

## IDEX ASA interim report for the first quarter of 2014

### Highlights in the first quarter

- Secured volume order from world-class electronics manufacturer World Wide Touch Technology:  
*First commercial launch of IDEX sensor embedded in consumer electronics devices*
- Collaboration with CrucialTec to accelerate and sample first-generation small-area mobile touch sensor:  
*Responding to strong demand for higher-value touch sensors in flagship mobile devices following launch of iPhone 5S*
- Demonstrated the first functional glass fingerprint sensor at the Mobile World Congress in Spain:  
*Key step towards integrating sensor in cover glass of mobile devices*
- Entered into licence agreement with BIO-key to deliver advanced biometric software solutions for mobility market:  
*The next generation of secure identification solutions and algorithms for mass market consumer devices*
- Funds managed by global asset manager Invesco invested NOK 300 million in IDEX:  
*Landmark investment accelerating development of IDEX as a global leader in fingerprint market*
- Industry veteran Larry Ciaccia, former CEO of AuthenTec, joined IDEX's Strategy Advisory Council:  
*Significant industry knowhow advising on strategic trends in rapidly developing fingerprint mass market*

### Outlook and key upcoming milestones

- CrucialTec partnership provides established high-volume manufacturing and OEM channels for fingerprint sensors
- Evaluation of IDEX sample sensor by multiple mobile device OEMs underway
- Swipe and touch sensor sample deliveries for insertion in consumer devices in the second quarter of 2014
- Showcase of IDEX sensors in commercial product launches for mobile accessories by World Wide Touch Technologies
- Initial revenues from swipe and new touch sensors expected in second half of 2014
- IDEX's disruptive cost touch sensor and enhanced swipe development to expand market applications in 2015
- IDEX expects to secure market share as one of three vendors with strong IP for low cost capacitive fingerprint sensors
- Focus on strategic tier-one partnerships within the consumer electronics market to drive product insertion
- Setting up scalable supply chain and multiple sourcing for high volume capability and cost efficiency
- Continuously strengthening patent and IP position with significant R&D investment
- Funding for resource expansion and hiring key staff to accelerate business execution is in place

The first quarter of 2014 realised several breakthroughs for IDEX. In January a landmark investment by funds managed by the global investment fund, Invesco, was agreed. This enables accelerated development of IDEX in the fingerprint market. Also in January, the first volume order was secured. In February, CrucialTec and IDEX unveiled a collaborative first-generation touch sensor. IDEX also demonstrated the first functional glass fingerprint sensor.

#### Collaboration to deliver first-generation small-area mobile touch sensor

Due to strong demand from mobile OEMs for higher-value touch sensors following the launch of the Apple iPhone 5S, IDEX accelerated work in collaboration with a CrucialTec to bring a first-generation small-area mobile touch sensor to the market.

CrucialTec Corp. is a global leader in mobile input solutions, headquartered in South Korea. IDEX has worked with CrucialTec since early 2013.

The product is designed for both Android and Windows devices. The sen-

sor is based on IDEX-led silicon sensor development, with the advanced modularization development led by CrucialTec.

The product is currently sampled and subject to customer acceptance, production will be scaled up during the second half of 2014.

"The combination of IDEX's advanced, patented sensor technology and CrucialTec's patent-protected packaging technology, proven volume production capability and tremendous reach and relationships with major OEMs represents a powerful value proposition for the mobile market," said Dr. Hemant Mardia, CEO of IDEX.

Concurrently, IDEX is continuing the development of its polymer-based flex sensor technology, which combines IDEX and its recently acquired PicoField technology, and offers benefits in high-flexibility of form factor and disruptive cost compared with all silicon sensor solutions.

#### First volume order

IDEX in January secured an order of 300,000 units of the Colibri swipe

sensor from World Wide Touch Technology (Holdings) Limited (WWTT).

This is IDEX's first commercial launch for the sensor embedded in consumer electronics devices for mobile and laptop accessories.

"WWTT is already shipping and launching several biometric products within the consumer electronics space and is rapidly expanding their FingerQ biometric authentication platform, providing consumers cloud-based security and convenience. This is a significant opportunity for large-scale deployment of IDEX fingerprint sensors," said Dr. Mardia.

#### Showcased first glass fingerprint sensor at Mobile World Congress 2014

In February IDEX demonstrated the first glass fingerprint sensor at the Mobile World Congress in Barcelona, Spain.

The sensor separates the finger interface from the electronics, enabling sensing in virtually any material such as glass, polymer and silicon. The sensor demonstrator has the form factor of a home button in the handset cover glass.

This is a key step of IDEX's roadmap

towards the ultimate solution for mobile fingerprint sensing, where the sensor will become an integral part of the mobile device's cover glass.

#### **Funds managed by Invesco invested NOK 300 million in IDEX**

In January funds managed by Invesco Asset Management Limited, a leading global investor, agreed to invest NOK 300 million in IDEX.

Invesco funds acquired 60 million new shares in IDEX ASA, at a price of NOK 5.00 per share, giving it a holding of 14.8% of IDEX.

"We are pleased to secure this significant funding from funds managed by Invesco, which is a landmark in the accelerating development of IDEX as a global leader in the fingerprint sensor mass market," said Dr. Mardia.

#### **Industry veteran Larry Ciaccia joined Strategy Advisory Council**

In January, IDEX established a Strategy Advisory Council with the mandate to advise the company on market, technology and strategic trends.

Larry Ciaccia, who is formerly CEO of AuthenTec, which in 2012 was acquired by Apple, joined the council and will head the formation in addition to strategic consulting.

#### **Entered into licence agreement with BIO-key**

In March IDEX entered into a licence and collaboration agreement with BIO-key International, Inc., a global leader in fingerprint biometric identification solutions, advanced mobile authentication and identity assurance.

The purpose is to deliver a sensor-to-server infrastructure solution for trustworthy, yet simple and low-cost, in-device and online authentication for consumer applications, in particular in the smartphone, tablet, and PC markets. The combined IDEX/BIO-key solution will be deployable for enterprises

as mobile security increases in importance.

#### **Strengthening management team; added new CFO**

In line with IDEX's strategic growth plans, IDEX has further strengthened its management team internationally and by recruiting Henrik Knudtzon as CFO, taking office on 1 August 2014. Mr. Knudtzon will contribute to the expansion of the investor base, international operations and possible merger and acquisition activity.

Mr. Knudtzon has a proven track record in finance management, corporate growth and M&A strategy as an Investment Director for the leading Norwegian private equity firm Herkules Capital AS and as a consultant at the world-leading management consulting firm McKinsey & Company.

"I am delighted to welcome Henrik to IDEX. He is bringing further skills and experience into IDEX, in a period when the company rapidly scales its organization," said Dr. Mardia.

Erling Svella, acting CFO, will continue as Vice President of Finance.

#### **Outlook**

IDEX expects rapid mass-market adoption of fingerprint sensors on a wide range of consumer devices resulting from the critical mass of smartphone adoption and driven by the megatrend for mobile payments.

The board of directors of IDEX expects 2014 to show exceptional growth for biometric devices with IDEX gaining market traction as a key contributor:

- The company has received its first volume order, entered into strategic partnerships, demonstrated a glass sensor, and brought key industry experience into its Strategy Advisory Council.
- IDEX is now solidly funded to exploit significant commercial opportunities and market share.

- IDEX has commenced sampling of its mobile sensor products including the acceleration of a small area touch sensor in response to high demand from OEMs.
- IDEX is investing in enhanced technology to deliver competitive advantage and leverage its strong patent position. IDEX is receiving strong customer validation of its unique product roadmap.
- The global sales activities are rapidly increasing, with focus on strategic tier-one partnerships in the consumer electronics market.
- Multiple mobile OEM evaluations are expected to lead to mobile design wins in the second quarter of 2014 and volume shipments starting during second half of 2014.

Industry leaders have underlined the need for touch sensors in addition to low-cost swipe sensors. The relative value of the touch sensors is several times that of swipe sensors and will lead to significant market scale increase for IDEX. Touch sensors offer the desired user experience for flagship products whereas swipe sensors offer cost efficient solutions for low-/mid-end devices. Together this is expected to drive adoption across the complete mobile product portfolio.

IDEX is now one of only three principal vendors of capacitive sensors, which is the preferred sensing principle for consumer devices as a proven mass deployed solution.

With the launch of the Apple iPhone 5s with a touch sensor, followed by multiple Android device launches with swipe sensors and culminating recently in the Samsung Galaxy 5 implementation, the rapid adoption of fingerprint biometric sensors represents a multi-billion dollar mass-market opportunity for IDEX.

**Fornebu, 6 May 2014**

**The board of directors of IDEX ASA**

*A financial narrative and interim financial statements with notes are enclosed.*

#### **Investor and press contacts:**

Hemant Mardia, CEO, +44 7788 922 171, hm(at)idex.no

Erling Svella, acting CFO, +47 4062 1040, erling.svella(at)idex.no

## Interim consolidated financial statements as at 31 March 2014 (Unaudited)

### Profit and loss statements

IDEX earned revenue amounting to NOK 0.1 million in the first quarter of 2014, compared to NOK 0.4 million in the preceding quarter and NOK 0.8 million in the corresponding quarter of 2013. Virtually all revenue in the quarter and in 2013 was related to government support of research and development (R&D) activities. This revenue has been recognised corresponding to the recognition of the expenses that the grants compensate.

Operating expenses in the first quarter amounted to NOK 30.0 million, significantly up from NOK 23.5 million in the preceding quarter and NOK 10.8 million in the first quarter of 2013. The increase reflects the change in the activity level, and also the notional cost of share-based incentives caused by the share price increase. Excluding the effects of share-based remuneration, the operating expenses amounted to NOK 22.1 million in the first quarter of 2014, compared to NOK 18.1 million in the preceding quarter and NOK 7.4 in the first quarter of 2013.

The payroll expense has grown significantly, to NOK 16.0 million in the first quarter, from NOK 13.1 million in the preceding quarter and NOK 6.6 million in the first quarter of 2013. The increase has mainly two reasons. Firstly, increased number of employees year on year, in particular in the second half of 2013. Secondly, the actual, payable social security cost of exercised subscription rights in the first quarter of 2014 amounted to NOK 4.8 million. This cost was funded by the exercise. The payroll cost excluding effects of share-

based remuneration, amounted to NOK 8.2 million in the first quarter of 2014, compared to NOK 5.4 million in the preceding quarter and NOK 3.2 million in the first quarter of 2013.

R&D expenses amounted to NOK 10.5 million in the first quarter of 2014, up from NOK 7.4 million in the preceding quarter and NOK 2.0 million in the first quarter of 2013. The increase in activity level relates to product development and industrialisation, ASIC improvements, core technology and new sensor materials.

Other operating costs amounted to NOK 3.4 million in the quarter, up from NOK 3.0 million in the fourth quarter of 2013 and NOK 2.1 million in the corresponding quarter of 2013. The main reason for the increase is expanded sales and marketing activities.

IDEX had 27 employees at the end of the first quarter of 2014, up from 23 at the end of 2013 and 8 at the same time in 2013. Most of the new employees have been added since September 2013. Four technical/scientific individual contractors work full time or regularly as part of the development team, and additional technical experts are contracted as and when needed. Two independent sales representatives work on contract.

Depreciation amounted to NOK 0.5 million in the first quarter of 2014, down from NOK 0.6 million in the fourth quarter, but up from NOK 0.1 million in the first quarter of 2013. IDEX acquired assets and intellectual

property rights from PicoField Technologies, Inc. on 23 September 2013. Of the acquired assets, NOK 15.3 million are depreciating assets.

Because of the small amount of revenue, the EBIT in the quarter amounted to a loss of NOK 30.3 million (fourth quarter 2013: NOK 23.7 million), compared to NOK 10.1 million in the first quarter of 2013. The increased manning, cost of share-based compensation as well as the increase in R&D activity explain the increased loss.

Financial items, mainly interest income, amounted to a net income amounting to NOK 0.5 million in the first quarter of 2014, compared to a cost of NOK 0.1 million in the preceding quarter and an income of NOK 48 thousand in the first quarter of 2013. In the fourth quarter of 2013, the interest income was offset by currency exchange losses, mainly related to USD.

Because of the loss, there was no tax charge. The net result for the quarter was a loss amounting to NOK 29.8 million (fourth quarter 2013: NOK 23.8 million) compared to NOK 10.0 million in the corresponding quarter of 2013.

Profit/loss per basic weighted average number of shares amounted to a loss of NOK 0.08 in the quarter. Per share results are not directly comparable between quarters because the number of shares have increased by share issues.

### Balance sheets

The main assets held in the balance sheet are the intangible assets acquired from PicoField in 2013, inventoried licences acquired from BIO-key International, Inc. on 31 March 2014, and cash in bank. Cash is the major item, representing NOK 342.5 million at 31 March 2014.

The assets and intellectual property rights acquired from PicoField in 2013 have been capitalised in accordance with IFRS, and includes goodwill in an amount of NOK 8.3 million and depreciating assets in an original amount of NOK 15.3 million. IDEX's own patents and other intellectual property rights are not held in the balance sheet because they do not satisfy the criteria for capitalisation. The same applies to the

development costs.

On 31 March 2014, the total assets amounted to NOK 377.9 million, of which NOK 342.5 million were cash, up from total assets amounting to NOK 76.0 million and cash NOK 46.5 million three months earlier. The cash position is further commented upon below.

The major liabilities are various operational payables to employees and suppliers, and amounted to NOK 50.5 million at 31 March 2014, up from NOK 26.2 million at the end of 2013. At 31 March 2014, the liabilities included employees' withheld taxes on gain on shares in an amount of NOK 15.2 million. There are usually variations between quart-

ers due to fluctuating payables to suppliers and accrued liabilities.

In the first quarter, new equity in a net amount of NOK 304.4 million was added, of which NOK 298.6 million originated from a private placement of shares to funds managed by Invesco Asset Management Limited, and the remainder from exercised subscription rights.

Equity amounted to NOK 327.4 million at 31 March 2014, up from NOK 49.9 million at the end of 2013.

IDEX has adequate equity and liquidity for going concern for significantly longer than 12 months from the date of this report.

### Cash flow, cash position

The operational cash outflow in the first quarter of 2014 was NOK 7.4 million, which includes a net positive effect from the withholding tax from employees amounting to NOK 15.2 million. This effect will reverse in the second quarter when the tax shall be paid. The main cash outflow item is the profit/loss, partly offset by the share-based compensation.

IDEX ASA relocated to a larger leasehold facility in the first quarter of 2014. The move entailed minor investments in equipment and furniture, and also a long-term deposit in a combined total of NOK 1.6 million in the quarter.

NOK 304.4 million new equity was paid in cash in the quarter. Most of the new equity

originated from the private placement to the Invesco funds.

At 31 March 2014 the cash position amounted to NOK 342.5 million, while net of receivables less payables and accruals amounted to NOK 46.8 million payable, leaving a balance sheet solvency of NOK 295.7 million. IDEX does not have financial debt.

### Principal risks

It is the duty of the board of directors to duly present the principal risks of IDEX and its business. IDEX does not have any significant assets or liabilities with risk. IDEX does not hold financial instruments or noteworthy financial assets or liabilities, and has limited financial risks related to currency and interest rates.

The company's major long-term risk is its business risk, meaning its ability to earn

revenue. This risk is difficult to assess, because IDEX hitherto has earned insignificant revenue from its technology. The company's ability to earn revenue depends on firstly, its ability to develop and market successful components which its partners will embed in their products and systems, and secondly, the company's ability to legally protect its IPR, and finally, to maintain a competitive advantage. IDEX considers that its fingerprint sensor has one of the

best biometric performances among swipe sensors, and that the SmartFinger sensor product range offers unique properties.

The company does not have financial debt, and IDEX has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of this report.

**IDEX ASA**

**Condensed consolidated interim financial statements with notes  
31 March 2014 (Unaudited)**

Interim consolidated statements of comprehensive income	1 January-31 March 2014	1 January-31 March 2013	1 January-31 December 2013
Amounts in NOK 1,000			
<b>Operating income</b>			
Sales and services revenue	6	7	7
Other operating revenue	91	790	2 519
<b>Total revenue</b>	97	797	2 526
<b>Operating expenses</b>			
Payroll expense	15 986	6 576	38 029
Research and development expenses	10 543	2 014	17 340
Other operating expenses	3 421	2 183	11 146
<b>Total operating expenses</b>	29 950	10 773	66 515
<b>Profit (loss) before interest, tax, depreciation and amortization (EBITDA)</b>	(29 853)	(9 976)	(63 989)
Depreciation	465	76	929
<b>Profit before interest and tax (EBIT)</b>	(30 318)	(10 052)	(64 918)
<b>Financial income and expenses</b>			
Interest income	646	53	391
Other financial income	110	9	47
Interest expense			(6)
Other financial expense	(222)	(14)	(519)
<b>Net financial items</b>	534	48	(87)
<b>Net result before tax</b>	(29 784)	(10 004)	(65 005)
<b>Net profit (loss) for the period</b>	(29 784)	(10 004)	(65 005)
<i>Profit (loss) per share - basic and diluted</i>	<b>NOK (0.08)</b>	<b>NOK (0.03)</b>	<b>NOK (0.20)</b>
<b>Net profit (loss) for the period</b>	(29 784)	(10 004)	(65 005)
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the period, net of tax</b>	(29 784)	(10 004)	(65 005)

The notes are an integral part of this condensed interim financial report.

Interim consolidated balance sheets	31 March	31 March	31 December
Amounts in NOK 1,000	2014	2013	2013
<b>ASSETS</b>			
<b>Long-term assets</b>			
Goodwill	8 260		8 260
Other intangible assets	14 635		14 937
Machinery and office equipment	1 690	550	1 178
Long-term receivables	1 464	332	446
<b>Total long-term assets</b>	<b>26 049</b>	<b>882</b>	<b>24 821</b>
<b>Current assets</b>			
<b>Inventory and receivables</b>			
Inventory	5 690		
Accounts receivable	2	12	
Other receivables	1 967	1 889	3 445
Prepaid expenses	1 654	568	1 303
<b>Total inventory and receivables</b>	<b>9 313</b>	<b>2 469</b>	<b>4 748</b>
<b>Cash and bank deposits</b>			
Cash and bank deposits	342 513	13 650	46 475
<b>Total cash and bank deposits</b>	<b>342 513</b>	<b>13 650</b>	<b>46 475</b>
<b>Total current assets</b>	<b>351 826</b>	<b>16 119</b>	<b>51 223</b>
<b>TOTAL ASSETS</b>	<b>377 875</b>	<b>17 001</b>	<b>76 044</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid-in-capital</b>			
Share capital	61 858	46 463	51 706
Share premium reserve	462 905	86 486	168 631
Other paid-in capital	23 074	12 938	20 183
<b>Total paid-in-capital</b>	<b>547 837</b>	<b>145 887</b>	<b>240 520</b>
Other equity	(220 421)	(135 634)	(190 636)
<b>Total equity</b>	<b>327 416</b>	<b>10 253</b>	<b>49 884</b>
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Accounts payable	11 326	1 567	4 245
Public duties payable	19 928	119	2 123
Notional employer's tax on share incentives	9 770	1 676	9 711
Other short-term liabilities	9 435	3 386	10 081
<b>Total short term liabilities</b>	<b>50 459</b>	<b>6 748</b>	<b>26 160</b>
<b>Total liabilities</b>	<b>50 459</b>	<b>6 748</b>	<b>26 160</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>377 875</b>	<b>17 001</b>	<b>76 044</b>

The notes are an integral part of this condensed interim financial report.

Interim consolidated cash flow statements	1 January-31 March 2014	1 January-31 March 2013	1 January-31 December 2013
Amounts in NOK 1,000			
<b>Cash Flows from operating activities</b>			
Profit (loss) before interest and taxes	(30 318)	(10 052)	(64 918)
Share-based remuneration (equity part)	2 891	1 704	8 948
Depreciation	465	76	929
Interest paid			(6)
Change in working capital and other items	19 491	1 801	18 465
<b>Net cash flow from operational activities</b>	<b>(7 471)</b>	<b>(6 471)</b>	<b>(36 582)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(544)		(24 676)
Change in long-term receivables	(1 018)		(114)
Interest received	646	53	391
<b>Net cash provided by investing activities</b>	<b>(916)</b>	<b>53</b>	<b>(24 399)</b>
<b>Cash flows from financing activities</b>			
Share issues net of expenses	304 425	235	87 623
<b>Net cash provided by financing activities</b>	<b>304 425</b>	<b>235</b>	<b>87 623</b>
<b>Net change in cash and cash equivalents</b>	<b>296 038</b>	<b>(6 183)</b>	<b>26 642</b>
Opening cash balance	46 475	19 833	19 833
Closing cash balance	342 513	13 650	46 475

Interim consolidated statements of changes in equity	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Amounts in NOK 1,000					
<b>Balance 1 January 2014</b>	<b>51 706</b>	<b>168 631</b>	<b>20 183</b>	<b>(190 636)</b>	<b>49 884</b>
<b>Share issues</b>	<b>10 151</b>	<b>294 274</b>			<b>304 425</b>
<b>Share-based compensation</b>			<b>2 891</b>		<b>2 891</b>
<b>Total comprehensive income for the period</b>				<b>(29 784)</b>	<b>(29 784)</b>
<b>Balance 31 December 2014</b>	<b>61 857</b>	<b>462 905</b>	<b>23 074</b>	<b>(220 420)</b>	<b>327 416</b>
<b>Balance 1 January 2013</b>	<b>46 422</b>	<b>86 292</b>	<b>11 235</b>	<b>(125 631)</b>	<b>18 318</b>
<b>Share issues</b>	<b>41</b>	<b>194</b>			<b>235</b>
<b>Share-based compensation</b>			<b>1 704</b>		<b>1 704</b>
<b>Total comprehensive income for the period</b>				<b>(10 004)</b>	<b>(10 004)</b>
<b>Balance 31 March 2013</b>	<b>46 463</b>	<b>86 486</b>	<b>12 939</b>	<b>(135 635)</b>	<b>10 253</b>
<b>Balance 1 January 2013</b>	<b>46 422</b>	<b>86 292</b>	<b>11 235</b>	<b>(125 631)</b>	<b>18 318</b>
<b>Share issues</b>	<b>5 284</b>	<b>82 339</b>			<b>87 623</b>
<b>Share-based compensation</b>			<b>8 948</b>		<b>8 948</b>
<b>Total comprehensive income for the period</b>				<b>(65 005)</b>	<b>(65 005)</b>
<b>Balance 31 December 2013</b>	<b>51 706</b>	<b>168 631</b>	<b>20 183</b>	<b>(190 636)</b>	<b>49 884</b>

The notes are an integral part of this condensed interim financial report.

## Notes to the condensed consolidated interim financial statements 31 March 2014 (Unaudited)

### 1 IDEX ASA and the IDEX group

IDEX ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office, which is also the head office, is Martin Linges vei 25 at NO-1364 Fornebu, Norway. IDEX ASA shares have been listed at the Oslo Axess market place of Oslo Børs since 12 March 2010. The objective of the

company as stated in the articles of association is to deliver computer-based identification systems and other related activities.

In the third quarter of 2013, IDEX ASA established a subsidiary group in the USA, IDEX Holding Inc. which holds IDEX America Inc. IDEX America is the operating

entity in the USA, providing development services as well as sales and marketing services to IDEX ASA. Operations in IDEX America commenced in September 2013 when IDEX acquired assets and intellectual property rights and employed staff from PicoField Technologies, Inc.

### 2 Basis of preparation, accounting policies, resolution

This condensed consolidated interim financial report for the first quarter of 2014 has been prepared in accordance with IAS 34 Interim financial reporting. This condensed consolidated interim financial report should be read in conjunction with the annual financial statements for 2013.

The IFRS accounting policies applied in this

condensed interim financial report are consistent with those applied and described in the annual financial statements for 2013.

The going concern assumption has been applied when preparing this interim financial report. IDEX does not earn recurring revenue. The company does not have financial debt, and IDEX has adequate

liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of this report.

This interim financial report has not been subject to audit. The report was approved by the board of directors on 6 May 2014.

### 3 Long-term assets

Amounts in NOK 1,000	Goodwill	Other intangible assets	Machinery and office equipment	Long-term receivables	Total long-term assets
<b>1 January-31 March 2014</b>					
Net book value on 1 January 2014	8 260	14 937	1 178	446	24 821
Additions			544	1 018	1 562
Disposals					0
Depreciation and other movements		(302)	(32)		(334)
Net book value on 31 March 2014	8 260	14 635	1 690	1 464	26 049
<b>1 January-31 March 2013</b>					
Net book value on 1 January 2013	0	0	626	332	958
Additions					0
Disposals					0
Depreciation and other movements			(76)		(76)
Net book value on 31 March 2013	0	0	550	332	882
<b>1 January-31 December 2013</b>					
Net book value on 1 January 2013	0	0	626	332	958
Additions	8 260	15 340	1 076	114	24 790
Disposals					0
Depreciation and other movements		(403)	(524)		(927)
Net book value on 31 December 2013	8 260	14 937	1 178	446	24 821

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc., and IDEX America employed three staff members from PicoField on 23 September 2013. The business combination has

been capitalised in accordance with IFRS. Under IFRS goodwill is not depreciated or amortised but impairment tested at each year end.

IDEX's own patents and other intellectual property rights created by IDEX are not held in the balance sheet because they do not satisfy the criteria for capitalisation. The same applies to the development costs.



## 5 Shares, warrants and subscription rights

Number of financial instruments	1 January – 31 March 2014	1 January – 31 March 2013	1 January – 31 December 2013
<b>Shares</b>			
Opening balance	344 707 732	309 479 430	309 479 430
Share issue(s)	62 400 000		31 169 467
Exercised incentive subscription rights	5 275 983	275 000	4 058 835
<b>Closing balance</b>	<b>412 383 715</b>	<b>309 754 430</b>	<b>344 707 732</b>
<b>Warrants</b>			
Opening balance	0	0	0
Issue of warrants	30 000 000		
Exercise of warrants			
Expired warrants			
<b>Closing balance</b>	<b>30 000 000</b>	<b>0</b>	<b>0</b>
<b>Incentive subscription rights</b>			
Opening balance	28 186 318	17 745 259	17 745 259
Grant of incentive subscription rights	570 000	7 700 000	16 810 000
Exercised incentive subscription rights	(5 275 983)	(275 000)	(4 058 835)
Terminated or expired subscription rights		(612 500)	(2 310 106)
<b>Closing balance</b>	<b>24 480 335</b>	<b>24 557 759</b>	<b>28 186 318</b>

IDEX has granted incentive subscription rights (SRs) to employees, individual contractors and board members. The grants to board members (in 2010) were made by the general meeting in lieu of cash board remuneration. Unless specifically resolved

otherwise, 25 per cent of each grant of subscription rights vest 12 months following the date of the grant, and expire on the fifth anniversary following the general meeting that resolved the programme. Unvested subscription rights terminate on the hold-

er's last working day. Vested subscription rights may be exercised up to 90 days after the holder's last working day. The weighted average exercise price of outstanding incentive SRs on 31 March 2014 was NOK 2.21 per share.

Changes in number of financial instruments	Subscription rights	Warrants	Shares
Balance 1 January 2014	28 186 318	0	344 707 732
<b>2 and 20 January 2014: Grant of subscription rights</b>	<b>570 000</b>		
<b>29 January 2014: Private placement to funds managed by Invesco</b>		<b>30 000 000</b>	<b>60 000 000</b>
<b>24 February 2014: Exercise of subscription rights</b>	<b>(5 275 983)</b>		<b>5 275 983</b>
<b>20 March 2014: Private placement to Cenkos Securities</b>			<b>2 400 000</b>
<b>Balance 31 March 2014</b>	<b>23 480 335</b>	<b>30 000 000</b>	<b>412 383 715</b>
Balance 1 January 2013	17 745 259	0	309 479 430
16 May 2013: Private placement			18 771 430
16 May 2013: Share issue (board remuneration)			353 157
1 September 2013: Private placement to WWTT			7 365 060
23 September 2013: Private placement to WWTT			4 680 000
Several dates: Grants of incentive subscription rights	16 810 000		
Several dates: Forfeited and expired incentive subscription rights	(2 310 106)		
Several dates: Exercises of incentive subscription rights	(4 058 835)		4 058 835
Balance 31 December 2013	28 186 318	0	344 707 912

## 6 Payroll expense

Amounts in NOK 1,000	1 January – 31 March 2014	1 January – 31 March 2013	1 January – 31 December 2013
Salary, payroll tax, benefits and other personnel expenses	8 159	3 228	17 840
Actual payroll tax on exercised subscription rights	4 877	62	1 975
Share-based remuneration, notional salary expense	2 891	1 610	8 535
Share-based remuneration, accrual (reversal) of employer's tax	59	1 676	9 679
Payroll expense	15 986	6 576	38 029

The fair value at grant date of subscription rights granted to employees and, members of the board of directors are charged against the profit and loss over the vesting period of each tranche. 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 balance sheet date based on the earned intrinsic value of the subscription rights, and the

adjustment to the accrued amount is charged or credited to cost.

When subscription rights are exercised, the accrued payroll tax is reversed and the actual payroll cost is expensed.

## 7 Profit (loss) per share

	1 January – 31 March 2014	1 January – 31 March 2013	1 January – 31 December 2013
Profit (loss) attributable to the shareholders (NOK 1 000)	(29 784)	(10 004)	(65 005)
Weighted average basic number of shares	387 719 509	309 684 152	326 183 037
Weighted average diluted number of shares	404 954 985	313 619 737	339 923 615
Profit (loss) per share, basic and diluted	NOK (0.08)	NOK (0.03)	NOK (0.20)

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares but equals the result per basic

number of shares.

The diluted number of shares has been calculated by the treasury stock method. If

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

## 8 Contingent assets and liabilities

IDEX does not have any contingent assets or contingent liabilities. IDEX has not issued any guarantees.

## 9 Related party transactions

In the first quarter 2014 IDEX has recorded NOK 967 thousand for services provided from IDEX's legal counsel, law firm Ræder, in which chairman Morten Opstad is a partner. Mr. Opstad's work beyond board duty has been invoiced by Ræder. The services in the first quarter 2014 includes legal assistance in connection with the

private placements of shares in the first quarter and in particular preparation of the listing prospectus in connection with the private placement of 60 million shares on 29 January 2014.

Ralph W. Bernstein, CTO, exercised 1,672,960 subscription rights and acquired

the corresponding number of shares at a weighted average price of NOK 1.14 per share on 24 February 2014. On the same date, Erling Svela, CFO, exercised 66,668 subscription rights and acquired the corresponding number of shares at a price of NOK 1.20 per share.

## 10 Events occurring after the balance sheet date

The board resolved on 1 April 2014 to grant 1,890,000 incentive subscription rights (SRs) to new employees in the company. The grant was made under the company's 2013 incentive subscription rights plan as resolved at the annual general meeting on

16 May 2013. The exercise price of the SRs was NOK 7.03 per share.

Between 31 March 2014 and the resolution of these condensed consolidated interim financial statements, there have not been

any events which have had any noticeable impact on IDEX's result in the first quarter of 2014 or the value of the company's assets and liabilities at 31 March 2014.