



IDEX ASA

Annual report 2013

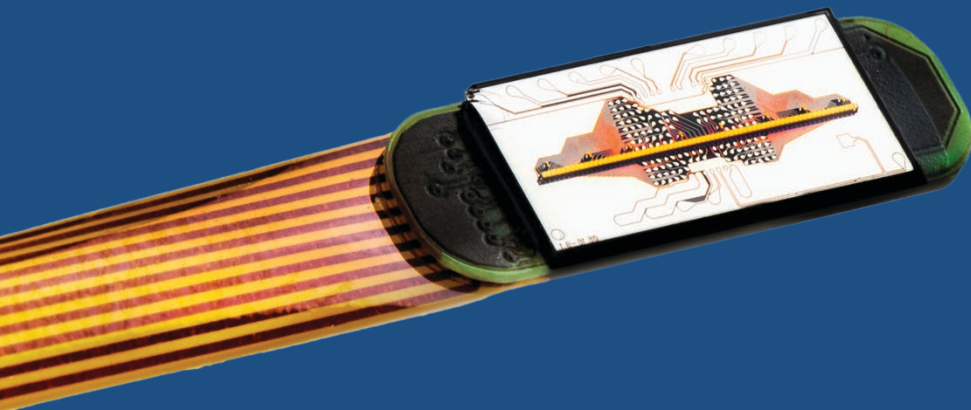


Table of contents

Report from the board of directors 2013	1
Annual financial statements 2013 with notes.....	8
• Statements of comprehensive income	8
• Statements of financial position 31 December.....	9
• Statements of changes in equity.....	10
• Cash flow statements.....	11
• Notes.....	12
Responsibility statement.....	28
Auditor's report.....	29
Articles of association	31
Corporate governance	32
Board of directors	37
Management.....	38

Report from the board of directors 2013

IDEX ASA is a Norwegian public company specialising in fingerprint imaging and recognition technology. IDEX's vision is to ensure individuals a safe, secure, and user-friendly use of personal ID. The company has developed the SmartFinger technology platform including the patented fingerprint imaging principle, sensing scheme and chip design. The parent company is located at Fornebu in Bærum municipality, Norway. IDEX has a sales and marketing and technical development subsidiary group in USA. The IDEX shares are listed at Oslo Axess. The company has in the region of 2,300 shareholders at the time of this report.

IDEX has made significant investments in research and product development in biometry and related technology, particularly in polymer-based sensor technology and embedded software solutions for fingerprint verification suitable for mobile phones or other electronic devices, financial tokens or cards and other ID devices. SmartFinger enables on-device enrollment, template storage and verification within the very same module, which can be embedded in any electronic device or an ID card.

IDEX aims to earn revenue from sale of fingerprint sensor units and software as well as licensing its intellectual property rights. IDEX will have the sensor manufactured in a contracted supply chain and sell fingerprint sensor units directly to original equipment manufacturers in selected segments. The licensing scheme is aimed at volume manufacturers, to develop and manufacture the fingerprint technology leveraging their vertical capabilities.

The markets targeted by IDEX are characterised by massive volumes, particularly in authentication systems using biometric cards as well as in mobile phones and similar devices. IDEX also expects substantial volumes to be accessible in tablet computers, other computers and data storage units, leveraging IDEX low cost sensor solutions for the mobile market.

There is a strongly increasing demand for fingerprint biometrics in the consumer market, and especially for low-cost touch sensors for mobile handsets. This has been highlighted by Apple's successful introduction of its Touch ID technology in the iPhone 5S in the third quarter of 2013. Furthermore, several Android phones have been launched with swipe fingerprint sensors, culminating in the recent launch by Samsung in the Galaxy S5 flagship phone. IDEX expects rapid mass market adoption on a wide range of consumer devices resulting from the critical mass of adoption and driven by the megatrend for mobile payments. IDEX holds early patents and several unique intellectual property and technology blocks for low-cost capacitive fingerprint sensors and has a unique cross-licence with Apple relating to this technology, leading to a compelling product roadmap with strong IP protection, and is therefore positioned to secure significant share of this rapidly developing mass market.

Production ramp-up

IDEX's current swipe sensor, Colibri, is available for integration in Android devices. It is currently sampled to the mobile market for evaluation, testing and qualification.

IDEX recently launched a touch sensor Cardinal, jointly with CrucialTec Corp. This had been accelerated into the market following high demand from mobile OEMs for a small area touch sensor in preference to swipe sensors for higher-end products. These sensors are currently sampling and are expected to be inserted into products by the end of second quarter 2014. Volume deliveries are expected to commence scaling in the second half of 2014.

IDEX has implemented a high-volume supply chain including semiconductor supply partners. IDEX has a close collaboration and a manufacturing agreement with CrucialTec which will support significant volume demand and customer support for the mobile communications market. CrucialTec provides established high volume manufacture, supply chain and strong industrialisation expertise for the mobile mass market across a wide customer base.

IDEX continues development of its product roadmap including IDEX's next generation of low-cost touch sensor and in glass sensor solutions, in order to sustain competitive advantage.

Sensor in glass

In February 2013, IDEX showed a technology concept of a fingerprint sensor embedded in the display cover glass of mobile handsets, SmartFinger Sensor-in-glass. The project progressed during 2013, and in February 2014 IDEX demonstrated the first glass fingerprint sensor at the Mobile World Congress in Barcelona. The fingerprint sensor was based on IDEX's patented principles and knowhow, separating the finger interface from the electronics, as well as unique concepts enabling sensing in virtually any material such as glass, polymer and silicon. The sensor demonstrator had the form factor of a home button inserted into mobile handset cover glass. This is a major milestone towards the creation of a button-free sensor solution which would be a highly attractive and unique solution for mobile handsets.

Recognition of IDEX's unique IP and patents

IDEX holds some of the key patents of the fingerprint sensor industry. In connection with a legal process IDEX obtained in 2007 a license to certain key patents, which at the time were owned by the fingerprint sensor company UPEK, Inc. The patent rights of UPEK have later been assigned to AuthenTec, Inc., which was acquired by Apple in 2012.

In May 2013 Apple/AuthenTec verified IDEX's licensing agreement, through a notice of so-called recordal of IDEX's license to certain patents in the field of fingerprint sensing at the United States Patent and Trademark Office, sanctioning that IDEX maintains its licensed rights to important early patents for fingerprint sensors.

PicoField acquisition

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. in September 2013. The acquisition substantially expanded and strengthened IDEX's technology base. The addition of PicoField's intellectual property rights, which are complimentary to IDEX's other intellectual property rights, also expanded the field of IDEX's patent protection. By addition of three staff members from PicoField, including Fred Benkley and David Geoffroy, founders of sensor vendor Validity, IDEX's amount of domain experience within productization, ramp-up and volume production was significantly increased.

The acquisition and the new staff members strongly enhanced IDEX's ongoing touch sensor programme. IDEX plans to launch a touch sensor with a highly competitive, step-change price/performance ratio aimed at the mass markets.

Expansion of IDEX's global resources

By the acquisition IDEX established a notable presence in the USA with a development centre in Boston and an office in Silicon Valley. The IDEX America staff continues to be expanded to serve customers and partners.

In December IDEX opened a representative office in Hong Kong to expand its sales and support in South East Asia. The Hong Kong office will support customers and partners in connection with IDEX's business development activities in a very important region for the telecom and information technology industries.

In 2014, IDEX will expand its staff to manage deliveries and the expected strong business growth, increase its technical staff to progress on its product roadmap, and expand sales and support staff in the pertinent markets.

Following preparatory work in 2013, IDEX established in January 2014 a Strategy Advisory Council with the mandate to advise IDEX on market, technology and strategic trends in the rapidly developing mass market for fingerprint sensors. The Strategy Advisory Council underpins IDEX's strategy of establishing a global presence and developing an industry-leading position. Among the members of the Strategy Advisory Council is Larry Ciaccia, former CEO of AuthenTec.

Commercial agreements

Breakthrough agreement with CrucialTec

IDEX announced on 12 March 2013 an agreement on terms with a then undisclosed partner serving the global mobile communications market. The global partner, later disclosed as CrucialTec Corp., a global leader in mobile input solutions, and IDEX entered into the commercial partnership agreement on 10 May 2013. The agreement is an essential milestone in delivering IDEX technology to the mobile communication market. In October, CrucialTec and IDEX agreed terms on expanding the scope of the current agreement, thereby demonstrating IDEX's traction in commercializing its product roadmap for the mobile communications mass market.

Due to strong demand from mobile OEMs for higher-value touch sensors following the launch of the Apple iPhone 5S with TouchID, IDEX and CrucialTec collaborated to deliver a first-generation small-area mobile touch sensor sampling in the first quarter of 2014. The first-generation product is designed for both Android and Windows devices. The sensor is based on IDEX-led silicon sensor development, with the advanced sensing algorithm and modularization development led by CrucialTec.

Order from WWTT in January 2014

IDEX secured in January 2014 an order of 300,000 units for the Colibri swipe sensor from World Wide Touch Technology (Holdings) Limited (WWTT). The sensors are expected to be delivered after the first quarter of 2014, with volumes in the second half of 2014. This volume order is IDEX's first commercial launch for the Colibri swipe sensor embedded in consumer electronics devices for mobile and laptop accessories.

Progress on security and bag lock projects

In the fourth quarter 2012, IDEX entered into a commercial agreement with a European OEM partner for SmartFinger sensor and software. Volumes and timing will depend on the demand from the OEM's customers for the OEM's device where the sensor is embedded.

IDEX and a Chinese technology company are collaborating closely to develop a security device in which IDEX's SmartFinger solution is embedded. The parties extended their cooperation by a memorandum of understanding at the end of 2012. The customer is currently preparing demonstrators as part of a proof of concept of a complete security system.

Funding

In September 2013 WWTT subscribed to two separate private placements of IDEX shares, in a combined amount of NOK 54.2 million. WWTT operates chiefly in Hong Kong and the People's Republic of China and has about 2,400 employees. The company develops and manufactures a broad range of products, and operates a Biometric Security Platform (division). WWTT is listed on the stock exchange in Hong Kong.

During the fourth quarter IDEX worked on financing the company's significant growth opportunities, and in January 2014 funds managed by Invesco Asset Management Limited, a leading global investor, agreed to invest NOK 300 million in IDEX, at a price of NOK 5.00 per share. The investment amounted to a holding of 14.8 per cent of IDEX's shares. The Invesco funds also received 30 million warrants in IDEX, exercisable after one year at NOK 7.50 per share. The transaction was resolved by an extraordinary general meeting on 29 January 2014 and completed primo February 2014.

The board of directors

Four of five board members stood for election at the annual general meeting 2013. Joan Frost Urstad and Harald Voigt retired from the board. Morten Opstad (chairman) and Hanne Høvding were reelected and Frode Haugli and Toril Nag were elected new board members. Jon Ola Frankplads stands for election in 2014.

Group annual financial statements

Revenue: IDEX earned revenue amounting to NOK 2.5 million in 2013. Virtually all revenue 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. The revenue in 2012 amounted to NOK 4.5 million, of which NOK 1.0 million originated from a feasibility study for a customer, while the remainder was R&D support.

Payroll expenses: The payroll expenses have grown significantly. There were 23 employees at the end of 2013, up from 10 at the end of 2012. The additions were mainly in September-December. The notional cost of subscription rights including accrued social security cost of same amounted to NOK 18.2 million in 2013, or close to half of the payroll expenses in the year. In 2012, the cost of share-based remuneration amounted to NOK 3.2 million. Payable payroll expenses increased to NOK 19.4 million in 2013 from NOK 14.0 million in 2012 because of the added staff and social security tax on the exercise of subscription rights.

Research and development expenses: Gross external research and development (R&D) expenses increased to NOK 18.6 million from NOK 11.8 million in 2012. Contributions from the SkatteFunn R&D grant scheme managed by the Research Council of Norway amounted to NOK 1.2 million in 2013, up from NOK 1.1 million in 2012. These grants have been set off against R&D expenses. Net reported R&D expenses were NOK 17.3 million in 2013 compared to NOK 10.7 million in 2012. The increase in activity level relates to product development and industrialisation, ASIC improvements, core technology and new sensor materials. Payroll cost of R&D conducted by IDEX employees are not included in the R&D line, but in the payroll expenses line. Such expenses amounted to about NOK 26.6 million in 2012 versus NOK 9.5 million the year before.

Other operating expenses: Other operating expenses at NOK 11.1 million in 2013 increased from 2012 at NOK 9.2 million. The main reason for the increase was expanded sales and marketing activities.

Depreciation amounted to NOK 0.9 million in 2013, up from NOK 0.3 million in 2012. IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013 in an amount of USD 4.0 million, which corresponded to NOK 23.6 million. Of the assets, NOK 15.3 million are depreciable assets. Investments in prior years have been very small, and actually no investments were made in 2012.

Net financial items: Net financial items amounted to a net cost amounting to NOK 0.1 million in 2013. The interest income was offset by currency exchange losses, mainly related to USD. In 2012 the net financial result was NOK 0.2 million income, mainly interest.

Taxes: IDEX operated at a loss and did not incur deferred or payable income taxes in 2013 or 2012.

Net result in the year: Net loss for the year was NOK 65.0 million, compared to NOK 33.4 million in 2012. The increased loss was mainly caused by cost increase in payroll and R&D. The cost base was expanded in the second half of 2013. Funding for the expansion was obtained in 2013, and also in the beginning of 2014.

Total cash and bank deposits amounted to NOK 46.5 million at the end of 2013, compared to NOK 19.8 million at the preceding year-end. The operations consumed cash in an amount of NOK 36.6 million in 2013 and NOK 30.3 million in 2012, demonstrating that about half of the cost increase from 2012 was non-cash and related to share-based remuneration. New funds were obtained

by share issues amounting to net cash inflow of NOK 87.6 million in 2013 and NOK 28.5 million in 2012. Further NOK 300.0 million new capital was obtained in January 2014.

Equity: Equity amounted to NOK 18.3 million at the start of 2013. During 2013, NOK 87.6 million was added by three private placements and employees' exercise of subscription rights (2012: NOK 28.5 million added by two placements). Because of the loss in the year, equity at the end of 2013 amounted to NOK 49.9 million. The substantial annual losses have eroded the company's equity, while shareholders have contributed new funds. At 31 December 2013, 3.5 per cent of the share capital had been lost.

Liquidity and capital resources: The net current assets less current liabilities at the end of 2013 was NOK 25.1 million. IDEX does not have financial debt, nor assets suitable for being placed as security for a loan. On 29 January 2014 the company issued 60,000,000 new shares in a private placement of shares at NOK 5.00 per share, which raised NOK 300.0 million before expenses. The amount has been paid in and the shares have been issued.

Financial statements of the parent company:

The comments above regarding the consolidated financial statements, largely applies also to the parent company itself. The subsidiaries were established and commenced operation in September 2013. IDEX America is the operating entity, providing development services as well as sales and marketing services to IDEX ASA. The services are expensed by the parent company as development expense and other expenses. IDEX also had a subsidiary group in USA in 2012, with no activity and negligible expenses.

Events after 31 December 2013

The board resolved on 2 January 2014 to conduct a private placement of 60,000,000 shares in IDEX at a subscription price of NOK 5.00 per share, totaling NOK 300 million, to funds managed by Invesco Asset Management Limited. The funds also received 30,000,000 warrants, each at an exercise price of NOK 7.50. The subscription amount has been paid and the shares have been issued. A listing prospectus dated 4 February 2014 was issued in connection with the placement.

On 23 January 2014 IDEX secured an order of 300,000 units of the Colibri swipe sensor from World Wide Touch Technology (Holdings) Limited (WWTT). The sensors are expected to be delivered after the first quarter of 2014. This volume order is IDEX's first commercial launch for the Colibri swipe sensor embedded in consumer electronics devices for mobile and laptop accessories.

Between 31 December 2013 and the date of this report, the board has granted a combined total of 2,460,000 incentive subscription rights under the company's 2013 incentive SR plan to employees and contractors to the company.

The board resolved on 24 February 2014 to issue 5,275,983 shares to employees who exercised incentive subscription rights which were granted in prior years.

The board resolved on 20 March 2014 a private placement of 2,400,000 new shares in the company, to Cenkos Securities plc. Cenkos earned 4.0 per cent commission on the private placement to the Invesco funds resolved on 29 January 2014. The commission was payable in shares or cash, as determined by Cenkos, and Cenkos notified IDEX that it wished to receive the commission in the form of shares in IDEX. The shares to Cenkos were issued at the same subscription price as the shares issued to the Invesco funds, NOK 5.- per share. 800,000 shares are restricted for six months and 800,000 shares are restricted for 12 months.

Following the foregoing the company's share capital is NOK 61,857,557.25, divided into 412,383,715 registered shares each with a nominal value of NOK 0.15, and there are 28,687,661 incentive subscription rights outstanding.

Between 31 December 2013 and the resolution of these annual financial statements, there have not been any other events which have had any noticeable impact on IDEX's result in 2013 or the value of the group's assets and liabilities at 31 December 2013.

Going concern

The going concern assumption has been applied for the group as well as the parent company when preparing these financial statements. At the end of 2013 there was some uncertainty attached to this assumption, which uncertainty does not apply at the date of these financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have financial debt, and in a private placement of shares on 29 January 2014, IDEX raised NOK 300 million before expenses. The board thus confirms that there is a robust basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements.

Allocation of net profit (loss) for the year

The net loss for 2013 of the parent company IDEX ASA was NOK 65,005,282.-. The board proposes that the loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2013.

Financial market risk

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

Business risk may be summarised in five points: (i) IDEX has to date had minimal revenue compared to costs. IDEX has reported accumulating financial losses and expects future losses. (ii) IDEX's business plan assumes revenue from products which IDEX has not yet traded commercially in large volumes. (iii) Revenue from IDEX'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's intended market is immature and undergoing rapid technological changes.

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.

Share capital and shareholders

The issued share capital of the company at the end of 2013 amounted to NOK 51,706,159.80, consisting of 344,707,732 ordinary shares, each share having a par value of NOK 0.15. At the end of 2013 there were a total of 1,697 registered shareholder accounts, compared to 1,141 one year earlier. The company has in the region of 2,300 shareholders at the time of this report.

The closing share price on the last day of trading in 2013 was NOK 6.14, compared to NOK 0.98 at the last trading day of 2012. There were 32,312 trades in the share, with a total turnover amounting to NOK 808,3 million, respectively 11 and 27 times more than 2,937 trades with a total turnover of NOK 29.4 million in 2012. The exceptional increase in share price and traded volume as well as the number of shareholders is due to IDEX's advances in 2013 and the favourable outlook for the fingerprint industry.

Following a book building in April, IDEX completed a successful private placement of shares 16 May 2013. The book building resulted in more than twice the planned maximum and the placement amount was increased to better accommodate the investors' demand for IDEX shares. The annual general meeting resolved to issue 18,771,250 shares at a subscription price of NOK 1.60 per share.

Following the annual general meeting on 16 May 2013, the chairman Morten Opstad and board members Hanne Høvdig, Joan Frost Urstad and Harald Voigt elected to receive the board remuneration 2012-2013 fully or partly in shares. Mr. Opstad acquired 119,940 shares for which he paid the par value in lieu of a cash board remuneration of NOK 180,000. Mesdames Høvdig and Urstad both acquired 93,287 shares each for which they paid the par value in lieu of a cash board remuneration of NOK 140,000 each, and Mr. Voigt acquired 46,643 shares for which he paid the par value in lieu of a cash board remuneration of NOK 70,000.

The board was authorised by the annual general meeting 2013 to issue up to 32,895,068 shares or 10 per cent of the registered share capital when the resolution was made. The authorisation is valid until the annual general meeting 2014. The authorisation has been used twice: On 1 September and 23 September 2013 IDEX carried out two separate private placements to World Wide Touch Technology (Holdings) Limited (WWTT); 7,365,060 shares at NOK 4.15 per share and 4,680,000 shares at NOK 5.04 per share respectively. The capital was fully paid in and registered in 2013.

Various employees exercised vested incentive subscription rights during the year, in a combined total of 4,058,835 shares at average price NOK 1.10 per share.

Under the 2013 subscription rights based incentive programme resolved by the annual general meeting 2013, the board may grant up to 32,895,068 incentive subscription rights, 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 2013, the board granted 16,810,000 subscription rights, of which 12,300,000 were granted under the now closed 2012 programme. At the end of 2013, there were a total of 28,186,318 subscription rights outstanding under various programmes. Weighted average exercise price was NOK 1.93 per share.

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

The equity of the the parent company was adequate at the end of 2013. In a private placement of shares on 29 January 2014, IDEX raised NOK 300 million before expenses.

Organisation; health, safety and environment

At the end of the year IDEX had 23 employees (2012: 10). Most of the new employees, both at Fornebu, in Boston and Silicon Valley, have been added since September. In addition, IDEX has individual technical/scientific specialists on contract working at its premises. The number of employees increased in 2013 after some reductions in 2012. All employees but one are male. In addition to its employees IDEX makes use of contractors and service providers in its development projects and also in functions like patenting and 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. IDEX 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 IDEX have occurred. The sick leave of the parent company was less than 0.8 per cent in 2013 (2012: less than 2.2 per cent). The board has not taken any special measures in these respects.

IDEX 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's 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 in these respects.

In May, IDEX appointed Dr. Hemant Mardia as new CEO, replacing Dr. Ralph W. Bernstein who held the combined position of CEO and CTO since 2008. Dr. Bernstein is continuing his service as CTO of IDEX and the board expresses its gratitude for his dedicated efforts in a period when IDEX has launched two novel fingerprint sensor concepts, namely bendable polymer and glass, established a supply chain for mass volume production and dynamically changed its organization. Also during Dr. Bernstein's tenure, the IDEX share has become listed at Oslo Axess.

Dr. Mardia will lead IDEX as it commercialises its leading fingerprint biometric sensor technology and unique IP. Dr. Mardia has a PhD in electronics, and has a proven track record leading high growth technology businesses in executive and technical roles. Before joining IDEX, Dr. Mardia was CEO of Filtronic Plc, a London Stock Exchange listed business in the telecommunications sector.

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

Social responsibility

The board resolved ethical guidelines for IDEX in 2009. The guidelines, which are available at the company's web site, apply to all employed and contracted staff members as well as the elected board members. The ethical guidelines incorporate IDEX's guidelines on social responsibility.

The purpose of IDEX's business is to create value for the shareholders while the business shall also be to the benefit for the customers, employed and contracted staff, suppliers, other business relations and the society at large. 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.

IDEX makes every reasonable effort to secure a healthy, safe and lawful work environment and to comply with all applicable laws, rules and regulations concerning occupational health, safety and environmental protection. IDEX promotes equality and non-discrimination, fairness and ethical behaviour. IDEX offers a pleasant, well equipped and risk-free work environment, maintains fair and balanced employment practices and complies with all applicable labour laws. IDEX encourages and also expects similar commitment from its suppliers, partners and customers.

IDEX fulfills its role as a social responsible member of society by the business it operates and how that business is conducted. If and when publicity, attention and other benefits are evident and expedient for the business, IDEX may be a sponsor. IDEX refrains from charitable donations because such donations are not within the authority from the shareholders to the board and the management. In case IDEX staff or shareholders should want to make such donations it is more effective that they do so directly than via IDEX. Gifts from IDEX may also establish or be considered to represent inappropriate ties.

The board believes that in the present organisation – the IDEX group presently has about 25 persons employed and a small number of ongoing contractors on site – the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. IDEX does not operate in or deal with high-risk industries or countries in terms of human rights, employment conditions, environment or corruption. All customers, partners and suppliers to IDEX are well reputed companies. IDEX takes for its basis that the companies it deals with are operating in compliance with the applicable regulatory framework and paying due respect to the norms of the various stakeholders in their businesses. None of the processes in use by the suppliers are known to be of particular hazard to staff or the environment. The board has not taken any special measures in these respects. If and when the situation or the size of IDEX's operation so warrants, the company will implement appropriate programmes to ensure the integrity of its business.

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 to the degree possible taking into account the size and maturity of the business. The board's review of corporate governance has been included in the annual report.

Statement on management remuneration

The annual general meeting in 2013 considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2013 have been included in a note to the financial statements. The managing director of the parent company is also CEO for the group, and performs this duty as a part of his employment in the parent company for no additional remuneration.

Outlook

IDEX has over the last 15 months strengthened its management team, expanded its sales and customer support network, acquired PicoField IP, added development staff and secured funding. This enables expedited development of key products, expansion of activity with strategic partners, acquisition of key technology and addition of experienced industry veterans. IDEX is implementing its strategy to take part in the rapid growth of the biometric mobile communication market.

IDEX is now one of only two independent principal vendors of capacitive sensors, which is the preferred sensing principle for consumer devices. IDEX holds a unique, strong and continuously expanding IP and technology position to deliver a best in class product portfolio. The supremacy of the capacitive sensing principle has been stated by Microsoft and confirmed by Apple's acquisition of AuthenTec, Inc. in 2012 and Synaptics, Inc.'s acquisition of Validity Sensors, Inc.: Both of the acquired companies deliver capacitive sensors.

Customer activity has underlined strong demand for small form factor touch sensors particularly in mid and high-end smartphones. This shift has been promoted by the success and positive user experience of the small touch sensor launched by Apple on the iPhone 5S. The relative value of touch sensors is several times that of swipe sensors and will lead to significant market scale increase for IDEX. IDEX has entered into a partnership with CrucialTec to jointly launch a first generation of small-area touch sensors. Sampling is planned in the first quarter of 2014 to secure volumes in the second half of the year. 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, higher performance-to-cost ratio and disruptive cost compared with all silicon sensors.

Low-cost swipe sensors are likely to be deployed in cost- and size-critical mobile devices such as low and mid specified phones and also wearables. IDEX is determined to offer the optimal price/performance in these higher-volume markets. IDEX is also developing demonstrators to advance a button-free in-glass solution.

The sales and marketing staff and activities are growing, with focus on strategic tier-one partnerships within the consumer electronics market. IDEX has presences on both the east and west coast of the United States, as well as in the South-East Asia region.

The rapid adoption of fingerprint sensors is creating a multi-billion dollar mass-market opportunity for IDEX. The first volume order for 300,000 sensors was secured in January 2014.

The board of directors of IDEX expects 2014 to show exceptional growth for biometric devices with IDEX gaining market traction as a key contributor. IDEX has now a robust financial base for pursuing the commercial opportunities ahead.

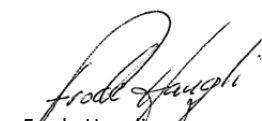
Fornebu, 8 April 2013
The board of directors of IDEX ASA



Morten Opstad
Chairman



Jon Ola Frankplads
board member



Frode Haugli
board member



Hanne Høvdig
Board member



Toril Nag
board member



Hemant Mardia
CEO

Annual financial statements 2013 with notes

Statements of comprehensive income

1 January-31 December		Amounts in NOK 1,000	Note	IDEX group 2013	2012	IDEX ASA 2013	2012
Operating revenue							
Sales revenue				7	1 046	7	1 046
Other income		5		2 519	3 460	2 519	3 460
Total revenue				2 526	4 506	2 526	4 506
Operating expenses							
Payroll expenses		3		38 029	17 778	36 970	17 778
Research and development expenses		4, 5		17 340	10 747	17 750	10 747
Other operating expenses		6, 7		11 146	9 233	11 936	9 254
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)				(63 989)	(33 252)	(64 130)	(33 273)
Depreciation expenses		10, 11		929	313	788	313
Profit (loss) before interest and tax (EBIT)				(64 918)	(33 565)	(64 918)	(33 586)
Financial income and expenses							
Interest income				391	208	391	208
Agio				47	65	47	65
Interest expenses				(6)	0	(6)	0
Disagio				(519)	(73)	(519)	(73)
Net financial items				(87)	200	(87)	200
Net result before tax (EBT)				(65 005)	(33 365)	(65 005)	(33 386)
Taxes		8		0	0	0	0
Net loss for the year				(65 005)	(33 365)	(65 005)	(33 386)
Profit (loss) per share, basic and diluted							
		9		(0.20)	(0.12)		
Other comprehensive income				0	0	0	0
Total comprehensive income for the year, net of tax				(65 005)	(33 365)	(65 005)	(33 386)

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group 2013	2012	IDEX ASA 2013	2012
Long-term assets					
Goodwill		8 260		8 260	
Intangible fixed assets		14 937		14 937	
Total intangible assets	10	23 197		23 197	
Fixed assets	11	1 178	626	613	626
Total fixed assets		1 178	626	613	626
Shares in subsidiary	1, 12			0	0
Long-term receivables	14	446	332	446	332
Total financial assets		446	332	446	332
Total long-term assets		24 821	958	24 256	958
Current assets					
Accounts receivable		0	17	0	17
Receivables from group companies				2 655	0
Other receivables		3 445	3 715	3 445	3 715
Prepaid expenses		1 303	512	1 212	512
Total receivables	17	4 748	4 244	7 312	4 244
Cash and bank deposits	13	46 475	19 833	45 357	19 833
Total cash and bank deposits		46 475	19 833	45 357	19 833
Total current assets		51 223	24 077	52 669	24 077
Total assets		76 044	25 035	76 925	25 035
Equity and liabilities					
Equity					
Share capital	15, 16	51 706	46 422	51 706	46 422
Share premium		168 631	86 292	168 631	86 292
Other paid-in capital		20 183	11 235	20 183	11 235
Total paid-in capital		240 520	143 949	240 520	143 949
Other equity		(190 636)	(125 631)	(190 636)	(125 631)
Total equity		49 884	18 318	49 884	18 318
Short-term liabilities					
Accounts payable		4 245	2 561	2 595	2 561
Accounts payable intercompany				2 531	0
Public duties payable		2 123	874	2 123	874
Notional employer's tax on share-based remuneration		9 711	32	9 711	32
Other short-term liabilities		10 081	3 250	10 081	3 250
Total short-term liabilities	17	26 160	6 717	27 041	6 717
Total equity and liabilities		76 044	25 035	76 925	25 035

Fornebu, 8 April 2013
The board of directors of IDEX ASA


Morten Opstad
Chairman


Jon Ola Frankplads
board member


Frode Haugli
board member


Hanne Hovding
Board member


Toril Nag
board member


Hemant Mardia
CEO

Statements of changes in equity
IDEX group

Amounts in NOK 1 000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2013	46 422	86 292	11 235	(125 631)	18 318
Private placement on 16 May	2 815	26 513			29 328
Share issue on 16 May (board remuneration)	53				53
Private placement on 1 Sep.	1 105	29 460			30 565
Private placement on 3 Sep.	702	22 689			23 391
Exercises of subscription rights on several dates	609	3 677			4 286
Share-based remuneration			8 948		8 948
Profit (loss) for the year				(65 005)	(65 005)
Other comprehensive income				0	0
Balance at 31 December 2013	51 706	168 631	20 183	(190 636)	49 884
Balance at 1 January 2012	40 794	63 429	7 409	(92 266)	19 366
Private placement on 23 April	1 493	8 196			9 689
Share issue on 15 May (board remuneration)	55				55
Private placement on 8 Nov.	4 080	14 667			18 747
Share-based remuneration			3 826		3 826
Profit (loss) for the year				(33 365)	(33 365)
Other comprehensive income				0	0
Balance at 31 December 2012	46 422	86 292	11 235	(125 631)	18 318

IDEX ASA

Amounts in NOK 1 000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2013	46 422	86 292	11 235	(125 631)	18 318
Private placement on 16 May	2 815	26 513			29 328
Share issue on 16 May (board remuneration)	53				53
Private placement on 1 Sep.	1 105	29 460			30 565
Private placement on 3 Sep.	702	22 689			23 391
Exercises of subscription rights on several dates	609	3 677			4 286
Share-based remuneration			8 948		8 948
Profit (loss) for the year				(65 005)	(65 005)
Other comprehensive income				0	0
Balance at 31 December 2013	51 706	168 631	20 183	(190 636)	49 884
Balance at 1 January 2012	40 794	63 429	7 409	(92 245)	19 387
Private placement on 23 April	1 493	8 196			9 689
Share issue on 15 May (board remuneration)	55				55
Private placement on 8 Nov.	4 080	14 667			18 747
Share-based remuneration			3 826		3 826
Profit (loss) for the year				(33 386)	(33 386)
Other comprehensive income				0	0
Balance at 31 December 2012	46 422	86 292	11 235	(125 631)	18 318

Cash flow statements

1 January-31 December	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2013	2012	2013	2012
Cash flows from operating activities				
Profit (loss) before interest and taxes	(64 918)	(33 565)	(64 918)	(33 586)
Share-based remuneration (equity part)	8 948	3 825	8 948	3 825
Depreciation	929	313	788	313
Interest paid	(6)	0	(6)	0
Change in receivables	(504)	(722)	(3 068)	(668)
Change in payables, accruals	19 443	(166)	20 324	(201)
Net other items	(474)	(6)	(472)	(6)
Net cash flow from operational activities	(36 582)	(30 321)	(38 404)	(30 323)
Cash flows from investing activities				
Investments	(24 676)	0	(23 972)	0
Investment in subsidiaries			0	6
Changes in long-term receivables	(114)	(7)	(114)	(7)
Interest received	391	208	391	208
Net cash flow from investing activities	(24 399)	201	(23 695)	207
Cash flows from financing activities				
Share issues, net of expenses	87 623	28 491	87 623	28 491
Net cash flow from financing activities	87 623	28 491	87 623	28 491
Net change in cash and bank deposits	26 642	(1 629)	25 524	(1 625)
Cash and bank deposits at 1 January	19 833	21 462	19 833	21 458
Cash and bank deposits at 31 December	46 475	19 833	45 357	19 833

Notes

1. Group information

IDEX ASA is a Norwegian Public Limited Company with registered office in the Bærum municipality. IDEX's shares were 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 fingerprint recognition technology.

IDEX was incorporated in 1996. The current IDEX group was formed on 3 September 2013 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. Both subsidiaries were incorporated on 3 September 2013 and are 100 per cent owned. IDEX America is the operating entity, providing development services as well as sales and marketing services to IDEX ASA. Formerly, in 2007-2012, IDEX ASA operated a corresponding subsidiary group in the USA. The former subsidiaries had the same names. The former subsidiaries were inactive as of 2010.

The going concern assumption has been applied for the group as well as the parent company when preparing these financial statements. At the end of 2013 there was some uncertainty attached to this assumption, which uncertainty does not apply at the date of these financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have financial debt, and following a private placement of shares on 29 January 2014, IDEX raised NOK 300 million before expenses.

The annual financial statements for 2013 were resolved by the board on 8 April 2014 and will be presented to the annual general meeting on 7 May 2014.

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 and accrual 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 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 2013 had any impact on the result or equity of IDEX in 2013, or the group does not have transactions or balance sheet items that shall be disclosed under the new or amended rules.

IDEX considers that the new standards which have been resolved by the date of these financial statements and which standards will apply to the accounting year 2014, will not have any significant impact on the annual financial statements for 2014.

IDEX does not yet 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 recognized amounts for assets, liabilities, revenue and costs. The judgments as well as the estimates and related assumptions have been based on the management's best understanding of the situation, 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.

Significant accounting judgments for IDEX

Acquired intangible assets: IDEX considers the acquisition of assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013, including the employment of PicoField's staff, to constitute a business combination.

For the sake of clarity, IDEX did not acquire the shares of PicoField. The assets have been capitalised in accordance with IFRS, with the pertinent goodwill. The goodwill will be impairment tested annually. There were no indications of impairment of the goodwill at 31 December 2013 or at the date of these financial statements.

Intangible assets: Under IFRS, research costs are expensed as incurred. IDEX's 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. Future events may justify capitalisation as of a future date.

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

Significant accounting estimates for IDEX

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.

Intangible assets: The purchase price of the assets and intellectual property rights acquired from PicoField Technologies, Inc. on 23 September 2013 has been allocated to the various assets based on estimated fair value.

Goodwill: Goodwill amounts to the fair value of the consideration for the assets less the capitalised value of the identifiable assets and less impairment charges, if any. Impairment testing of goodwill will be based on the estimated fair value or the value in use of the business.

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.

The business risk may be summarised in five points: (i) IDEX has to date had minimal revenue compared to costs. The group has reported accumulating financial losses and expects future losses. (ii) IDEX's business plan assumes revenue from products which IDEX has not yet traded commercially in large volumes. (iii) Revenue from IDEX'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's intended market is immature and undergoing rapid technological changes.

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 core business. IDEX has been funded by equity since 2010 and also during most of its preceding years. IDEX will prepare and implement comprehensive capital management and funding policies as and when needed.

The financial situation of the group was vulnerable at the end of 2013. The board resolved on 2 January 2014 to conduct a private placement of 60,000,000 shares in IDEX at a subscription price of NOK 5.00 per share, totaling NOK 300 million, to funds managed by Invesco Asset Management Limited. The placement was subject to approval by a general meeting of shareholders in IDEX, which was held on 29 January 2014. The subscription amount has been paid and the shares have been issued. A listing prospectus dated 4 February 2014 was issued in connection with the placement.

The group does not have financial debt and has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements.

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, if any, 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 acquisition 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 recognized to the extent that it is probable that an economic benefit will flow to the group and the revenue can be reliably measured. Revenue is recognized at fair value at the delivery point to the customer, net of VAT, returns, discounts and rejects.

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

Development and other rendering of services: Revenue from rendering of services is recognized as the services are performed, on the basis of degree of completion that can be reliably measured. Services delivered on an hourly basis are recognized as delivered.

Licence fees: Licence fees which are unconditionally earned by IDEX, i.e. not contingent on further deliveries by IDEX or contingent on income to the licensee or other caveats.

Royalty: Royalty revenue is recognized at the time the licensee generates income on which IDEX shall receive a royalty payment.

Cost of goods sold, cost of services sold

Cost of goods sold is recognized to match revenue. Cost of goods sold is the full manufacturing and logistic cost up to the delivery point, including any royalty costs. Licence costs are allocated over time or units of production as applicable. Cost of services sold are recognized in the various operating costs.

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. Translation differences on monetary items are recognized in financial items.

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 recognized 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 recognized in comprehensive income are reversed and recognized in the net result of the year when the foreign operations are disposed of.

Research and development expenses

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an individual project is recognized 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 held at cost less accumulated depreciation and impairment charges. When assets are sold or retired, the gross carrying amount and accumulated depreciations are derecognized. Any gain or loss on the sale or retirement is recognized in the income statement.

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

Intangible assets

Acquired identifiable intangible assets are held at cost less accumulated depreciation and impairment charges. Goodwill on acquisitions is held at cost less impairment charges.

Shares in subsidiaries

Shares in subsidiaries are recognized at original cost in the parent company's balance sheet.

Impairment of fixed assets and other long-term assets

An assessment of impairment losses on fixed assets is made when there is an indication of a fall in value. Goodwill is tested minimum annually. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized 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 recognized 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 recognized 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 recognized 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 recognized at cost, which is fair value of the received amount less directly attributable transaction costs. Following the initial recognition, the interest-bearing debts are measured at amortised cost applying the effective interest method. Any difference between amount received and repayment amount is recognized over the duration of the loan. Any transaction costs and discounts are taken into account when calculating amortised cost. Gains and losses are recorded as net gain or loss when the liability is derecognized.

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 recognized applying the effective interest method.

Inventory

Inventory - raw materials, work in progress and finished goods - for sale is held at the lower of average full acquisition cost and net realisable value.

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. Significant customer prepayments are recognized as liability.

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 current liabilities on the balance sheet.

Taxes

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax has been 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 date. Any temporary differences increasing or reducing tax that will or may reverse in the same period, have been netted.

A deferred tax asset will be recognized 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 reviews its unrecognized deferred tax assets and the value it has recognized. The group recognizes an unrecognized 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 recognized 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 recognized in the annual financial statements, but will be disclosed in the notes if applicable.

A contingent asset is not recognized 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

Subscription rights granted to employees and others are charged to the profit and loss at their fair value at grant over the vesting period. The fair value is determined using a Black & Scholes option pricing model.

Notional employer's tax liability is calculated on the net present value of the subscription rights as options on the balance sheet date, and an adjusting accrual or reversal is charged to profit and loss.

Leasing agreements, rentals

Leasing contracts are classified as financial or operational leases based on an individual assessment. Operational lease contracts and rentals 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 recognized 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 recognized as a reduction in expense. When the grant can be viewed as payment for a deliverable or performance of a service, it is recognized as other revenue.

Segment reporting

IDEX 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, whether business or geographical, will be informative.

3. Payroll expenses and remuneration

Amounts in NOK 1,000		IDEX group		IDEX ASA	
Payroll expense		2013	2012	2013	2012
Salaries, fees		13 952	11 291	12 948	11 291
Share-based remuneration (notional salary)		8 948	3 825	8 948	3 825
Share-based remuneration (accrual of employer's tax)		9 679	(302)	9 679	(302)
Pension contribution		167	184	167	184
Social security taxes		3 699	1 687	3 698	1 687
Other personnel expenses		1 584	1 093	1 530	1 093
Total		38 029	17 778	36 970	17 778
Average number of employees		13	13	12	13

The parent company provides a contribution based pension insurance scheme for all its employees. The scheme satisfies the mandatory service pension (obligatorisk tjenestepensjon, OTP) in Norway. The contribution is 2 per cent of the employee's annual salary between 2G and 12G. G is the basic amount in the Norwegian social security system, and G amounted to NOK 84 thousand in 2013. Employees of IDEX America are members of an insured health plan (PPC plan).

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

Remuneration for senior managers

The following tables and text covers employees and contractors who are primary insiders at the end of the respective years.

2013

Amounts in NOK 1,000	Salary	Incentive pay	Other benefits	Pension cost	Share-based remuneration	Total remuneration
Hemant Mardia, CEO	1 005		2		2 381	3 386
Ralph W. Bernstein, CTO	1 367		9	20	675	2 071
Erling Svela, CFO	1 249		7	21	177	1 454
Kristian Wiermyhr (Lupum AS), VP of sales and strategy	1 130		2	9	167	1 308
Total	4 751	0	18	50	3 400	8 219

Salary, bonus and other benefits in 2013 are the amounts as declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. All amounts exclude employer's tax. None of the senior managers exercised incentive subscription rights in 2013.

Kristian Wiermyhr was employed by IDEX as of 1 July 2013. Until 30 June 2013 he was contracted from his company Lupum AS, which invoiced IDEX for the service. The table above includes the invoiced amount in the Salary column. IDEX also paid or refunded out-of-pocket expenses such as travel and telecommunications. As of 1 July 2013 Mr. Wiermyhr has been employed by IDEX ASA.

2012

Amounts in NOK 1,000	Salary (charge)	Incentive pay (charge)	Other benefits	Pension cost	Share-based remune- ration	Total remune- ration
Ralph W. Bernstein, CEO	1 387		6	19	547	1 959
Inge Berge (Blaais AS), IR and business development	295	150			522	967
John R. Robinson, VP of sales and marketing	889	164	6	18	257	1 334
Erling Svela, CFO	1 441		6	17	316	1 780
Kristian Wiermyhr (Lupum AS), strategic projects and IR	250	604			522	1 376
Total	4 262	918	18	54	2 164	7 416

Salary, bonus and other benefits in 2012 are the amounts as declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. All amounts exclude employer's tax. None of the senior managers exercised incentive subscription rights in 2012.

Inge Berge was contracted as of June 2012 from his own company Blaais AS, which invoices IDEX for the service. The table above shows the invoiced amount. IDEX also pays or refunds out-of-pocket expenses such as travel and telecommunications. Share-based remuneration is the recognized cost for incentive subscription rights which have been granted to Mr. Berge personally.

Kristian Wiermyhr was contracted as of August 2012 from his company Lupum AS, which invoiced IDEX for the service. The table above shows the invoiced amount. IDEX also pays or refunds out-of-pocket expenses such as travel and telecommunications. Share-based remuneration is the recognized cost for incentive subscription rights which have been granted to Mr. Wiermyhr personally. In addition to the service fee, the table includes NOK 454 thousand in commission to Lupum for procured subscriptions in the private placement 8 November 2012. See note 7.

Guidelines for remuneration to senior managers

In order to attract and retain the competence that IDEX 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. Cash bonus plans are limited to fixed amounts or fixed percentage of base pay. 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. Certain employees of IDEX America are employed on fixed-term agreements until September 2015 whereafter conventional notice periods apply.

Except for appropriate travel advances, IDEX has not made any advance payments or issued loans to, or guarantees in favour of, any members of the management.

Share-based remuneration

Employees and senior management of the group 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 paid or earned remuneration.

Bonus payments in the respective years are reported in the tables above. The payments may have been earned in the year before payment took place. No bonuses under the 2013 bonus plan were paid in 2013 because the individual evaluations or milestones were not completed by the date of these financial statements. An accounting accrual amounting to NOK 735 thousand plus taxes and salary-based benefits was made in 2013. All bonus payments in 2012 were earned under the 2012 programmes. No further bonus was earned in 2012.

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. On exercise, the actual employer's tax is expensed and the accrual adjusted to cover the remaining subscription rights. None of the senior managers exercised subscription rights in 2013 or 2012. The cost accrual for employer's tax on subscription rights in 2013 amounted to NOK 4,608 thousand and the accumulated accrual amounted to NOK 4,612 thousand at the end of the year (2012: NOK 98 thousand reversed and the accumulated accrual amounted to NOK 4 thousand).

For the shareholders a possible exercise will represent a dilution. At the end of 2013, the number of outstanding subscription rights to management including their close associates amounted to 12,921,963, corresponding to 3.7 per cent of the share capital (2012: 10,521,963 outstanding subscription rights corresponding to 3.4 per cent of the share capital at the time).

Board and election committee remuneration

IDEX has no other obligation to remunerate the board or election committee than the remuneration being resolved by the annual general meeting upon completion of each year of tenure. The group has not issued any advance payments or loans to, or guarantees in favour of, any board or election committee member.

The annual general meeting 2013 resolved a board remuneration amounting to NOK 140 thousand per board member for the period from the annual general meeting 2012 to the annual general meeting 2013. The chairman received an additional NOK 40 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 member paid the par value and the shares were locked up for one year. The chairman and board members Mesdames Høyding and Urstad chose to take the full remuneration in shares, while Mr. Voigt took half the board remuneration in shares. The transaction was completed in the second quarter 2013.

The annual general meeting 2013 resolved a remuneration to the nomination committee for the period from the annual general meeting 2012 to the annual general meeting 2013 amounting to NOK 15 thousand per member and NOK 25 thousand to its chairman.

Based on the resolutions of the annual general meeting 2013, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June-December 2013. The accruals amounted to NOK 525 thousand at the end of 2013. The nomination committee shall propose the remunerations for the period June 2013-May 2014 to the annual general meeting 2014.

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

4. 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 Smart-Finger or other products, or its IP and technology. 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 that are not revenue, have been credited against costs. The gross expense amounted to NOK 18,589 thousand in 2013 compared to NOK 11,847 thousand in 2012. IDEX has for several years received R&D grants from the Skattefunn scheme, a governmental R&D grant scheme operated by the Research Council of Norway. For 2013, IDEX expects to receive NOK 1,249 under Skattefunn, which amount has been set off against R&D expenses. For 2012 the grant amounted to NOK 1,100 thousand. Net R&D cost was NOK 17,340 thousand in 2013 versus NOK 10,747 thousand in 2012.

In addition to the support that has been credited to costs, NOK 2,519 thousand support under the VerdIKT and EuroStars programmes has been recognized as other income in 2013 because it is considered related to a delivery of service. The corresponding amount was NOK 3,445 thousand in 2012.

In addition to the direct external R&D costs, about 70 per cent, NOK 26.6 million of the payroll expenses in 2013 were related to R&D (2012: NOK 9.5 million). Infrastructure costs are not included.

5. Government grants

Grants during the year	Amounts in NOK 1,000	
	IDEX group and IDEX ASA 2013	2012
SkatteFunn (recognized as cost reduction)	1 249	1 100
VerdIKT (recognized as other revenue)	890	1 980
EuroSTARS (recognized as other revenue)	1 629	1 465

To receive grants from SkatteFunn, the company has to be a research and development company. It is also required that the company reports progress and achievements as well as project costs to the Research Council of Norway. The Skattefunn grant for 2013 will be paid out in the second half of 2014. There are similar conditions for the VerDIKT and EuroSTARS schemes, where the support for 2013 was partly advanced in 2013 and the residual will be paid out in the first quarter of 2014. The VerDIKT project was completed in 2013 and the EuroSTARS project will be completed in 2014. See also note 4.

6. Audit fees

Audit fees for the statutory audit of 2013 amounted to NOK 230 thousand (2012: NOK 195 thousand) and for other assurance services NOK 41 thousand (2012: NOK 48 thousand). Fees related to tax assistance amounted to NOK 29 thousand (2012: NOK 38 thousand) and other services, such as confirmations related to capital increases NOK 87 thousand (2012: NOK 35 thousand). Total fees for 2013 amounted to NOK 387 thousand (2012: NOK 316 thousand). All amounts are excluding VAT.

7. Related party transactions

The company's significant shareholders, board members and management of the group are considered related parties. All transactions with related parties have been carried out on arm's length principle. Salary and board remuneration to related parties has been disclosed in note 3. See also note 15.

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 3,536 thousand in 2013 (2012: NOK 2,425 thousand). The amount in 2013 includes, among other assignments, Ræder's work with the private placement in April-May, the private placements in September 2013, and the acquisition of intangible assets from PicoField, also in September 2013. (2012: private placement in April and the private placement in November 2012, including a listing prospectus.) The amounts includes accruals.

Lupum AS, which is a shareholder in IDEX and is controlled by Kristian Wiermyhr, has charged IDEX NOK 480 thousand for ongoing services conducted by Kristian Wiermyhr in the first half of 2013 (2012: NOK 854 thousand including a commission on placement of shares). IDEX also refunded the out-of-pocket expenses related to the ongoing services. As of 1 July 2013 Mr. Wiermyhr has been employed in IDEX ASA as vice president of strategy and sales, on arm's-length terms for such position. See notes 3 and 15.

Robert N. Keith was granted 2,000,000 incentive subscription rights (SRs) on 28 February 2013 under the company's 2012 incentive SR plan. The grant to Mr. Keith was related to a service agreement under which he will assist IDEX in strategic analysis and in dealing with larger, international, prospective partners.

There were no overdue open items with related parties at the end of 2013 or 2012. See also note 17.

The subsidiaries in the USA are also close relations to the parent company. See note 1 and 17. The parent company purchased sales and marketing services as well as development services from the subsidiary IDEX America Inc. The services were in 2013 purchased at actual full cost without profit. The purchases amounted to NOK 2,523 thousand in 2013 (2012: NOK 129 thousand). IDEX ASA had advanced NOK 2,655 to IDEX America, and had a payable of NOK 2,531 to IDEX America, i.e. a net advance of NOK 124 thousand at the end of 2013. The balances will be settled in 2014 in connection with injection of equity in the subsidiaries. There were no open items at the end of 2012.

8. Income tax expense

Note 8 contains information on the parent company only. The subsidiaries have been inactive and not subject to income tax. There was no difference in net result before taxes for the group and for the parent company was in 2013, and no effect on payable or deferred tax (2012: NOK 21 thousand difference and no tax effect).

Specification of the tax expense for the year	Amounts in NOK 1,000	
	IDEX ASA	
	2013	2012
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

Amounts in NOK 1,000		IDEX ASA	
Computation of taxes payable for the year		2013	2012
Net result before taxes		(65 005)	(33 386)
Permanent differences		6 839	617
Changes in temporary differences		8 114	110
Basis for taxes payable		(50 052)	(32 659)
28% tax, representing total taxes payable on current year's result		0	0

IDEX ASA		Temporary differences		Change in temporary differences	
Amounts in NOK 1,000		31 Dec. 2013	31 Dec. 2012	2013	2012
Temporary differences		(8 198)	(85)	(8 113)	(110)

Amounts in NOK 1,000		IDEX ASA	
Specification of temporary differences		31 Dec. 2013	31 Dec. 2012
Employer's tax on share-based remuneration		(9 679)	
Fixed Assets		1 481	(85)

Amounts in NOK 1,000		IDEX ASA	
Specification of deferred taxes		31 Dec. 2013	31 Dec. 2012
Losses carried forward		(366 225)	(315 988)
Temporary differences		(8 198)	(85)
Basis for deferred taxes		(374 423)	(316 073)
Calculated deferred tax, 27 % in 2013, 28 % in 2012		101 094	88 500
Deferred tax asset in the balance sheet		0	0

Amounts in NOK 1,000		IDEX ASA	
Specification of payable taxes in the balance sheet		31 Dec. 2013	31 Dec. 2012
Taxes payable on this year's result		0	0
Total taxes payable		0	0

Amounts in NOK 1,000		IDEX ASA	
Specification of actual tax expense		2013	2012
Result (loss) before tax		(65 005)	(33 386)
Theoretical tax expense (income), 28 %		(18 201)	(9 348)
Tax on permanent differences		1 915	173
Change in tax rate from 28 % to 27 %		3 744	
Change in deferred tax asset not recognized on 31 December		12 542	9 175
Actual tax expense (income)		0	0

The accumulated deferred tax asset of NOK 101.1 million is virtually entirely related to tax losses carry forward (2012: NOK 88.5 million). IDEX has not generated taxable profits in prior years. At 31 December 2013 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.

9. Earnings per share

Earnings per share shall be calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding in the year. Earnings per fully diluted share shall be calculated based on the result for the year divided by the weighted average number of fully diluted shares. In case of a net loss, the dilution would reduce the loss per share. In that case the effect of dilution is not taken into account.

		IDEX group	
		2013	2012
Net profit (loss) for the year (NOK 1,000)		(65 005)	(33 365)
Number of ordinary shares in issue at 31 December		344 707 732	309 479 430
Weighted average basic number of ordinary shares		326 183 037	281 405 296
Weighted average diluted number of shares		339 923 615	282 395 678
Basic and diluted profit (loss) per share in the year (NOK per share)		(0.20)	(0.12)

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights exceeds the average share price in the period, the subscription rights or warrants are not counted as being dilutive.

10. Intangible assets

Amounts in NOK 1,000	IDEX group 2013	2012	IDEX ASA 2013	2012
Cost at 1 January	-		-	
Addition goodwill	8 260		8 260	
Addition other intangible assets	15 340		15 340	
Disposals at cost	(0)		(0)	
Currency adjustment				
Cost at 31 December	23 600	-	23 600	-
Accumulated depreciation at 1 January	-		-	
Impairment of goodwill	0		0	
Depreciation of other intangible assets	403		403	
Accumulated depreciation of disposed items	(0)		(0)	
Currency adjustment				
Accumulated depreciation at 31 December	403	-	403	-
Book value at 31 December	23 197	0	23 197	0
Depreciation period (straight line), years	3 and 17		3 and 17	

The assets and intellectual property rights acquired from PicoField Technologies, Inc. on 23 September 2013 have been capitalised in accordance with IFRS. 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.

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013. The acquisition has been defined as a business combination. IDEX, by its subsidiary IDEX America Inc. also employed three employees from PicoField as of 23 September 2013. In connection with the employment, IDEX granted incentive subscription rights to the three new employees. PicoField is a US company engaged in touch fingerprint sensor design and development tailored for consumer devices. For the sake of clarity, IDEX did not acquire the shares of PicoField. The company is privately held.

PicoField possessed a patent and pending applications as well as other intellectual property relating to touch sensors. By acquiring the intellectual property from PicoField and employing three respected industry executives from PicoField, IDEX strongly enhanced its ongoing touch sensor programme. The addition of PicoField's intellectual property rights, which are complimentary to IDEX's prior intellectual property rights, also expanded the field of IDEX's patent protection, which is of critical importance to OEM customers. The purchase amount, USD 4.0 million, corresponding to NOK 23.6 million, was allocated to identifiable assets and goodwill as shown in the table.

Amounts in NOK 1,000	Fair value recognized on acquisition
Patent and pending patent applications	14 160
Customer and supplier files and relationships	1 180
Total identifiable assets	15 340
Goodwill	8 260
Total purchase price	23 600
Cash amount paid	20 650
Cash amounts payable when milestones have been completed	2 950
Total purchase price	23 600

The identifiable assets will be depreciated over estimated economic useful life, viz. the lifetime of the patent(s), until the end of 2030, and 3 years for the customer files and relationships.

The goodwill is primarily attributed to the expected benefit from the IP and know-how arriving with the identifiable assets and the employees. Under IFRS goodwill is not depreciated but impairment tested at each year end. For tax purposes, the goodwill will depreciate by 20 per cent annually on declining balance.

IDEX performed the annual impairment test on 31 December 2013. Goodwill has not been allocated because there is only one cash generating unit in the group. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2013. The fair value of the equity at 31 December 2013 was NOK 2,117 million, while the book value of equity was NOK 50 million. No impairment charge has been made. IDEX is not aware of any circumstances that indicate that the goodwill may be impaired at the date of these financial statements.

The purchase agreement was denominated in USD. The cash amount paid amounted to USD 3.5 million. The additional cash payments amount to a combined total of USD 500 thousand. The conditions for the additional payments are highly likely to be met, and the amount has been recognised as an Other short-term liability, payable within six months of the acquisition date. IDEX did not assume any of PicoField's liabilities.

Upon future successful completion of certain projects related to PicoField IPR and the employees recruited from PicoField, IDEX will make further additional payments to PicoField amounting to a combined total of USD 500 thousand. These project-related amounts will be expensed during the period that the respective development projects are carried out.

11. Fixed assets

Amounts in NOK 1,000	IDEX group 2013	2012	IDEX ASA 2013	2012
Cost at 1 January	1 329	1 329	1 329	1 329
Additions	1 076	0	372	0
Disposals at cost	(0)	(0)	(0)	(0)
Currency adjustment	2		0	
Cost at 31 December	2 407	1 329	1 701	1 329
Accumulated depreciation at 1 January	703	390	703	390
Depreciation	526	313	385	313
Accumulated depreciation of disposed items	(0)	(0)	(0)	(0)
Currency adjustment	0		0	
Accumulated depreciation at 31 December	1 229	703	1 088	703
Book value at 31 December	1 178	626	613	626
Depreciation period (straight line), years	3-5	3-5	3-5	3-5

Fixed assets at the end of 2013 comprised upgrade of leased facilities and office furniture, personal computers with professional software, and laboratory instruments.

12. Subsidiaries

The following subsidiaries have been included in the consolidated financial statements.

Subsidiaries as at 31 December 2013	Ownership	Share of votes	Net profit 2013	Equity 31 Dec. 2013
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	0	0
IDEX America Inc., Delaware, USA	100 %	100 %	0	0

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's products in the USA and to perform development activities on assignment from IDEX ASA. The subsidiaries were established on 3 September 2013 and operations commenced in September 2013.

Formerly, in 2007-2012, IDEX ASA operated a corresponding structure of subsidiaries in the USA. The former subsidiaries had the same names and the ownership structure was also the same. The former subsidiaries were inactive as of 2010.

13. Cash and bank deposits

Cash and bank deposits amounted to NOK 46,475 thousand at the end of 2013 (2012: NOK 19,833 thousand). Of this amount, NOK 1,140 thousand (2012: NOK 504 thousand) were employees' withheld payroll tax deposits. No deposits were restricted. The value of NOK 1,118 thousand was held in USD (2012: NOK 0 thousand), while the remaining was held in NOK. Deposits for rent of facilities have not been included in bank deposits.

14. Restricted assets

IDEX has placed an amount corresponding to about 6 months' rent, allocations and VAT of its leasehold facilities, and 3 months' rent for the CEO's commuter apartment, into escrow accounts. At the end of 2013, the escrow accounts amounted to NOK 446 thousand (2012: NOK 332 thousand).

15. Share capital and shareholder information, warrants and incentive subscription rights

There is one class of shares, and all shares have equal rights and are freely negotiable. There were 344,707,732 shares in the company on 31 December 2013, compared to 309,479,430 shares on 31 December 2012. The share capital is fully

paid in. The par value of the shares is NOK 0.15 (15 Norwegian øre) per share. At the end of 2013 there were 1,697 shareholder accounts compared to 1,141 at the end of 2012.

2013

	Nmbr of shares
Balance at 1 January	309 479 430
Private placement on 16 May	18 771 250
Share issue (board remuneration) on 16 May	353 157
Private placement on 1 September	7 365 060
Private placement on 23 September	4 680 000
Exercises of incentive subscription rights on several dates	4 058 835
Balance at 31 December	344 707 732

2012

	Nmbr of warrants	Nmbr of shares
Balance at 1 January	9 049 103	271 960 641
Expiry of 2011-warrants on 27 April	(9 049 103)	
Private placement on 9 May	9 954 013	9 954 013
Share issue (board remuneration) on 15 May		368 712
Expiry of 2012-warrants on 14 September	(9 954 013)	
Private placement on 8 November		27 196 064
Balance at 31 December	0	309 479 430

Following a book building in April, IDEX completed a successful private placement of shares 16 May 2013. The book building resulted in more than twice the planned maximum and the placement amount was increased to better accommodate the investors' demand for IDEX shares. The annual general meeting resolved to issue 18,771,250 shares at a subscription price of NOK 1.60 per share.

Following the annual general meeting on 16 May 2013, the chairman Morten Opstad and board members Hanne Høvdning, Joan Frost Urstad and Harald Voigt elected to receive the board remuneration 2012-2013 fully or partly in shares. Mr. Opstad acquired 119,940 shares for which he paid the par value in lieu of a cash board remuneration of NOK 180,000. Mesdames Høvdning and Urstad both acquired 93,287 shares each for which they paid the par value in lieu of a cash board remuneration of NOK 140,000 each, and Mr. Voigt acquired 46,643 shares for which he paid the par value in lieu of a cash board remuneration of NOK 70,000.

On 1 September and 23 September 2013 IDEX carried out two separate private placements to World Wide Touch Technology (Holdings) Limited ("WWTT"); 7,365,060 shares at NOK 4.15 per share and 4,680,000 shares at NOK 5.04 per share respectively. The capital was fully paid in and registered in 2013. Various employees exercised vested incentive subscription rights during the year, in a combined total of 4,058,835 shares at average price NOK 1.10 per share.

Shareholders at 31 December 2013	Number of shares	Percent of shares
Sundvall Holding AS	69 614 455	20.2
Charles Street International Ltd	37 107 236	10.8
Euroclear Bank S.A./N.V. (nominee)	26 477 242	7.7
Colargol Invest AS	17 000 318	4.9
Smart Riches Ltd (World Wide Touch Technology (Holdings) Ltd)	12 045 060	3.5
MP Pensjon PK	9 372 773	2.7
Dukat AS	8 300 000	2.4
Blue Ocean Marine Invest AS	5 000 000	1.5
Six Sis AG (nominee)	4 816 170	1.4
Delphi Norge	4 697 796	1.4
Marc O'Polo Norge AS	4 613 148	1.3
Lombard Odier and Cie	4 000 000	1.2
Stålhe Invest AS	3 882 282	1.1
Lupum AS	3 762 235	1.1
Sven Chr. F. Rønne	3 621 973	1.1
Tigerstaden AS	3 595 723	1.0
Alden AS	3 549 000	1.0
Big Top Holding AS	3 500 000	1.0
Jens Andreas Henriksen	3 074 000	0.9
Jon Ola Frankplads	2 894 200	0.8
Others	113 784 121	33.0
Total	344 707 732	100.0

Note: For practical reasons, IDEX does not prepare a list of beneficial owners of holdings in nominee accounts.

	2013		2012	
Shares and subscription rights held or controlled by primary insiders and their close relations at 31 December	Shares	Incentive subscription rights	Shares	Incentive subscription rights
Morten Opstad, chairman	6 867 165	0	6 559 725	0
Jon Ola Frankplads, board member	3 792 382	0	3 912 382	0
Frode Haugli, board member	156 250	0	-	-
Hanne Høvdning, board member	197 693	26 532	293 477	29 657
Toril Nag, board member	0	0	-	-
Joan Frost Urstad, board member	-	-	304 580	59 314
Harald Voigt, board member	-	-	3 115 443	59 314
Hemant Mardia, CEO	265 625	5 500 000	-	-
Ralph W. Bernstein, CEO/CTO	334 638	3 672 955	334 638	2 715 297
Inge Berge, IR and business development	-	-	66 630	3 000 000
John R. Robinson, VP of sales and marketing	-	-	0	1 100 000
Erling Svella, CFO	0	706 666	0	706 666
Kristian Wiermyhr, VP strategy and sales	3 762 235	3 000 000	3 574 735	3 000 000
Total	15 375 988	12 906 153	18 161 610	10 670 248

Note: A dash (-) indicates that the person was not a primary insider at the end of the respective years.

In 2013 the board granted incentive subscription rights under the 2012 programme in the period 1 January-14 May 2013, and made grants under the 2013 programme in the period 15 May-31 December 2013. The 2012 programme, which had rules corresponding to the 2013 programme (see below), was closed for further grants at the annual general meeting 2013.

Under the 2013 subscription rights based incentive programme resolved by the annual general meeting on 16 May 2013, the board may grant up to 32,895,068 incentive subscription rights, 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 minimum the average closing price of the IDEX share on ten trading days preceding the date of the grant. Unless otherwise resolved by the board, 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 pricing rule, 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.

	2013		2012	
Incentive subscription rights	Number of subscription rights	Weighted average exercise price	Number of subscription rights	Weighted average exercise price
Outstanding at 1 January	17 745 259	1.28	14 596 266	1.32
Granted	16 810 000	2.36	6 000 000	1.15
Exercised	(4 058 835)	1.10		
Forfeited	(2 212 500)	1.19	(2 566 917)	1.04
Expired	(97 606)	9.17	(284 090)	2.40
Outstanding at 31 December	28 186 318	1.93	17 745 259	1.28
Number which were exercisable at 31 December	11 981 903	1.53	8 675 174	1.26
Weighted average fair value of subscription rights granted in the year	16 810 000	1.33	6 000 000	0.23

The fair value for the subscription rights granted in the year has been calculated by use of the Black & Scholes option pricing model applying the following assumptions applied in 2013:

- Exercise price NOK 1.00-5.42 per share, weighted average NOK 2.36 per share
- Weighted average actual share price at date of grant NOK 2.48 per share
- Duration up to 4.8 years, weighted average 2.8 years
- Volatility of share price based on share price history 90-85 per cent
- Weighted average risk free interest rate of 1.5 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

Incentive subscription rights held by primary insiders and employees at 31 December 2013				Number of subscription rights	Exercise price NOK
	Grant date	Expiry date	Grantee capacity		
Hanne Høvdning, board member	11 May 2010	11 May 2015	board remun.	26 532	1.20
Hemant Mardia, CEO close relation of HM	28 Feb 2013	15 May 2017	employee	1 000 000	1.23
	6 May 2013	15 May 2017	employee	4 000 000	1.80
	10 Dec 2013	15 May 2017	employee	500 000	5.24
Ralph W. Bernstein, CTO	8 Oct. 2009	8 May 2014	employee	339 622	0.90
	8 Oct. 2009	8 May 2014	employee	1 333 333	1.20
	2 Nov. 2010	11 May 2015	employee	250 000	1.02
	2 Nov. 2010	11 May 2015	employee	250 000	1.50
	10 Apr. 2011	11 May 2015	employee	500 000	1.96
	9 Jan 2013	15 May 2017	employee	200 000	1.00
	9 Jan 2013	15 May 2017	employee	200 000	1.30
	6 May 2013	15 May 2017	employee	600 000	1.80
Erling Svella, CFO	8 Oct. 2010	8 May 2014	employee	66 666	1.20
	10 Apr. 2011	11 May 2015	employee	640 000	1.96
Kristian Wiermyhr, VP strategy and sales	30 Aug. 2012	30 Aug. 2014	contractor	1 500 000	1.00
	30 Aug. 2012	30 Aug. 2014	contractor	1 500 000	1.30
Other employees and contractors	8 Oct. 2009	8 May 2014		1 698 120	0.90
	8 Oct. 2009	8 May 2014		1 328 735	1.20
	7 May 2010	8 May 2014		62 500	1.20
	11 May 2010	11 May 2015		66 330	1.20
	16 Dec. 2010	11 May 2015		874 500	1.60
	10 Apr. 2011	11 May 2015		977 500	1.96
	23 Oct. 2011	19 May 2016		562 500	0.94
	9 Jan. 2013	15 May 2017		1 850 000	1.00
	9 Jan. 2013	15 May 2017		1 850 000	1.30
	28 Feb. 2013	15 May 2017		2 000 000	1.23
	13 Aug. 2013	15 May 2017		300 000	4.07
	19 Aug. 2013	15 May 2017		200 000	4.62
	23 Sep. 2013	15 May 2017		1 500 000	4.67
	4 Oct. 2013	15 May 2017		1 300 000	5.42
	12 Nov. 2013	15 May 2017		500 000	4.76
	10 Dec. 2013	15 May 2017		210 000	5.24
Total				28 186 318	

16. Board authorisations to issue shares or acquire own shares

Only authorisations valid on 31 December 2013 have been included. The authorisations were resolved at the annual general meeting 2013 and are valid until the annual general meeting 2014 but no longer than 30 June 2014. The combined issue under both authorisations may not exceed 32,895,068 shares.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital	32 895 068	12 045 060
Issue of shares in a rights issue to raise additional capital	32 895 068	0

There were no authorisations to acquire own shares in effect at the end of 2013.

17. Financial obligations; other payables and other receivables; contingent assets and liabilities

IDEX had no significant financial obligations at the end of 2013 or 2012. In 2009, the parent company entered into a five-years' leasehold agreement for facilities at Fornebu, which agreement in the fourth quarter of 2013 was replaced by a three-years' leasehold agreement for a larger facility, also at Fornebu, effective as of January 2014. IDEX America rents office facilities in Tewksbury, Mass. and Pleasanton, Calif. on three-years' and one-year agreements respectively.

Amounts in NOK 1,000

Minimum future lease payments	IDEX group	IDEX ASA
Not later than one year	1 628	2 003
Later than one year and not later than five years	3 341	4 060
Later than five years	0	0

IDEX group Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency		
Accounts payable	Total	EUR	SEK	USD
Due in less than 3 months	4245	479	144	1 336
Total	4 245	479	144	1 336

IDEX ASA Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency		
Accounts payable	Total	EUR	SEK	USD
Due in less than 3 months	2 595	479	144	131
Total	5 126	479	144	131

Intercompany payables are due in less than 3 months.

The liability related to share-based remuneration will be due only if and when the pertaining subscription rights are exercised.

Other short-term liabilities are mainly for accrued expenses.

IDEX group and IDEX ASA Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency		
Other short-term liabilities	Total in NOK	EUR	SEK	USD
Due in less than 3 months	6 197	107		4 204
Due in 3-6 months	2 261			
Due in 6-12 months	1 623			
Total	10 081	107	0	4 204

There were no customer accounts receivables at the end of 2013 (2012: NOK 17 thousand denominated in USD). Intercompany receivables are due in less than 3 months.

IDEX group and IDEX ASA Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency		
Other receivables	Total in NOK	EUR	SEK	USD
Due in less than 3 months	2 200			
Due in 3-6 months				
Due in 6-12 months	1 245			
Total	3 445	0	0	0

IDEX had no contingent assets or liabilities at the end of 2013 or 2012.

18. Events after 31 December 2013

The board resolved on 2 January 2014 to conduct a private placement of 60,000,000 shares in IDEX at a subscription price of NOK 5.00 per share, totaling NOK 300 million, to funds managed by Invesco Asset Management Limited. The pricing of the shares was based on the weighted average price on the ten trading days to 20 December 2013, when the investment terms were substantially agreed. The funds should also receive 30,000,000 warrants, each at an exercise price of NOK 7.50. The warrants are open to be exercised 12 months after the date of issue and will expire 24 months after issue. The placement was subject to approval by a general meeting of shareholders in IDEX, which was held on 29 January 2014. The subscription amount has been paid and the shares have been issued. A listing prospectus dated 4 February 2014 was issued in connection with the placement.

The board resolved on 3 January 2014 to grant a combined total of 500,000 incentive subscription rights (SRs) under the company's 2013 incentive SR plan to two new contractors to the company. The exercise price of the SRs was NOK 5.28 per share. The board resolved on 20 January 2014 to grant 70,000 SRs to an adviser to the company. The exercise price of the SRs was NOK 6.70 per share.

On 23 January 2014 IDEX secured an order of 300,000 units of the Colibri swipe sensor from World Wide Touch Technology (Holdings) Limited (WWTT). The sensors are expected to be delivered after the first quarter of 2014. This volume order is IDEX's first commercial launch for the Colibri swipe sensor embedded in consumer electronics devices for mobile and laptop accessories.

The board resolved on 24 February 2014 to issue 5,275,983 shares to employees who exercised incentive subscription rights which were granted in 2009, 2010, 2011 and 2013 under the company's incentive subscription rights plans in the respective periods. The weighted average exercise price per share was NOK 1.09. Of the total number of exercised subscription rights, 1,739,628 were held by primary insiders who sold 1,031,162 shares to cover the exercise and tax amounts associated with the exercise.

The board resolved on 20 March 2014 a private placement of 2,400,000 new shares in the company, to Cenkos Securities plc. Cenkos earned 4.0 per cent commission on the private placement to the Invesco funds resolved on 29 January 2014. The commission was payable in shares or cash, as determined by Cenkos, and Cenkos notified IDEX that it wished to receive the commission in the form of shares in IDEX. The shares to Cenkos were issued at the same subscription price as the shares issued to the Invesco funds, NOK 5.- per share. 800,000 shares are restricted for six months and 800,000 shares are restricted for 12 months. The shares were issued under the authorization to the board to issue shares, resolved by the annual general meeting on 16 May 2013. The shares have been issued.

The board resolved on 1 April 2014 to grant 1,890,000 incentive subscription rights 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 is NOK 7.03 per share.

Following the foregoing the company's share capital is NOK 61,857,557.25, divided into 412,383,715 registered shares each with a nominal value of NOK 0.15, and there are 28,687,661 incentive subscription rights outstanding.

Between 31 December 2013 and the resolution of these annual financial statements, there have not been any other events which have had any noticeable impact on IDEX's result in 2013 or the value of the group's assets and liabilities at 31 December 2013.

Responsibility statement

The board and the managing director have today reviewed and approved this report from 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 2013.

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 from 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.

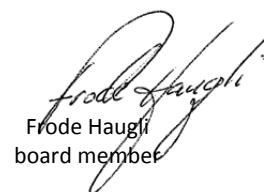
Fornebu, 8 April 2014
The board of directors of IDEX ASA



Morten Opstad
Chairman



Jon Ola Frankplads
board member



Frode Haugli
board member



Hanne Hovding
Board member



Toril Nag
board member



Hemant Mardia
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 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 29 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 of the Parent Company and the Group comprise the statement of financial position as at 31 December 2013, 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.

A member firm of Ernst & Young Global Limited

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 at 31 December 2013 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 and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility 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 ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 8 April 2014
ERNST & YOUNG AS



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

Articles of association

Office translation for information purposes.

IDEX ASA, company register number NO 976 846 923 VAT, last amended on 20 March 2014.

- § 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 share capital is NOK 61,857,557.25 divided into 412,383,715 shares each with a nominal value of NOK 0.15 per share.
- § 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 chairman and members of the nomination committee, and determination of remuneration to the members of the nomination committee
 - 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 a. IDEX shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the Annual General Meeting for a term of two years.
- b. The nomination committee shall:
- Propose candidates for election to the Board of Directors
 - Propose the remuneration to be paid to the Board members
 - Propose candidates for election to the nomination committee
 - Propose the remuneration to be paid to the nomination committee members
- c. The guidelines for the nomination committee shall be resolved by the general meeting.
- § 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.
- § 10 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.
- § 11 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

Update resolved by the board of directors of IDEX ASA on 4 February 2014.

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 23 October 2012 ("the Code"). The Code is publicly available at www.nues.no and 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 for the deviations and any compensating measures where applicable.

1. Implementation and reporting on corporate governance

IDEX seeks to create sustained shareholder value. The Company makes every effort to comply with the wording 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 about 25 persons employed and a small number of ongoing contractors 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 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's 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 on several occasions been in need of raising equity to fund its activities. 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. Proposed authorisations to issue shares have been considered and voted separately by each type and purpose. 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 new shares where the shareholders resolves to waive the pre-emptive rights of existing shareholders, the rationale for doing so shall be included 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. (Note: IDEX has detected that the Company in the notices to the market on 2 and 23 September 2013 mentioned the current shareholders' waiver of their pre-emptive rights to subscription for new shares in the private placements, by inadvertence omitted the reasons for applying the waiver.)

All related-party transactions, whether completed, in effect or future, 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.

There are no clauses in the articles of association about trading in the Company's own shares, nor has the general meeting issued any such authorisations.

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. To the maximum degree possible, all members of the board shall be present at the general meeting. The Company's CEO and the auditor 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 any documents in English.

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

The board endeavours to provide comprehensive information in relation to each agenda item in order to facilitate constructive 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. The company has not included electronic voting or advance votes in the articles of association because there are as yet no reliable systems or practices for such voting. 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.

7. *Nomination committee*

The nomination committee is implemented in the company's articles of association. The mandate for the nomination committee has been resolved by the annual general meeting. The annual general meeting elects the chairman and two committee members. No current board member or IDEX executive is a member of the nomination committee. The current chairman of the nomination committee was formerly a board member of the company.

The mandate states that the nomination committee shall comply with the relevant sections in the Code. The nomination committee shall prepare and present proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the board of directors
- Propose the remuneration to be paid to the board members
- Propose candidates for election to the nomination committee
- Propose the remuneration to be paid to the nomination committee members

The nomination committee shall give a brief account of how it has carried out its work and shall substantiate its recommendations.

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

IDEX does not have a corporate assembly because it is exempted from having 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 majority of independent directors is intended to ensure that sufficient independent advice and judgment is brought to bear. The majority of 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.

The articles of association state that there shall be from three to seven board members. The service period is not stated in the articles, hence the board members stand for election every two years.

The board considers that at this stage of IDEX's development, it is beneficial for the Company and its shareholders that the 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 responsibility and duties between the board and the managing director 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 procedures in connection with the board's work and meetings.

The board instructions state that the board has the ultimate responsibility for the organization and planning of the Company, as well as a control and supervisory function, hereunder a duty to keep itself informed. The board shall appoint the managing director and determine his or her remuneration and also possibly give notice or dismiss the managing director. The board shall ensure that the organization of the accounting and funds management includes adequate control procedures. The board shall monitor and follow-up the status and development of company's operational, financial and other results.

The board instructions list inter alia the following responsibilities:

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;
- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;
- Resolve customer related or revenue generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

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 resolve an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

With a compact board of five members and in view of the size of the Company, the board has not hitherto determined a need for sub-committees. The future need for any sub-committees is considered at least 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 instructions include instructions for the audit committee.

10. Risk management and internal control

The board has adopted rules and guidelines regarding, amongst other matters, risk management and internal control. The 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 conducts an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, including the reporting procedures.

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.

IDEX issues interim financial reports each quarter and annual financial report according to the published financial calendar. The accounting policies are applied when preparing the reports, which satisfy the regulatory requirements. The board reviews monthly financial reports for each entity as well as the group, comparing actual results to budget. The size of the company's operation and staff number necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiary group in USA which was established in September 2013 is operationally integrated as if it was a branch of the parent company, with legal and financial interaction being conducted on arm's length terms.

IDEX's activities and financials are controlled by the parent company. The audit committee regularly meets separately with the external auditor to review risk factors and measures, and any incidents and issues. The audit committee reviews all reports before resolution by the board. The board has resolved a financial manual, which sets out policies and procedures for financial management and reporting in the group. This manual provides instructions for financial planning, treasury, accounting and reporting. It is reviewed annually by the audit committee, and updated as and when appropriate.

The board has adopted an insider manual with ancillary documents. 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 2012 until the annual general meeting in 2013 was proposed to and resolved at the annual general meeting 2013. To lessen the cash outflow, the annual general meeting granted an option for the board members to receive the remuneration partly or fully in kind in the form of shares. Four of the board members took up this option in 2013. Amount details are disclosed in the financial statements. The nomination committee shall propose board remuneration for the period between the annual general meetings of 2013 and 2014.

Advokatfirma Ræder DA, in which the IDEX chairman, Morten Opstad, is a partner, renders legal services to the Company. Generally, such services are largely undertaken by lawyers at Ræder other than Morten Opstad. In the cases where legal services provided by Ræder are carried out by Morten Opstad, such services, which are outside Morten Opstad's duties as chairman, are billed by Ræder. Amount details are disclosed in the financial statements.

Any 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 information about the remuneration 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 in line with the 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 cash incentive remuneration per calendar year is limited to an amount or a percentage of annual base pay. 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. All reports and notices are issued and distributed according to the rules and practices at Oslo Axess marketplace of Oslo Børs. The Company publishes an annual financial calendar for the following year; setting forth the dates for major planned 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 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 are compliant with IFRS.

All reports are issued on the Oslo Axess marketplace of Oslo Børs (www.oslobors.no and www.newsweb.no). The reports and other pertinent information are also available at www.idex.no. The current information practices are adequate under current rules. IDEX complies with the Oslo Børs code of practice for IR information.

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 acknowledges its duty to not obstruct take-over bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the company's ability to arrange other bids should only be entered into where it is self-evident that such an agreement is in the common best interest of the company and its shareholders. The board will avoid compensation to a bidder whose bid does not complete, and limit such compensation to the costs the bidder has incurred in making the bid. 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 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

There are presently five board members including the chairman. The current board but one member was elected at the annual general meeting 2013 for a period of two years. Jon Ola Frankplads was re-elected at the annual general meeting 2012 and stands for election at the annual general meeting 2014. There are no family relationships among the board members or between board members and management. 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 12 meetings, of which 5 were telephone conferences, in the period after the annual general meeting on 16 May 2013 and until and including 8 April 2013.

Morten Opstad, Chairman

Mr. Opstad has served as chairman of the Board in IDEX since 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 include inter alia current board positions in Thin Film Electronics ASA (chairman) and cXense AS (chairman). Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953 and is a Norwegian citizen. He resides and works in Oslo. Mr. Opstad attended all of the board meetings in the period. On 31 December 2013 Mr. Opstad and close relations held or controlled 6,867,165 shares and 0 (nil) rights to shares in IDEX.

Jon Ola Frankplads, Board member

Mr. Frankplads has served on the board of IDEX since 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 board member of, among others, G&T Septec AS and Extraction Technologies Norway AS. Formerly, he has been board member of, among others, Nordic Seafarms AS, Norsk Gallup-institutt AS and Teknolab AS. Mr. Frankplads was born in 1945. He is a Norwegian citizen and resides in Asker. Mr. Frankplads attended 10 of the board meetings in the period. On 31 December 2013 Mr. Frankplads and close relations held or controlled 3,792,382 shares and 0 (nil) rights to shares in IDEX.

Frode Haugli, Board member

Mr. Haugli has served on the board of IDEX since May 2013. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. Haugli works as professional board member and management consultant. He holds a Master's degree in business management from the Oslo Business School (Handelsakademiet) and has attended management studies at Henley Business School and the Solstrand programme of the Institute for Administrative Research (AFF) at the Norwegian School of Economics and Business Administration. In 2006-2010 he was CEO for Software Innovation AS (formerly ASA and publicly listed). Previously, Mr. Haugli worked for Hewlett-Packard where he was president for the Norwegian operations and also managed the Nordic, Benelux and Baltic businesses. Mr. Haugli is a board member of, among others, the following companies: Bluegarden AS, Netledger AS, Offpiste AS (Chairman) and Phonect AS. Former board positions include, inter alia: Basefarm AS (Chairman), Digitalpenn AS (Chairman), Network Norway AS, Selmer Holding AS, and Elixia AS. Mr. Haugli was born in 1960. He is a Norwegian citizen and resides in Bærum and works in the Oslo area. Mr. Haugli attended 11 of the board meetings in the period. On 31 December 2013 Mr. Haugli and close relations held or controlled 156,250 shares and 0 (nil) rights to shares in IDEX.

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. Ms. Høvding was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvding attended 11 of the board meetings in the period. On 31 December 2013 Ms. Høvding and close relations held or controlled 197,693 shares and 29,657 rights to shares in IDEX.

Toril Nag, Board member

Ms. Nag has served on the board of IDEX since May 2013. Ms. Nag is executive vice president for the telecom business in Lyse Energi AS, an energy and telecom company. She holds a Master's degree (Honours degree) in Computer Science from University of Strathclyde and management training from Norwegian Business School BI. Ms. Nag has for about 15 years held various senior management positions in the technology and telecom industries, the financial industry and audit, inter alia Tandberg (now: Cisco), Telia, KPMG and Fokus Bank (now: Den Danske Bank). Ms. Nag was a board member in Tandberg Television ASA 2005-2007. Current board positions include: companies related to Lyse Energi AS and Dolphin Group ASA. Ms. Nag was born in 1964. She is a Norwegian citizen and resides and works in the Stavanger-Sandnes area. Ms. Nag attended 11 of the board meetings in the period. On 31 December 2013 Ms. Nag and close relations did not hold or control shares or rights to shares in IDEX.

Management

Managers who are primary insiders are included in this report.

Hemant Mardia, Managing director/CEO

Dr. Mardia serves as Managing director of the Company. He joined IDEX in March 2013 on a part-time basis and on a full-time basis from 1 August 2013. He became Managing director/CEO as of May 2013. Dr. Mardia was President and founder of Axxcss Wireless Ltd., a subsidiary of the Moseley Wireless Group for the period from October 2012 to July 2013. Dr. Mardia was formerly CEO of Filtronic Plc, a London Stock Exchange listed business in the telecoms sector, for five years up to July 2013, and his career includes various management roles in telecoms, security and defense equipment companies. Dr. Mardia has a Ph.D in electronics. Dr. Mardia was born in 1961. He is a British citizen and resides in England and Oslo. On 31 December 2013 Dr. Mardia and close relations held or controlled 265,625 shares and 5,500,000 rights to shares in IDEX.

Ralph W. Bernstein, CTO

Dr. Bernstein joined IDEX in 2006 as chief technology officer (CTO). In 2008-2013 he was also Managing director/CEO of IDEX, while maintaining the position as CTO. He holds a Ph.D. in physical electronics and semiconductor physics from the Norwegian University of Science and Technology (NTNU). Dr. Bernstein holds several international patents in the field of sensors, actuators and fingerprint technology. Before he joined IDEX, Dr. Bernstein had more than 15 years of experience as research director and senior scientist in microsystems and nanotechnology at SINTEF. In 2001-2002 Dr. Bernstein was invited Visiting Scholar at Stanford University in California. He is a part-time adjunct professor in electronic devices and materials at NTNU. Dr. Bernstein was born in 1960 and is a Norwegian citizen. He resides in Bærum. On 31 December 2013 Dr. Bernstein and close relations held or controlled 334,638 shares and 3,715,297 rights to shares in IDEX.

Erling Svela, CFO

Mr. Svela has served as IDEX' chief financial officer (CFO) since 2008. Originally on a part-time basis until he joined IDEX full time in 2011. 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. Mr. Svela holds an MSc. in Forest Economy and Management from the Norwegian University of Life Sciences (1985), an MBA from Henley Business School and he is a certified European financial analyst from the Norwegian School of Economics and Business Administration. 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. On 31 December 2013 Mr. Svela and close relations held or controlled 0 (nil) shares and 706,666 rights to shares in IDEX.

Kristian Wiermyhr, VP strategy and sales

Mr. Wiermyhr joined IDEX in August 2012 to support and advice the Company on strategic partner projects before taking the position as VP strategy and sales from 1 January 2013. He has over 20 years' experience in the financial sector in Norway and internationally. Mr. Wiermyhr has extensive experience in investment banking, portfolio management and property trading. Mr Wiermyhr has served as a senior partner at investment banks RS Platou Markets and ABG Sundal Collier. Mr. Wiermyhr was born in 1970 and is a Norwegian citizen. He resides in Bærum. On 31 December 2013 Mr. Wiermyhr and close relations held or controlled 3,762,235 shares and 3,000,000 rights to shares in IDEX.



IDEX
THE ID OF YOU

IDEX ASA

Martin Linges vei 25, NO-1364 Fornebu
Norway

Tel +47 6383 9119, Fax +47 6783 9112

mailbox@idex.no
www.idex.no

Corp. ID. NO 976 846 923 VAT