

IDEX ASA interim report for the fourth quarter and preliminary result for 2013

Highlights in this report

- Invesco funds invested NOK 300 million in IDEX in January 2014:
Funding is a landmark in the accelerating development of IDEX as a global leader in fingerprint market
- Industry veteran Larry Ciaccia, former CEO of AuthenTec, recently joined IDEX's Strategy Advisory Council:
Significant industry knowhow advising on strategic trends in rapidly developing fingerprint mass market
- Secured volume order from world-class electronics manufacturer World Wide Touch Technology in January:
First commercial launch of IDEX sensor embedded in consumer electronics devices
- Opened office in Silicon Valley, development centre in Boston, and representative office in Hong Kong:
Global presence enables access to key customers in important regions
- Expanded scope of current agreement with mobile partner, today disclosed as CrucialTec, a global leader in mobile input solutions:
Demonstrates traction in commercializing product roadmap for mobile communications mass market
- Joined the FIDO Alliance (Fast Identity Online), creating secure standards for strong authentication:
Cooperates with major industry players to ensure interoperability and improve user convenience

Other highlights in 2013

- Showcased a technology concept for sensor in glass at the Mobile World Congress 2013:
Attracting strong interest from mobile communications equipment and component manufacturers
- Entered into partnership with global mobile communications partner CrucialTec:
Major breakthrough in the mobile market
- Strengthened management team:
Dr. Hemant Mardia recruited as new CEO, Dr. Ralph Bernstein continuing as CTO
- Prepared SmartFinger Colibri for market launch:
Aimed at high-volume mobile and embedded markets
- Apple/AuthenTec verified licensing agreement with IDEX:
Recognition of IDEX's unique IP and patents
- Acquired touch sensor patents, technology and employed executive team from PicoField:
Broadened IDEX's protected technology base, added senior industry executives including founders of Validity
- Completed two significant private placements:
Raised a total of NOK 84.2 million from World Wide Touch Technology as strategic investor
- Apple's launch of iPhone 5S confirmed that capacitive sensor is the optimal solution:
Opening multibillion-dollar market for IDEX with few competitors
- Increased activities, adding R&D and sales staff:
Accelerating development of cost-disruptive touch sensors
- Broadened global sales and support footprint to serve highly elevated interest in biometric solutions

Outlook and key upcoming milestones

- New touch sensor launched jointly with CrucialTec, a collaborative product responding to mobile market demand for small-area sensors
- IDEX's disruptive cost touch sensor and enhanced swipe development to expand market applications in 2015
- Mobile World Congress opening on 24 February 2014:
showcase and demonstration of current sensors and roadmap at IDEX's booth and partner activities
- Swipe and touch sensor sample deliveries from first quarter 2014 for insertion in consumer devices
- Initial revenues from swipe and new touch sensors expected in second half of 2014
- Funding for resource expansion to accelerate business execution is in place
- IDEX is one of two independent, principal vendors of capacitive sensors
- Focus on strategic tier-one partnerships within the consumer electronics market to drive product insertion
- Setting up scalable supply chain and multiple sourcing for high volume capability and cost efficiency
- Continuously strengthening patent and other IP position

Developments in the fourth quarter confirmed that 2013 was the break-through year for the fingerprint industry, with adoption of fingerprint sensors into several consumer products.

Apple's iPhone 5S, which includes a capacitive fingerprint sensor, heralds a new era of convenience and security for mobile devices. This also opens up a multi-billion-dollar market for IDEX and confirms that capacitive fingerprint sensors are the optimal biometric solution.

IDEX took significant steps in order to exploit this market opportunity. The company has established a global presence, opening an office in Silicon Valley, development centre in Boston and a representative office in Hong Kong.

Following the acquisition of assets from PicoField and employing three key executives in September, the technologies have been combined into a compelling new product roadmap and rollout plans defined.

IDEX expanded the scope of the previously announced agreement with a global mobile partner, today announced as CrucialTec, and also laid the groundwork for the announcement in January of the first volume order from World Wide Touch Technology.

Significant progress on company funding resulted in the landmark investment in IDEX in an amount of NOK 300 million by funds managed by Invesco Asset Management, as resolved by the general meeting on 29 January 2014.

Also in January, IDEX established a Strategy Advisory Council, with industry veteran Larry Ciaccia, formerly CEO of AuthenTec as a key member.

PicoField acquisition

IDEX acquired the assets and intellectual property rights from PicoField Technologies, Inc. in September 2013, a US company engaged in touch fingerprint sensor development.

"PicoField held significant patents and technology which are expected to accelerate IDEX's programme for industry disruptive touch sensors for the mobile communication market, in addition to our award-winning swipe sensor technology," said Dr. Mardia.

At the same time PicoField's founders were employed by IDEX. Thar Casey became President of IDEX America. Fred Benkley CTO, and David Geoffroy Director of Engineering are among the world's most experienced fingerprint sensor technology experts and were the founders of the US fingerprint sensor company Validity which was recently acquired by Synaptics.

The combination of PicoField's assets and intellectual property rights with IDEX's technology base offers disruptive next generation solutions.

"We at PicoField are very excited to join forces with IDEX. I believe that our partnership will be ground-breaking in producing superior solutions to what exists in the market today," said Thar Casey, CEO of PicoField. "I believe that the combined intellectual property and extensive joint domain experience will allow us together to create a next generation of highly integrated fingerprint sensors," added Fred Benkley, CTO of PicoField.

Opened offices in Silicon Valley, Boston and Hong Kong

In October IDEX opened an office in the Silicon Valley area, to be headed by Thar Casey, President of IDEX's US subsidiary.

"The Silicon Valley office gives us a presence right at the centre hotspot in a very important region for information technology and our business," said Dr. Hemant Mardia, CEO of IDEX.

Following the Silicon Valley office, IDEX announced the opening of a development centre in Boston. Key members of the Boston team are Fred Benkley, CTO of IDEX America and David Geoffroy, Director of Engineering at IDEX America.

The development centre will form an integral part of IDEX's technical development activities in addition to those at the group's head office in Norway.

Lastly, in December IDEX announced that the company opened a representative office in Hong Kong as IDEX expands 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.

Expanded scope of current agreement with mobile partner, today disclosed as CrucialTec

In May 2013 IDEX and a then undisclosed partner in the global communications industry finalized a partnership agreement.

Building on this, IDEX and the partner, today disclosed as CrucialTec, agreed in October to expand the scope of the agreement.

"This demonstrates the traction that IDEX is gaining in commercializing its product roadmap for the mobile communications mass market," said Mardia.

Joins Fast IDentity Online (FIDO) Alliance to create secure standards for strong authentication

In October, IDEX joined the FIDO Alliance (Fast Identity Online), where IDEX will work with industry leaders such as Google, MasterCard, Lenovo and PayPal to create secure standards for strong authentication, ensuring interoperability and improved user convenience.

"Standardization will further acceler-

ate the market growth. We look forward to sharing our expertise and associating our fingerprint technology with standards that ensure simple and secure user verification," said Øyvind Sløgedal, VP of Business Development at IDEX.

Invesco funds invest NOK 300 million in IDEX

During the fourth quarter IDEX worked on financing the company's significant growth opportunities, and announced on 3 January 2014 that 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 warrants expire after two years. The transaction was resolved by an extraordinary general meeting on 29 January 2014 and completed primo February 2014.

"We are pleased to secure this significant funding from Invesco. It is a landmark in the accelerating development of IDEX as a global leader in the fingerprint sensor mass market. The level of commitment from Invesco is a recognition of the immense opportunity for IDEX's SmartFinger technology," said Mardia.

The new funds are being utilized to ramp-up the introduction and deployment of the company's compelling product roadmap for swipe and touch fingerprint sensors and strengthen its competitive position to secure commercial partnerships with global industry leaders during 2014.

Strategic Advisory Council established

In January IDEX established a Strategy Advisory Council with the mandate to advise the company on market, technology and strategic trends in the rapidly developing mass market for fingerprint sensors.

The market is undergoing a transformation and is expected to show exceptional growth catalyzed by Apple. 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.

"I am extremely pleased to welcome Larry as the first external member of the IDEX Strategy Advisory Council. He has led the growth of the leading volume commercial vendor of fingerprint sensors in the industry and was responsible for securing its subsequent sale to Apple, which transformed the industry. His wealth of experience in our sector, and successes with AuthenTec, bring invaluable market



insight and credibility to IDEX, and I am delighted that Larry has chosen to advise IDEX in our exciting commercialization phase," Mardia said.

Secures volume order from world-class electronics manufacturer World Wide Touch Technology

Also in January, IDEX secured 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. This volume order is IDEX's first commercial launch for the sensor embedded in consumer electronics devices for mobile and laptop accessories.

"This order by WWTT represents an important milestone in IDEX's commercialization phase. We are very pleased to be working even more closely with one of the early adopters of consumer fingerprint biometrics. WWTT is already shipping and launching several biometric products within the consumer electronics space and is rapidly expanding their FingerQ biometric authentication platform, providing consumers cloud-based security and convenience. This is a significant opportunity for large-scale deployment of IDEX fingerprint sensors," said Mardia.

Outlook

Following strengthened management team and added staff in 2013, IDEX has taken several significant steps forward in 2013 and early in 2014.

IDEX is now one of only two independent principal vendors of capacitive sensors, which is the preferred sensing principle for consumer devices as a proven mass deployed solution. IDEX holds a unique, strong and continuously expanding IP and technology position to deliver a best in class product portfolio.

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. Currently, 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 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. The company has presences on both the east and west coast of the United States, as well as in the South-East Asia region. Employees and contractors have been added in order to deliver products and provide support to existing and new partners.

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, 20 February 2014

The board of directors of IDEX ASA

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

Investor and press contacts:

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

Kristian Wiermyhr, VP strategy and sales, +47 4127 3360, kw(at)idex.no

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

Preliminary consolidated financial statements as at 31 December 2013

Note regarding group structure: In the third quarter of 2013, IDEX ASA established a subsidiary group in the USA, IDEX Holding Inc. which holds IDEX America Inc. IDEX America is the operating entity, providing development services as well as sales and marketing services to IDEX ASA. Formerly, IDEX ASA also had a subsidiary group in the USA, which was dissolved on 30 November 2012.

Profit and loss statements

IDEX earned revenue amounting to NOK 2.5 million in 2013. NOK 0.4 million was earned in the fourth quarter. 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.

Operating expenses in 2013 amounted to NOK 66.5 million, significantly up from NOK 37.8 million in 2012. The fourth quarter expenses were NOK 23.5 million, compared to NOK 5.7 million in the corresponding quarter of 2012. The increase reflects a step change in the activity level, and also the notional cost of share-based incentives caused by the share price increase.

The payroll expense has grown significantly. Firstly, because of increased number of employees year on year, in particular in the fourth quarter 2013 compared to the preceding quarter and compared to the same quarter in 2012. Secondly, the notional cost of subscription rights including accrued social security cost of same amounted to NOK 18.2 million in 2013 (fourth quarter: NOK 3.7 million), or close to half of the payroll expense in the year. In 2012, the cost of share-based remuneration

amounted to NOK 3.2 million (fourth quarter 2012: NOK 0.2 million).

R&D expenses were NOK 17.3 million in 2013, up from NOK 10.7 million in 2012. The fourth quarter numbers were NOK 7.4 million and NOK 1.1 million respectively. The increase in activity level relates to product development and industrialisation, ASIC improvements, core technology and new sensor materials.

Other operating costs were NOK 11.1 million in 2013 (fourth quarter: NOK 3.0 million), compared to NOK 9.2 million in 2012 (fourth quarter: NOK 1.6 million). The main reason is expanding sales and marketing activities.

IDEX had 23 employees at the end of the fourth quarter 2013, up from 10 at the end of the second quarter which was the same number as at the end of 2012. Most of the new employees have been added since September. Five technical/scientific individual contractors work full time or regularly as part of the development team, and additional technical experts are contracted as and when needed. One independent sales representative works on contract.

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013, in an amount of USD 4.0 million, which corresponds to NOK 23.6 million. Of the assets, NOK 15.3 million are depreciable assets.

Therefore, depreciation has increased from NOK 0.3 million in 2012 to NOK 0.9 million in 2013, of which NOK 0.6 million in the fourth quarter.

Because of the small amount of revenue, the EBIT in 2013 amounted to a loss of NOK 64.9 million in 2013 (fourth quarter: NOK 23.7 million), compared to NOK 33.6 million in 2012 (fourth quarter NOK 4.7 million). The increased manning, cost of share-based compensation as well as the increase in R&D activity after the restraint in 2012 explain the increased loss.

Financial items amounted to a net cost amounting to NOK 87 thousand in 2013, of this NOK 88 thousand in the fourth quarter. The interest income was offset by currency exchange losses, mainly related to USD in the third and fourth quarters. In 2012 the amounts were positive NOK 200 thousand and NOK 59 thousand in the corresponding periods, mainly from interest income.

Because of the loss, there was no tax charge. The net result for the year was NOK 65.0 million (fourth quarter: NOK 23.8 million) compared to NOK 33.4 million in 2012 (fourth quarter: NOK 4.7 million).

Profit/loss per basic weighted average number of shares amounted to a loss of NOK 0.20 in 2013. Per share results are not directly comparable between years because the number of shares have increased by share issues.

Balance sheets

The main assets held in the balance sheet are essentially the intangible assets acquired from PicoField, the receivables from the government R&D grant schemes for the preceding year, and cash in bank. Cash is the major item.

The assets and intellectual property rights acquired from PicoField Technologies, Inc. on 23 September 2013 have been capitalised in accordance with IFRS, and includes goodwill in an amount of NOK 8.3 million. The identifiable assets amounting to NOK 15.3 million will be depreciated over estimated economic useful life. The goodwill shall not be depreciated but impairment

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

On 31 December 2013, the total assets amounted to NOK 76.0 million, of which NOK 46.5 million were cash, up from total assets amounting to NOK 25.0 million and cash NOK 19.8 million at the end of 2012. The cash position is further commented upon below.

The major liabilities are various operational payables to employees and suppliers, and amounted to NOK 16.4 million at 31 Decem-

ber 2013, up from NOK 6.7 million at the end of 2012. There are usually variations between quarters due to fluctuating payables to suppliers and accrued liabilities. At 31 December 2013, there was also an accrual for possible social security cost on subscription rights, calculated on the balance sheet date based on the earned intrinsic value of the subscription rights. The accrual amounted to NOK 9.7 million, up from NOK 32 thousand one year earlier.

In 2013, new equity in an amount of NOK 87.6 million was added, of which NOK 54.2 million from two private placements of shares to World Wide Touch Tech-

nology (Holdings) Limited ("WWTT") in the third quarter, NOK 29.3 million in a private placement in the second quarter, and the remainder from exercised subscription rights in the year.

Equity amounted to NOK 49.9 million at the end of the year, up from NOK 18.3 million at the end of 2012. On 31 December 2013, the equity amounted to 96 per cent of the share capital.

Cash flow, cash position

The operational cash outflow in 2013 was NOK 36.6 million, of which NOK 16.1 million in the fourth quarter. The main items in addition to the profit/loss, are the share-based compensation, which represents a positive adjustment, and changes in working capital, which was a positive cash flow in the year and in the quarter.

In 2013, IDEX acquired assets and intellectual property rights from PicoField in an amount of NOK 23.6 million. Another NOK 1.1 million has been invested in

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 approved by a general meeting of shareholders on 29 January 2014. The subscription amount has been paid and the shares have been issued.

tangible assets, such as office facilities, computers and laboratory equipment. No investments were made in 2012.

NOK 87.6 million new equity was paid in cash in 2013. Most of the new equity originated from two private placements of shares to WWTT in the third quarter and a private placement to several shareholders in the second quarter, while NOK 4.5 million originated from employees' exercise of subscription rights.

The board has determined that it can take for its basis that the company has adequate equity and liquidity for going concern for significantly longer than 12 months from the date of this report.

At 31 December 2013 the cash position amounted to NOK 46.5 million, while net of receivables less payables and accruals amounted to NOK 21.4 million payable, leaving a balance sheet solvency of NOK 25.1 million. IDEX does not have financial debt.

Following the placement of shares to funds managed by Invesco Asset Management Limited, approved by a general meeting of shareholders on 29 January 2014, the cash position has increased by NOK 300 million before expenses.

Principal risks

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

The company's major long-term risk is its

business risk, meaning its ability to earn revenue. This risk is difficult to assess, because IDEX hitherto has earned insignificant revenue from its technology. The company's ability to earn revenue depends on firstly, its ability to develop and market successful components which its partners will embed in their products and systems, and secondly, the company's ability to legally protect its IPR, and finally, to

maintain a competitive advantage. IDEX considers that its fingerprint sensor has one of the best biometric performances among swipe sensors, and that the SmartFinger Colibri sensor offers unique properties.

IDEX was solvent and did not have any financial debt at the end of 2013. In January-February 2014, IDEX obtained NOK 300 million new equity and cash.

IDEX ASA

Condensed consolidated interim financial statements with notes 31 December 2013 (Unaudited)

Interim consolidated statements of comprehensive income	1 October - 31 December 2013	1 October - 31 December 2012	1 January- 31 December 2013	1 January- 31 December 2012
Amounts in NOK 1,000				
Operating income				
Sales and services revenue		20	7	1 046
Other operating revenue	405	1 047	2 519	3 460
Total revenue	405	1 067	2 526	4 506
Operating expenses				
Payroll expense	13 136	3 072	38 029	17 778
Research and development expenses	7 410	1 062	17 340	10 747
Other operating expenses	2 974	1 589	11 146	9 233
Total operating expenses	23 520	5 723	66 515	37 758
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(23 115)	(4 656)	(63 989)	(33 252)
Depreciation	605	77	929	313
Profit before interest and tax (EBIT)	(23 720)	(4 733)	(64 918)	(33 565)
Financial income and expenses				
Interest income	164	58	391	208
Other financial income	16	3	47	65
Interest expense	(5)		(6)	
Other financial expense	(263)	(2)	(519)	(73)
Net financial items	(88)	59	(87)	200
Net result before tax	(23 808)	(4 674)	(65 005)	(33 365)
Net profit (loss) for the period	(23 808)	(4 674)	(65 005)	(33 365)
Profit (loss) per share - basic and diluted	NOK (0.07)	NOK (0.02)	NOK (0.20)	NOK (0.12)
Net profit (loss) for the period	(23 808)	(4 674)	(65 005)	(33 365)
Other comprehensive income				
Total comprehensive income for the period, net of tax	(23 808)	(4 674)	(65 005)	(33 365)

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

Interim consolidated balance sheets	31 December	31 December
Amounts in NOK 1,000	2013	2012
ASSETS		
Long-term assets		
Machinery and office equipment	1 178	626
Goodwill	8 260	
Other intangible assets	14 937	
Long-term receivables	446	332
Total long-term assets	24 821	958
Current assets		
Receivables		
Accounts receivable	-	17
Other receivables	3 445	3 715
Prepaid expenses	1 303	512
Total receivables	4 748	4 244
Cash and bank deposits		
Cash and bank deposits	46 475	19 833
Total cash and bank deposits	46 475	19 833
Total current assets	51 223	24 077
TOTAL ASSETS	76 044	25 035
EQUITY AND LIABILITIES		
Equity		
Paid-in-capital		
Share capital	51 706	46 422
Share premium reserve	168 631	86 292
Other paid-in capital	20 183	11 235
Total paid-in-capital	240 520	143 949
Other equity	(190 636)	(125 631)
Total equity	49 884	18 318
Liabilities		
Short-term liabilities		
Accounts payable	4 245	2 561
Public duties payable	2 123	874
Notional employer's tax on share incentives	9 711	32
Other short-term liabilities	10 081	3 250
Total short term liabilities	26 160	6 717
Total liabilities	26 160	6 717
TOTAL EQUITY AND LIABILITIES	76 044	25 035

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

Interim consolidated cash flow statements Amounts in NOK 1,000	1 October - 31 December 2013	1 October - 31 December 2012	1 January- 31 December 2013	1 January- 31 December 2012
Cash Flows from operating activities				
Profit (loss) before interest and taxes	(23 720)	(4 733)	(64 918)	(33 565)
Share-based remuneration (equity part)	3 374	136	8 948	3 825
Depreciation	605	77	929	313
Interest paid	(5)		(6)	
Change in working capital and other items	3 664	(128)	18 465	(894)
Net cash flow from operational activities	(16 082)	(4 648)	(36 582)	(30 321)
Cash flows from investing activities				
Purchases of property, plant and equipment	(1 014)		(24 676)	
Change in long-term receivables	(7)	(7)	(114)	(7)
Interest received	164	58	391	208
Net cash provided by investing activities	(857)	51	(24 399)	201
Cash flows from financing activities				
Share issues net of expenses	2 931	18 747	87 623	28 491
Net cash provided by financing activities	2 931	18 747	87 623	28 491
Net change in cash and cash equivalents	(14 008)	14 150	26 642	(1 629)
Opening cash balance	60 483	5 683	19 833	21 462
Closing cash balance	46 475	19 833	46 475	19 833

Interim consolidated statements of changes in equity Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance 1 January 2013	46 422	86 292	11 235	(125 631)	18 318
Share issues	5 284	82 339			87 623
Share-based compensation			8 948		8 948
Total comprehensive income for the period				(65 005)	(65 005)
Balance 31 December 2013	51 706	168 631	20 183	(190 636)	49 884
Balance 1 January 2012	40 794	63 429	7 409	(92 266)	19 366
Share issues	5 628	22 863			28 491
Share-based compensation			3 826		3 826
Total comprehensive income for the period				(33 365)	(33 365)
Balance 31 December 2012	46 422	86 292	11 235	(125 631)	18 318

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

Notes to the condensed consolidated interim financial statements 31 December 2013 (Unaudited)

1 IDEX ASA and the IDEX group

IDEX ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office is Martin Linges vei 25 at NO-1364 Fornebu, Norway. IDEX ASA shares have been listed at Oslo Axess market place of Oslo Børs since 12 March 2010. The objective of the company as stated in the articles of association is to deliver computer-based identification sys-

tems and other related activities.

In the third quarter of 2013, IDEX ASA established a subsidiary group in the USA, IDEX Holding Inc. which holds IDEX America Inc. IDEX America is the operating entity, providing development services as well as sales and marketing services to IDEX ASA. Formerly, IDEX ASA also had a subsidiary

group in the USA, which was dissolved on 30 November 2012.

Operations in IDEX America commenced in September 2013. No share capital has been invested by the date of these financial statements.

2 Basis of preparation, accounting policies, resolution

This condensed consolidated interim financial report for the fourth quarter of 2013 has been prepared in accordance with IAS 34 Interim financial reporting. The condensed consolidated interim financial report should be read in conjunction with the annual financial statements for 2012.

The IFRS accounting policies applied in this

condensed interim financial report are consistent with those applied and described in the annual financial statements for 2012.

The going concern assumption has been applied when preparing this interim financial report. 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 this report. The company does not have financial debt, and following a private placement of shares on 29 January 2014, IDEX raised NOK 300 million before expenses.

This interim financial report has not been subject to audit. The report was approved by the board of directors on 20 February 2014.

3 Long-term assets

Amounts in NOK 1,000	Machinery and office equipment	Goodwill	Other intangible assets	Long-term receivables	Total long-term assets
1 January-31 December 2013					
Net book value on 1 January 2013	626	0	0	332	958
Additions	1 076	8 260	15 340	114	24 790
Disposals					0
Depreciation and other movements	(524)		(403)		(927)
Net book value on 31 December 2013	1 178	8 260	14 937	446	24 821
1 January-31 December 2012					
Net book value on 1 January 2012	939	0	0	325	1 264
Additions				7	7
Disposals					
Depreciation and other movements	(313)				(313)
Net book value on 31 December 2012	626	0	0	332	958

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 be-

cause they do not satisfy the criteria for capitalisation. The same applies to the development costs.

4 Business combination

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013. 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 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 intel-

lectual property rights, which are complementary 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 recognised on acquisition
Identifiable assets	
Patent and pending applications	14 160
Customer and supplier files and relationships	1 180
Total identifiable assets	15 340
Goodwill arising from the acquisition	8 260
Total purchase price	23 600
Payments	
Cash amount paid	20 650
Cash amounts payable when milestones have been completed	2 950
Total cash payment	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. 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 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. Upon future successful completion of certain projects related to PicoField IPR and the employees recruited from PicoField, IDEX will make further additional payments 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.

5 Shares, warrants and subscription rights

Number of financial instruments	1 January – 31 December 2013	1 January – 31 December 2012
Shares		
Opening balance	309 479 430	271 960 641
Share issue(s)	31 169 467	37 518 789
Exercised incentive subscription rights	1 265 500	
Closing balance	341 914 397	309 479 430
Warrants		
Opening balance	0	9 049 103
Issue of warrants		9 954 013
Exercise of warrants		
Expired warrants		(19 003 116)
Closing balance	0	0
Incentive subscription rights		
Opening balance	17 745 259	14 596 266
Grant of incentive subscription rights	16 810 000	6 000 000
Exercised incentive subscription rights	(4 058 835)	
Terminated or expired subscription rights	(2 310 106)	(2 851 007)
Closing balance	28 186 318	17 745 259

IDEX has granted incentive subscription rights (SRs) to employees, individual contractors and board members. The grants to board members (in 2008 and 2010) were made by the general meeting in lieu of cash board remuneration. Unless specifically resolved

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

working day. Vested subscription rights may be exercised up to 90 days after the holder's last working day. The weighted average exercise price of outstanding incentive SRs on 31 December 2013 was NOK 1.93 per share.

Changes in number of financial instruments	Subscription rights	Warrants	Shares
Balance 1 January 2013	17 745 259	0	309 479 430
9 January 2013: Grant to employees	4 700 000		
23 January 2013: Exercise of subscription rights	(275 000)		275 000
28 February 2013: Grant to contractors	3 000 000		
8 March 2013: Cancelled subscription rights	(612 500)		
19 April 2013: Exercise of subscription rights	(425 000)		425 000
6 May 2013: Grant to employees	4 600 000		
16 May 2013: Private placement			18 771 250
16 May 2013: Board remuneration			353 157
6 June 2013: Exercise of subscription rights	(62 500)		62 500
12 June 2013: Exercise of subscription rights	(187 500)		187 500
18 June 2013: Expired subscription rights	(97 606)		
1 July 2013: Cancelled subscription rights	(1 600 000)		
13 August 2013: Grant to employees	400 000		
19 August 2013: Cancelled subscription rights	(100 000)		
1 September 2013: Private placement			7 365 060
19 September 2013: Exercise of subscription rights	(315 500)		315 500
19 September 2013: Grant to employee	200 000		
23 September 2013: Grant to employees	1 500 000		
23 September 2013: Private placement			4 680 000
4 October 2013: Grant of subscription rights	1 300 000		
16 October 2013: Exercise of subscription rights	(2 187 500)		2 187 500
22 October 2013: Exercise of subscription rights	(39 798)		39 798
1 November 2013: Exercise of subscription rights	(566 037)		566 037
12 November 2013: Grant of subscription rights	500 000		
10 December 2013: Grant of subscription rights	710 000		
Balance 31 December 2013	28 186 318	0	344 707 732
Balance 1 January 2012	14 596 266	9 049 103	271 960 641
9 May 2012: Private placement			9 954 013
27 April 2012: Expiry of 2011-warrants		(9 049 103)	
10 May 2012: Expired subscription rights	(16 666)		
15 May 2012: Issue of warrants to participants		9 954 013	
15 May 2012: Board remuneration			368 712
30 August 2012: Grant to contractors	6 000 000		
14 September 2012: Expiry of 2012-warrants		(9 954 013)	
30 September 2012: Cancelled subscription rights	(1 741 916)		
8 November 2012: Private placement			27 196 064
31 October 2012: Terminated subscription rights	(1 092 425)		
Balance 31 December 2012	17 745 259	0	309 479 430

6 Payroll expense

Amounts in NOK 1,000	1 October – 31 December 2013	1 October – 31 December 2012	1 January – 31 December 2013	1 January – 31 December 2012
Salary, payroll tax, benefits and other personnel expenses	9 407	2 904	19 815	14 572
Share-based remuneration, notional salary expense	3 375	136	8 535	3 508
Share-based remuneration, accrual of employer's tax	354	32	9 679	(302)
Payroll expense	13 136	3 072	38 029	17 778

The fair value at grant date of subscription rights granted to employees and members of the board of directors are charged against the profit and loss over the vesting period of each tranche. The fair value of share-based awards

is determined using a Black & Scholes option pricing model.

Social security tax related to share-based remuneration is calculated on the balance

sheet date based on the earned intrinsic value of the subscription rights, and accrued or reversed.

7 Profit (loss) per share

	1 January – 31 December 2013	1 January – 31 December 2012
Profit (loss) attributable to the shareholders (NOK 1 000)	(64 570)	(33 365)
Weighted average basic number of shares	326 183 037	281 405 296
Weighted average diluted number of shares	339 923 615	282 395 678
Profit (loss) per share, basic and diluted	NOK (0.20)	NOK (0.12)

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

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights or warrants exceeds the average share price in

the period, the subscription rights or warrants are not counted as being dilutive.

8 Contingent assets and liabilities

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

9 Related party transactions

In 2013 IDEX has recorded NOK 3,536 thousand for services provided from IDEX's legal counsel, law firm Ræder, in which chairman Morten Opstad is a partner. Mr. Opstad's work beyond board duty has been invoiced by Ræder.

Lupum AS, which is a shareholder in IDEX and is controlled by Kristian Wiermyhr, who is also a shareholder in IDEX, has charged IDEX NOK 480 thousand for ongoing services conducted by Kristian Wiermyhr in the first half of 2013. 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 arms length terms for such position.

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.

The board resolved on 28 February 2013 to grant a total of 3,000,000 SRs to contractors (of which one, Hemant Mardia, subsequently became CEO and primary insider as of May 2013) under the company's 2012 incentive SR plan. The exercise price of the SRs was NOK 1.23 per share.

The board resolved on 22 April 2013 to carry out a private placement by book building. Primary insiders and related parties were allocated shares as follows: K-konsult AS (controlled by chairman Morten Opstad): 187,500 shares, board member Jon Ola Frankplads: 80,000 shares, Edorf Invest AS (controlled by board member Frode Haugli): 156,250 shares, board member Hanne Høvdig: 31,250 shares, board member Joan Frost Urstad: 3,125 shares, CEO Hemant Mardia 265,625 shares, Lupum AS (controlled by adviser and shareholder Kristian Wiermyhr): 187,500 shares.

The board resolved on 6 May 2013 to grant 4,000,000 SRs to CEO Hemant Mardia and 600,000 SRs to CTO Ralph W. Bernstein under the company's 2012 incentive SR plan. The exercise price of the SRs was NOK 1.80 per share.

Following the annual general meeting of IDEX on 16 May 2013, chairman Morten Opstad and board members Hanne Høvdig and Joan Frost Urstad elected to receive the full board remuneration in shares, while board member Harald Voigt elected to receive half the board remuneration in shares. The board members received a combined total of 353,157 shares for which they paid the par value in lieu of a combined cash board remuneration of NOK 530,000.

The board resolved on 10 December 2013 to grant 500,000 SRs to a close relation of Hemant Mardia under the company's 2013 incentive SR plan. The exercise price of the SRs was NOK 5.24 per share.

10 Events occurring after the balance sheet date

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.

Between 31 December 2013 and the resolution of these condensed consolidated interim 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 company's assets and liabilities at 31 December 2013.