December	214 933 142	39 205 778

2009	Number of shares	Number of warrants
Balance at 1 January	32 411 588	0
Private placement 20 February	9 262 899	
Rights issue 8 September	312 558 652	312 558 652
Balance at 31 December	354 233 139	312 558 652

The share capital is fully paid in. The par value of the shares after the 3:1 consolidation on 10 March 2010 is NOK 0.15 (15 Norwegian øre) per share.

In the 3:1 consolidation of shares on 10 March 2010, a resulting fractional share per shareholder was rounded up and a corresponding total number of shares was taken from shareholder A. S. Holding A/S. A resulting fractional warrant per shareholder was rounded down.

At the end of 2010 there were 840 shareholder accounts compared to 641 at the end of 2009. Subscribers in the rights issue in September 2009 received one warrant for each new issued share. Following the exercise period in 2010, there remained 170 warrant holders holding total 39,205,778 warrants at the end of 2010. The warrants are exercisable at NOK 0.30 per share in the period 1 May-12 August 2011 whereafter the warrants expire. Because of the 3:1 consolidation of shares on 10 March 2010, the outstanding warrants were correspondingly consolidated.

Top 20 shareholders at 31 December 2010	Number of shares	Percent of shares
A. S. Holding A/S	73 076 622	34.0
Charles Street International Ltd	36 935 940	17.2
Euroclear Bank S.A./N.V. (Nominee)	17 252 681	8.0
Colargol Invest AS	10 021 700	4.7
Tortin Holdings Limited	5 577 238	2.6
Marc O'Polo Norge AS	4 413 268	2.1
Sundvall, Audar	3 694 258	1.7
Rønne, Lars Frithjof	3 027 322	1.4
Rønne, Sven Christian	2 522 750	1.2
Voigt, Harald	2 446 436	1.1
Wiermyhr, Kristian	1 922 012	0.9
Henriksen, Jens Andreas	1 792 854	0.8
Frankplads, Jon Ola	1 480 988	0.7
Big Top Holding AS	1 477 644	0.7
Stålhe Invest AS	1 377 000	0.6
A. Sundvall Invest AS	1 334 959	0.6
Sundvall, Rune	1 297 623	0.6
Saugestad, Kristin	1 266 140	0.6
JAAS AS	1 240 451	0.6
Bank of New York Mellon S/A Greig Middleton	1 149 921	0.5
Others	41 625 335	19.4
Total	214 933 142	100.0

Top 20 warrant holders at 31 December 2010	Number of warrants	Percent of warrants
Colargol Invest AS	8 521 418	21.7
Rønne, Lars Frithjof	2 641 564	6.7
Rønne, Sven Christian	2 238 203	5.7
Heap, John Andrew	2 182 468	5.6
Wiermyhr, Kristian	1 705 223	4.4
Henriksen, Jens Andreas	1 585 432	4.0
Frankplads, Jon Ola	1 333 332	3.4
Big Top Holding AS	1 310 976	3.4
Euro Hage og Anlegg AS	940 408	2.4
Saugestad, Kristin	812 806	2.1
Fredricsson, Bjørn-Olof	688 080	1.8
Nimeco AS	655 612	1.7
Charlie Brown AS	592 267	1.5
Frankplads, Jon Morten	578 414	1.5
K-konsult AS	552 418	1.4
Heap, David Anthony	541 862	1.4
Moell Prosjektutvikling AS	526 662	1.3
Taanevig, Kjell Michael	524 392	1.3
Margalit, Zvi	500 000	1.3
Harma Holding AS	476 719	1.2
Others	10 297 522	26.3
Total	39 205 778	100.0

Shares, warrants and subscription rights held or controlled by primary insiders and close relations at 31 December

	2010 (*)			2009		
	Shares (consolidated 3:1)	Warrants (consolidated 3:1)	Subscription rights (consolidated 3:1)	Shares	Warrants	Subscription rights
Morten Opstad chairman	5 444 728	915 118	0	10 109 927	8 969 608	0
Jon Ola Frankplads board member from 7 May 2010	1 480 988	1 333 332	0	-	-	-
Andrew Heap board member until 7 May 2010	-	-	-	7 179 789	6 547 406	0
Hanne Høvdig board member	152 664	103 333	29 657	357 358	310 000	9 375
Joan Frost Urstad board member	96 944	13 290	59 314	85 000	75 000	18 750
Harald Voigt board member	2 446 436	0	59 314	3 103 053	2 753 053	18 750
Ralph W. Bernstein CEO	177 319	157 319	2 231 963	531 957	471 957	5 295 895
John R. Robinson VP of sales and marketing from 2 August 2010	0	0	850 000	-	-	-
Erling Svela CFO	0	0	66 666	0	0	200 000
Total	9 799 079	2 522 392	3 296 914	21 367 084	19 127 024	5 542 770

* Note: Because of the 3:1 consolidation of shares on 10 March 2010, the outstanding shares, warrants and subscription rights were correspondingly consolidated.

The board may grant up to 21,038,289 incentive subscription rights under the 2010 subscription rights based incentive programme, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. The exercise price shall be equal to the average closing price of the IDEX share on ten trading days preceding the date of the grant. The subscription rights vest in four equal tranches every 12 months after the date of the grant and lapse on the fifth anniversary after the programme was resolved. Grants under programmes for prior years have the same vesting schedule and duration. The recipient must remain an employee or working contractor in IDEX at the time of vesting or exercise. There are no cash settlement alternatives.

	2010 (*)		2009	
Incentive subscription rights	Number of subscription rights (consolidated 3:1)	Weighted average exercise price	Number of subscription rights	Weighted average exercise price
Outstanding at 1 January	6 879 774	1.51	2 396 875	3.41
Granted	2 849 660	1.30	19 847 500	0.35
Exercised				
Forfeited	(715 091)	1.32	(1 590 000)	3.00
Expired	(97 247)	15.10	(15 000)	5.08
Outstanding 31 December	8 917 096	1.31	20 639 375	0.50
Number which were exercisable at 31 December	1 571 412	1.69	377 961	4.61
Weighted average fair value of subscription rights granted in the year	2 849 660	0.87	19 847 500	0.32

(*) Note: Because of the 3:1 consolidation of shares on 10 March 2010, the outstanding shares, warrants and subscription rights were correspondingly consolidated. This consolidation has been made on 1 January 2010 in this table.

The fair value for the subscription rights granted in 2010 has been calculated by use of the Black & Scholes option pricing model applying the following assumptions:

- Exercise price NOK 0.98-1.60 per share, weighted average NOK 1.30 per share
- Actual share price at date of grant average NOK 1.28 per share
- Duration up to 4.8 years
- Volatility of share price based on share price history 110 per cent
- Risk free interest rate of 2.1-2.9 per cent, average 2.5 per cent
- No payment of dividends
- Actual population of subscription rights holders, no attrition

Incentive subscription rights outstanding at 31 December 2010

	Grant date	Expiry date	Grantee capacity	Number of subscription rights (consolidated 3:1)	Exercise price NOK
Hanne Høvdig board member	18 June 2008	18 June 2013	Board remuneration	3 125	10.83
	11 May 2010	11 May 2015	Board remuneration	26 532	1.20
Joan Frost Urstad board member	18 June 2008	2013-06-18	Board remuneration	6 250	10.83
	11 May 2010	11 May 2015	Board remuneration	53 064	1.20
Harald Voigt board member	18 June 2008	18 June 2013	Board remuneration	6 250	10.83
	11 May 2010	11 May 2015	Board remuneration	53 064	1.20
Ralph W. Bernstein CEO	8 August 2007	10 May 2012	Employee	16 666	9.75-21.00
	26 August 2008	18 June 2013	Employee	42 342	8.85
	8 October 2009	8 May 2014	Employee/ansatt	339 622	0.90
	8 October 2009	8 May 2014	Employee/ansatt	1 333 333	1.20
	2 November 2010	11 May 2015	Employee	250 000	1.50
	2 November 2010	11 May 2015	Employee	250 000	1.02
John R. Robinson VP of sales and marketing	2 August 2010	11 May 2015	Employee	850 000	0.98
Erling Svela CFO	8 October 2009	8 May 2014	Employee	66 666	1.20
Other employees	2006-2007	11 May 2011		28 330	9.75-21.00
	26 August 2008	18 June 2013		48 648	8.85
	8 October 2009	8 May 2014		2 377 355	0.90
	8 October 2009	8 May 2014		1 798 849	1.20
	7 May 2010	8 May 2014		250 000	1.20
	16 December 2010	11 May 2015		1 117 000	1.60
Total				8 917 096	

9. Board authorisations to issue shares or acquire own shares

Only authorisations valid on 31 December 2010 have been included.

The authorisations were resolved at the annual general meeting 2010 and are valid until the annual general meeting 2011 but no longer than 30 June 2011. The combined issue under all three authorisations may not exceed 31,557,433 shares.

Purpose of the authorization	Authorised numbers of shares	Issued numbers of shares
Private placement of shares to raise additional capital	31 557 433	0
Issue of shares in a rights issue to raise additional capital	31 557 433	0
Issue of shares earned by employees in an option-based incentive programme: The number of options and subscription rights may not exceed 21 038 289	21 038 289	0

There were no authorisations to purchase own shares in effect at the end of 2010.

10. Events after 31 December 2010

On 10 April 2011, the board granted 2,557,500 subscription rights to employees under the subscription rights-based incentive programme resolved by the annual general meeting 2010. The exercise price of the subscription rights is NOK 1.96 per share.

The company conducted a private placement of 18,098,222 shares in April 2011 at a price of NOK 1.80 per share, amounting to NOK 32.6 million before expenses. For each two shares issued in the placement, the board has proposed to the annual general meeting 2011 that the company issues one warrant with a term of one year and exercise price of NOK 2.10 per share. If the warrants are exercised, the company will raise another NOK 19.0 million.

Between 31 December 2010 and the date of these annual financial statements no events have occurred which may significantly impact the result for 2010 or the value of the company's assets and debt at the end of 2010.

11. Earnings per share

Earnings per share are calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding in the year. Earnings per share fully diluted are calculated based on the result for the year divided by the weighted average number of shares fully diluted. The effect of dilution is not considered when a net loss for the year is presented.

	IDEX Group	
	2010	2009
Net profit (loss) for the year (NOK 1,000)	(27 928)	(27 585)
Number of ordinary shares in issue at 31 December	214 933 142	354 233 139
Weighted average basic number of ordinary shares	195 543 310	135 609 947
Weighted average diluted number of shares	238 824 595	213 408 979
Profit (loss) per share in the year, basic and diluted (NOK per share)	(0.14)	(0.20)

12. Audit fees

Audit fees for the statutory audit amounted to NOK 195 thousand in 2010 (2009: NOK 185 thousand) and for other assurance services NOK 115 thousand. Fees related to tax assistance amounted to NOK 42 thousand (2009: NOK 42 thousand) and other services, such as confirmations related to capital increases NOK 69 thousand (2009: NOK 20 thousand). Total fees amounted to NOK 421 thousand in 2010 (2009: NOK 247 thousand).

13. Financial loan and other financial obligations; other payables and other receivables; contingent assets and liabilities

At the end of 2009, IDEX had convertible debt to shareholder A. S. Holding A/S. The principal amounted to NOK 12,505 thousand and accrued payable interest of NOK 625 thousand had been added to the loan. The lender gave notice of conversion in January 2010 and the loan including interest was converted to equity on 17 February 2010.

Because the lender could request conversion of the loan to shares at a fixed price per share, there was a notional equity element related to the loan. The equity element was the difference between the nominal value of the loan (amount received from lender) and the net present value of the repayment and interest payment. When the debt was converted early, a part of the equity element was reversed.

Amounts in NOK 1 000	IDEX Group and IDEX ASA	
Interest expense specification	2010	2009
Interest and compound interest due to lender accrued in the year	171	1 287
Expensed notional interest cost and financial cost	268	2 406

IDEX had no other significant financial obligations at the end of 2010 or 2009. Ongoing expenses are generally paid monthly and accounts payable were largely due in less than one month. In 2009, the company entered into a five-year leasehold agreement for facilities. The annual rent and cost sharing is prepaid quarterly and the lease obligation amounted to about NOK 500 thousand per year, with annual adjustment in line with price indices.

Other short-term liabilities, amounting to NOK 3,526 thousand, were mainly for accrued expenses, and were all due in 12 months or less. NOK 914 thousand were due in less than 3 months, NOK 1,981 thousand were due in 3-6 months and NOK 631 thousand in more than 6 months.

Other receivables, amounting to NOK 1,572 thousand, were all due in less than 12 months. NOK 446 thousand, related to VAT refund, were due in less than 3 months, and NOK 1,126 thousand, related to Skattefunn contribution for 2010, were due in more than 6 months.

IDEX had no contingent assets or liabilities at the end of 2010 or 2009.

14. Related party transactions

The company's shareholders, board members and management are considered related parties. All transactions with related parties have been carried out on arm's length principle.

A financial loan from a shareholder was settled in 2010. See note 13.

The chairman is a partner and chairman of the board in Advokatfirma Ræder DA. The law firm provided services to the company amounting to NOK 1,973 thousand in 2010 (2009: NOK 1,686 thousand). The amount in 2010 includes, among other assignments, Ræder's work with preparing and conducting the share issue in March and work in connection with the listing at Oslo Axess. (2009: Share issues in February and September and the application for listing at Oslo Axess.) The amount includes accruals.

Andrew Heap who was board member until 7 May 2010 has charged NOK 16 thousand plus out-of-pocket expenses for sales support services beyond board duty in 2010 (2009: NOK 127 thousand). The services have been provided on request from IDEX. IDEX does not have any ongoing obligation to purchase services from Mr. Heap.

There were no overdue open items with related parties at the end of 2010 or 2009. See also note 4.

The subsidiaries in the USA are also close relations to the parent company IDEX ASA. See note 17. The parent company purchases sales and marketing services from the subsidiary IDEX America Inc. The services are purchased at actual full cost without profit. The purchases amounted to NOK 1,093 thousand in 2010 (2009: NOK 1,745 thousand). At the end of 2010 and 2009, only the amount for the fourth quarter of each preceding year was unsettled and was paid early in the following year.

15. Government grants

Amounts in NOK 1 000	IDEX Group and IDEX ASA	
Grants during the year	2010	2009
SkatteFunn	1 140	1 036

To receive grant from SkatteFunn, the company has to be a research and development company. It is also required that the company reports progress and achievements to the Research Council of Norway. The grant for 2010 will be paid out in the second half of 2011. See also note 6.

16. Restricted assets

IDEX has placed an amount corresponding to 6 months' rent, allocations and VAT of its leasehold facilities on an escrow account. At the end of 2010, the escrow account amounted to NOK 319 thousand (2009: NOK 313 thousand).

At the end of 2010, NOK 164 thousand of bank deposits were restricted to cover credit lines on purchasing cards.

17. Subsidiaries

The following subsidiaries have been included in the consolidated financial statements. The companies were dormant at the end of 2010.

Subsidiaries at 31 December 2010	Ownership	Share of votes
IDEX Holding Company Inc., Delaware, USA	100%	100%
IDEX America Inc., Delaware, USA	100%	100%

IDEX Holding Company Inc. ("Holding") is a holding company for the business in the USA. IDEX America Inc. is held by Holding and has been established to conduct marketing and sales of IDEX' products in the USA.

Responsibility statement

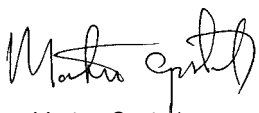
The board and the managing director have today reviewed and approved this report of the board of directors as well as the annual financial statements for the IDEX group and the parent company IDEX ASA as at 31 December 2010.

The consolidated annual financial statements and the annual financial statements for IDEX ASA have been prepared in accordance with IFRS as adopted by the EU and the additional requirements in the Norwegian accounting act. The notes are an integral part of the respective financial statements. The report of the board of directors have been prepared in


accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

We confirm, to the best of our knowledge, that the information presented in the financial statements gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the report from the board of directors gives a true and fair view of the development, performance and financial position of the group and the parent company, and includes a description of the principal risks and uncertainties which the group and the parent company are facing.

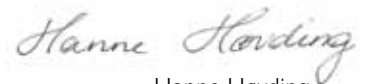
Fornebu 14 April 2011 The board of directors of IDEX ASA



Morten Opstad
chairman



Jon Ola Frankplads
board member



Hanne Høvdning
board member



Joan Frost Urstad
board member



Harald Voigt
board member



Ralph W. Bernstein
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

Christian Frederiks pl. 6, NO-0154 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo
Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no

Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of IDEX ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of IDEX ASA, comprising the financial statements for the Parent Company and the Group. The financial statements for the Parent Company and the Group comprise the statement of financial position as at 31 December 2010, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion

In our opinion, the financial statements of IDEX ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and

the Group as of 31 December 2010 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 26 April 2011
ERNST & YOUNG AS

Per-Øyvind Borge-Hansen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Articles of association of IDEX ASA

Corp.id. no. NO 976 846 923 VAT, latest update 8 April 2011

- § 1** The name of the company is IDEX ASA and it is a public limited company.
- § 2** The objective of the company is to deliver computer-based identification systems and other related activities.
- § 3** The business offices are in the Bærum municipality, Norway.
- § 4** The company's shares shall be registered in the Norwegian Registry of Securities.
- § 5** The company's share capital is NOK 34,954,704.60 divided into 233,031,364 registered shares at NOK 0.15.
- § 6** The board of the company consists of from 3 to 7 members.
- § 7** The ordinary general meeting shall handle and decide:
- Determination of the profit and loss account and balance sheet
 - Appropriation of (net) profit or covering of losses
 - Election of board and determination of board remuneration
 - Election of auditor and determination of auditor's remuneration
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the meeting
- § 8** Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be handled at the general meeting need not be sent to the company's shareholders.
- § 9** As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used.
- § 10** A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

Corporate governance statement

Update resolved by the board of directors of IDEX ASA on 16 December 2010.

This statement outlines the position of IDEX ASA ("IDEX" or "the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 21 October 2010 ("the Code"). The Code is available at www.nues.no or from Oslo Børs. In the following, the board of directors will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain 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 where it operates. IDEX 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, the society in general and the authorities as stakeholders. IDEX 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 believes that in the present organisation – the IDEX group presently has only about nine persons employed and a small number of consultants on site – the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. (Note: in this review, the noun "the management" includes all persons conducting managerial functions, whether employed or otherwise contracted.)

The board has resolved ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The ethical guidelines also incorporate the Company's guidelines on corporate social responsibility.

2. IDEX' business

In the articles of association, the Company's business is defined as "The objective of the Company is to deliver computer-based identification systems and other related activities."

The Company's business goals and key strategies are stated in a business plan adopted by the board. The plan is reviewed and revised as and when appropriate. The business goals and key strategies are presented in the annual report.

3. Equity and dividends

The board is aware of and acknowledges the equity requirements and duty of action in connection with loss of equity, as set out in the Norwegian Public Limited Companies act.

In the past, the Company has been in need of raising equity on several occasions to fund its working capital requirements. The board has proposed to the general meeting only reasonable authorisations for share issues and moderate incentive schemes. Such board authorisations have explicitly stated the type and purposes of transactions in which the authorisations may be applied. As of the general meetings to be held in 2010, any proposed authorisations to issue shares shall be considered and voted separately by each type and purpose of such share issues. The board authorisations 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 authorisation to the board to acquire own shares. As and when such authorisation is adopted, the board will propose that the length of the authorisation be limited to a period ending at the next annual general meeting of shareholders.

IDEX has not as yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares in the next few years. IDEX 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 one class of shares. There are no trading restrictions or limitations relating only to non-residents of Norway under the articles of association of the Company. Each share carries one vote. There are no restrictions on voting rights of the shares.

In the authorisations to issue share capital where the shareholders have resolved to waive the pre-emptive rights of existing shareholders, the rationale for doing so shall be presented as part of the decision material presented to the general meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related-party transactions in effect have been and will be carried out on arm's length basis. Any not immaterial future related-party transactions shall be subject to an independent third-party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant.

Members of the board and the management are obliged to notify the board if they have any material direct or indirect interest in any transaction contemplated or entered into by the Company.

5. Freely negotiable shares

All shares are freely assignable. The articles of association do not contain any restrictions on the shares.

6. General meetings

The general meeting of shareholders provides a forum for shareholders to raise issues with the board as such and with the individual board members. To the maximum degree possible, all members of the board shall be present at the general meeting. The Company's auditors shall also be present at the general meeting. The shareholders elect a person to chair the general meeting. The board will arrange for an independent candidate if so requested by shareholders. Notice of a meeting of the shareholders shall be sent in a timely manner, and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and documents in English. When appropriate, the documents will be made available at the Company's web site and not sent to the shareholders.

The board 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 who 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. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in the elections. 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.

The general meeting has included in the articles of association of the Company that documents which timely have been made available on the Internet site of the Company and which deal with matters that are to be handled at the general meeting need not be sent to the Company's shareholders.

All reports will be issued on the Oslo Axess marketplace of Oslo Børs (www.osloaxess.no and www.newsweb.no) and/or to the market place(s) where the shares are listed. The reports and other pertinent information are also available at www.idex.no.

7. Nomination committee

The shareholders have not proposed a nomination committee, and the board does not consider that a nomination committee is needed presently.

The tasks conventionally conducted by a nomination committee will be conducted by the board except board members who are also executives or have similar roles in the Company. The future need for a nomination committee will be considered by the board minimum annually in connection with the annual review of the Company's corporate governance. As and when requested by the annual general meeting, the board will facilitate the implementation of a nomination committee in accordance with the Code.

8. Corporate assembly and board of directors; composition and independence

IDEX does not have a corporate assembly.

The board acknowledges the Code's recommendation that the majority of the members of the board shall be independent of the Company's management and material business contacts. All board members are required to make decisions objectively in the best interest of the Company, and the presence of independent directors is intended to ensure that additional independent advice and judgment is brought to bear. The current board meets the independence criteria of the Code. The board meets the statutory gender requirements for the board. The board's attendance statistics is included in the presentation of the board members in the annual report.

Board members stand for election every two years.

The board considers that at this stage of IDEX' corporate development, it is beneficial for the Company and its shareholders that also board members are shareholders in the Company and encourages the members of the board to hold shares in the Company.

The board pays attention to ensure that ownership shall not in any way affect or interfere with proper performance of the fiduciary duties which the board members and the management owe the Company and all shareholders. As and when appropriate, the board takes independent advice in respect of its procedures, corporate governance and other compliance matters.

9. The work of the board of directors

The division of duties and responsibility between the managing director and the board is based on applicable laws and well-established practices, which have been formalized in writing through board instructions in accordance with the Norwegian public limited companies act. The board instructions also set out the number of scheduled board meetings per year and the various routines in connection with the board's work and meetings.

The board instructions state that in situations when the chairman cannot or should not lead the work of the board, the longest-serving board member shall chair the board until an interim chairman has been elected by and among the board members present.

The board 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, there has not been any need for sub-committees to date. The future need for any sub-committees will be considered minimum annually in connection with the annual review of the Company's corporate governance.

IDEX is not obliged to have a separate audit committee and in view of the small number of board members, the board holds the opinion that the audit committee shall consist of all board members who are not also executives or have similar roles in the Company. The board instruction includes an instruction for the audit committee.

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, including the corporate social responsibility. 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. In view of the size of the Company and the number of board members, the board has chosen to elect the full board to constitute the audit committee. The audit committee policies and activities are compliant with the Norwegian public limited companies act.

The board of directors has adopted an insider manual with ancillary documents that will take effect as of the date a possible application for listing of the shares on a regulated market place is submitted. The insider manual is intended to ensure that, among other things, trading in the Company's shares by board members, executives and/or employees, including close relations to the aforementioned, are conducted in accordance with applicable laws and regulations.

11. Remuneration of the board of directors

A reasonable cash remuneration to the board members for their services from the annual general meeting in 2009 until the annual general meeting in 2010 was proposed to and resolved at the 2010 annual general meeting. To lessen the cash outflow, the annual general meeting granted an option to the board members to receive the remuneration in kind in the form of shares. Two board members took up this option. The board has the intention to propose board remuneration at the same level for the period between the annual general meetings of 2010 and 2011.

Advokatfirma Ræder DA, in which the chairman, Morten Opstad, is a partner, renders legal services to the Company. A board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the board (without the participation of the interested member) shall approve the terms and conditions of such arrangements. Adequate details shall be disclosed in the annual financial statements.

12. Remuneration to the management

IDEX offers market-based compensation packages for the executives and employees in order to attract and retain the competence which the Company needs. The exercise price for any subscription rights is equal to the market share price at the time of the grant. The subscription rights vest in tranches over four years. No so-called 'golden parachutes' are in effect, and post-employment pay will only apply in case the Company invokes contractual non-competition clauses.

The board shall determine the compensation of the CEO. There is a maximum amount of cash incentive remuneration per calendar year. It follows from the nature of the incentive subscription rights programme resolved by the annual general meeting that the limit does not apply to the possible gain on subscription rights. The board has adopted a policy for the CEO's remuneration of the employees.

At the annual general meeting, the board will present to the shareholders a statement of remuneration to the management. The resolution by the annual general meeting is binding to the extent it relates to share-based compensation and advisory in other aspects.

13. Information and communications

The board places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the interim reports, the annual report and the associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders provides a forum for shareholders to raise issues with the board as such and the individual board members. Since IDEX in December 2009 submitted the application for listing on the Oslo Axess marketplace of Oslo Børs, all reports and notices have been issued and distributed according to the rules and practices at that market place. The Company shall in due course publish an annual financial calendar for the following year; setting forth the dates for major events such as its annual general meeting, publication of interim reports, any scheduled public presentations, any dividend payment date if applicable, etc. The reports and other pertinent information are also available on the Company's website, www.idex.no.

The board of directors has adopted the following policies:

- Policy for 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 IDEX is fully compliant with applicable laws and regulations. IDEX prepares and presents its annual financial reports in accordance with IFRS. The content of the interim reports has complied with IFRS but notes have not been included. In case the shares are listed at a regulated market place, interim reporting shall be compliant to IFRS.

The current information practices are adequate under current rules.

14. Take-overs

There are no takeover defence mechanisms in place. The board will endeavour that shareholder value is maximised and that all shareholders are treated equally. The board shall otherwise ensure full compliance with section 14 of the Code.

15. Auditor

IDEX's auditor is fully independent of the Company. IDEX represents a minimal share of the auditor's business. IDEX does not obtain business or tax planning advice from its auditor. The auditor may provide certain technical and clerical services in connection with the preparation of the annual tax return and other secondary reports, for which IDEX assumes full responsibility.

The board of directors has established written guidelines to the CEO in respect of assignments to the auditor other than the statutory audit.

The board shall otherwise ensure full compliance with section 15 of the Code.

Board of directors

The current board but one member was elected at the annual general meeting 2009 and the term expires at the ordinary general meeting in 2011. Mr. Frankplads was elected at the annual general meeting 2010 for a term of two years.

There are no family relationships among the board members, management or key employees. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the board or management was selected.

The board has held 14 meetings, of which four were telephone conferences, in the period between the annual general meeting 2010 and 14 April 2011.

Morten Opstad, chairman

Mr. Opstad has served as chairman of the Board in IDEX since March 1997. Mr. Opstad is a partner and chairman of the board in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organising several technology and innovation companies. His directorships during the last five years include current board positions in the Thin Film Electronics ASA (chairman), Total Sports Online AS (dissolved) (chairman), Glommen Eiendom AS and K-Konsult AS; and former directorships in Chaos AS, Fileflow Technologies AS, Rosa Media ASA and A. Sundvall AS. Mr. Opstad was born in 1953 and is a Norwegian citizen. He resides and works in Oslo. Mr. Opstad attended all board meetings in the period.

Jon Ola Frankplads, board member

Mr. Frankplads was elected to the board of IDEX in 2010. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. Frankplads has a Master's degree in business administration. He is a self-employed person, providing executive and managerial services in the fields of marketing, finance, strategy, motivation and general management. Earlier, he has been general manager of a pharmaceutical company, a computer company, a consulting company and venture capital company. Mr. Frankplads has experience from several early-stage companies. He is currently chairman of the following companies: Nordic Seafarms AS which trades are reported at the NOTC, G&T.Septech AS, Odin Invest AS, Activ Invest AS, Elma AS and Teknolab AS. Formerly, he has been board member of, among others, Norsk Gallupinstitutt AS, Robotteknikk AS, Separtech AS, AG Design AS, Byggutvikling AS, Næringseiendom AS, Midtoddveien 14 AS, Mercurus AS and Finansinkasso AS. Mr. Frankplads was born in 1945. He is a Norwegian citizen and resides in Asker. Mr. Frankplads attended all board meetings in the period.

Hanne Høvding, board member

Ms. Høvding has served on the board of IDEX since 2007. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Høvding has a Bachelor's Degree from the Norwegian School of Management. In her professional career Ms. Høvding has held several management positions within personnel administration, finance, credit card administration and debt collection. She has served as chairman of the board of Cama Invest AS since 2005. Ms. Høvding was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvding attended 11 board meetings in the period.

Joan Kristin Frost Urstad, board member

Ms. Frost Urstad has served on the board of IDEX since 2007. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Frost Urstad has a BSc Honors in Chemistry and an MA in Information Technology Management from The University of Sheffield. Ms. Frost Urstad has had a career in the process and electronics industries, mainly in senior project management, where she has focused on Norwegian and international projects that cover activities within product development and industrial investment projects including R&D, sourcing, manufacturing, supply chain management and risk management. Ms. Frost Urstad works as a consultant, operating her own company Frost Urstad AS. Other board positions during the last five years include her current position as chairman of the board in Frost Produkt AS. She was born in 1943 and is a Norwegian citizen. Ms. Urstad resides in Oslo and works on project basis domestically and abroad. Ms. Urstad attended all board meetings in the period.

Harald Voigt, board member

Mr. Voigt has served on the board of IDEX since December 2007. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. Voigt has a Master's degree from the Norwegian School of Economics and Business Administration. He has a career in financial engineering, as a consultant within the offshore and maritime industry, and with project finance and syndication in financial institutions. During the last 20 years he has been a partner in Alliance Prosjekt AS, investing in and managing real estate. Mr. Voigt is presently a board member of several real estate companies: Alliance Eiendom AS, Alliance Eiendomsforvaltning AS, Alliance Eiendomsmegling AS, Alliance Prosjekt AS, AS Akersgaten 7 & 9, AV Holding AS (chairman), Grønland 30-34 ANS, Grønland 32 AS, Harald Voigt AS (chairman), HV Holding AS (chairman), Jerikoveien 20 ANS, Jerikoveien AS, Jerikoveien Oslo AS, Kirkeveien 159 AS, KV Holding AS (chairman), Lastcentrum Oslo AS, Maskininvest V ANS, MV Holding AS (chairman), Postterminalen Midtstranda ANS, Profura AS, Tarde AS, Åsenveien SKI ANS, as well as Georex SA, France, a seismic and geophysical company. In the last five years, he has also held board positions in the following companies: Lycée Francais René Cassin d'Oslo, Fleximatic AS (chairman), Grønland 30 AS, Helikopter Invest AS, Norsk Champignon AS, Grorudhagen ANS, Åsenveien 3 A AS, Tangerud Øst I ANS, Lührtoppen AS, Lührtoppen 3 AS, Svennerud Næringsbygg ANS, Atoll Eiendom AS and Atoll Eiendom Oslo AS. Mr. Voigt was born in 1956. He is a Norwegian citizen and resides and works on Oslo. Mr. Voigt attended all board meetings in the period.

Management

Ralph W. Bernstein, Managing Director/CEO

Dr. Bernstein serves as managing director of the company. Dr. Bernstein joined IDEX in 2006 as chief technology officer (CTO). In 2008 he was appointed managing director/CEO of IDEX, while also maintaining the position as CTO. He holds a Ph.D. in physical electronics – semiconductor physics from the Norwegian University of Science and Technology (NTNU). He has more than 15 years of experience as a senior scientist and research director within microsystems and nanotechnology at SINTEF. He also holds a part-time adjunct professor position in electronic devices and materials at NTNU. In the last five years, Dr. Bernstein has been a board member of GasSecure AS since 3 December 2009, and he served on the board of Nanoday AS from May 2009 until the company was dissolved in 2009. Dr. Bernstein was born in 1960 and is a Norwegian citizen. He resides in Bærum.

John R. (Jack) Robinson, Vice President of Sales and Marketing

Mr. Robinson joined IDEX in 2010 as Vice President of Sales and Marketing. Previously he worked more than 20 years at Tandberg Data and Tandberg Storage, where his last assignment was Vice President of Sales and Marketing. Mr. Robinson has a technical and commercial career working with the world's largest computer OEMs and has held several senior marketing and sales positions at the corporate level at Tandberg Data, based internationally and more than thirteen years in Norway. He holds a B.A. in Computer Engineering from the Bucks County College in Pennsylvania, USA. Mr. Robinson was born in 1964, and is a U.S. citizen. He resides in Lørenskog.

Erling Svela, Finance Director/CFO

Mr. Svela has served as IDEX' chief financial officer (CFO) since second quarter 2008. Mr. Svela is currently retained on a part-time basis of minimum 40 percent of full time. From 2006 until 2011 Mr. Svela was also on part-time basis the CFO of Thin Film Electronics ASA, which is listed on Oslo Axess. From 2006 to 2008, he was CFO and corporate vice president in Kitron ASA, a company listed on Oslo Børs. Previously, from 2000 to 2006 he was finance director in Opticom AS and Thin Film OldCo AS. In the capacity of CFO of Kitron ASA, Mr. Svela was board member of the subsidiaries of Kitron ASA 2006-2008. In his capacity of finance director of Opticom AS and Thin Film OldCo AS, Mr. Svela was board member of Thin Film Electronics AB. Mr. Svela holds an MSc. in Forest Economy and Management from the Norwegian University of Life Sciences (1985), an MBA from Henley Management College (1993) and he is a certified European financial analyst from the Norwegian School of Economics and Business Administration (2000). He has also completed the IFRS Academy by the Norwegian Institute of Public Accountants. Mr. Svela was born in 1958. He is a Norwegian citizen and resides in Oslo.

