

IDEX ASA preliminary report for 2015

Fourth quarter highlights – design win and commercial production

- IDEX touch fingerprint sensor selected by tier-one mobile phone OEM
Major milestone and strong reference point for other tier-one customers
- First volume production order from tier-one mobile OEM design win
Volume production order validates IDEX's technology
- Initial volumes of polymer sensors manufactured with high yields
- First flexible polymer touch sensor for standard size payment and ID cards delivered to customer
Targeting leading position in multi-million-unit market with initial pilots in near future
- Continued progress towards commercialization of unique in-glass sensor
IDEX only vendor with solution for sensing in-glass rather than under-glass
- IDEX and Bio-Key launches USB fingerprint reader for Windows devices
Targeting the growing market of replacing passwords with biometric authentication
- Invesco Asset Management and Woodford Investment Management exercised warrants, investing a total of NOK 448 million
Major shareholders demonstrate confidence in IDEX technology, products, management and strategy

Other highlights in 2015 – partnerships and customers include leading global companies

- Strategic partnership with global payments company validated potential in smartcards market
- Agreement with Fortune 500 company to accelerate commercialisation of in-glass sensor
- Volume manufacturing established in partnership with Cypress Semiconductor and Amkor Technology
- First production order for Eagle touch sensor with World Wide Touch Technology
- Woodford Investment Management invested NOK 297 million in a private placement in the second quarter
- IDEX up-listed to the Oslo Børs main list in May

Outlook and milestones for 2016 – additional design wins and production orders expected

- IDEX positioned for accelerated growth within a multi-billion dollar market for fingerprint sensors based on strong product portfolio and established volume manufacturing partners
- Initial production order for tier-one handset expected to begin shipping in second quarter and lead to additional orders
- Positive feedback from OEMs on diverse range of silicon- and polymer-based sensors, expect further design wins
- Significant advancement in programme with global payments company, IDEX ramping organisation to support demand for card products
- Expects pilot orders of new card sensor in the second quarter of 2016 and volume shipments in late 2016
- Expects customer evaluations of in-glass sensor solutions in the second quarter of 2016 and industrialising supply chain for volume by the end of 2016

IDEX touch fingerprint sensor selected by tier-one mobile phone OEM

On 21 December IDEX announced that its Cardinal touch sensor product has been selected by a tier-one smartphone manufacturer for use in a mobile device to be distributed by at least one major wireless carrier.

This design win came as a result of IDEX successfully completing an extensive sensor evaluation and module customisation with the mobile OEM. The customer chose the Cardinal touch sensor over competitor offerings because of its very small form factor and its excellent combination of price and performance.

"This win really confirms the strength of our industry-leading

technology and products, and acts as a strong reference point for IDEX at other tier-one customers. We are in advanced discussions with a number of potential customers about our suite of low-cost high-performance silicon and polymer touch sensors. We fully expect this activity to lead to further design wins," said Dr. Hemant Mardia, CEO of IDEX, when the design win was announced.

Converted tier-one mobile OEM design win to production volume order

Subsequently, after the end of quarter, IDEX announced that the design win had been converted into a production order. This is the first volume order for the Cardinal touch sensor. IDEX expects to commence shipments to fulfil the

first order during the second quarter of 2016.

This further underscores the importance of the original design win announced in December, and IDEX expects to gain more business and design wins from the mobile OEM based on this first order.

Completed development of first flexible polymer touch sensor suitable for cards

During the fourth quarter, IDEX completed development of a flexible polymer touch sensor suitable for card integration. This is the world's first flexible touch sensor designed for ISO ID1 cards.

The sensor was specifically design-

ed for cost and volume production within a blue-chip card ecosystem. The achievement is a result of the strategic partnership with a leading global payments company which IDEX announced in June 2015 and leverages the unique advantages of IDEX's polymer-based sensors.

IDEX has successfully demonstrated its swipe sensor technology on thin and flexible ISO-compliant cards, and now offering has been expanded to include a flexible touch sensor for ISO ID1 cards.

The card market represents a multi-million-unit opportunity. IDEX is preparing for a pilot program and expects volume shipments in 2016.

Continued progress on unique in-glass sensor

IDEX continues to develop its unique in-glass product with a Fortune 500 company. During the fourth quarter, IDEX participated in a joint roadshow to promote the product to prospective customers. The customer interest in the technology has been tremendous.

IDEX is the only company with a solution for sensing in-glass rather than under-glass. IDEX's in-glass solution overcomes the physical challenge of sensing through the industry standard cover glass that blurs the image. This approach provides superior image quality and addresses mobile customer demand for sensors to be seamlessly integrated into the front of the mobile phone.

IDEX and Bio-Key launches USB fingerprint reader for Windows devices

IDEX and Bio-Key announced at the Mobile World Congress 2016 that the companies introduced a USB fingerprint reader, SideTouch that operates

on both Windows and Android platforms.

The SideTouch fingerprint reader uses the IDEX Eagle touch sensor, and was developed to address the growing demand for enterprise and consumer users to replace passwords with biometric authentication solutions such as Windows Hello, on existing devices.

Major shareholders exercised warrants

IDEX's two largest shareholders, funds managed by Invesco Asset Management and by Woodford Investment Management, exercised warrants and invested a total of NOK 448 million in IDEX at a price of NOK 7.50 and NOK 8.50 per share respectively.

These investments significantly strengthened IDEX's balance sheet represent solid statements of confidence from major shareholders.

Outlook

IDEX's strategy continues to focus on exploiting its sensor technology across three mass markets: mobile devices, ID & smart cards and the Internet of Things.

IDEX is the only fingerprint sensor manufacturer in the market that has the IP, know-how and products to offer both conventional silicon sensors, the Cardinal product family, and next-generation polymer off-chip sensors, the Eagle product family, to leading OEMs. The Cardinal sensor provides highly competitive price and performance characteristics within smaller form factors, whereas the Eagle sensor has a unique cost position for medium sized sensors. IDEX now has received production volume orders for both the Eagle and the Cardinal sensors in various market segments. The ship-

ments of the Cardinal sensor for the tier-one mobile OEM is expected to commence in the second quarter. IDEX expects these market breakthroughs to generate more design wins and production orders for mobile devices throughout 2016.

IDEX's strategic partnership with a major global payments company is proceeding very well, and IDEX is currently building out its production organisation in support of demand. IDEX believes that its world's first polymer touch sensor for cards will give it a leading position for fingerprint sensors in the cards market. Customer trials with the sensor will be conducted during the second quarter, potentially leading to initial volume shipments by the end of 2016.

Work on IDEX's unique in-glass sensor technology has also been progressing, and IDEX expects evaluations by lead customers in the second quarter of 2016. IDEX believes this is the ultimate biometric solution for the mobile device market, offering superior biometric performance and excellent industrial design flexibility.

Over the past year, adoption of fingerprint sensors in mobile devices has become widespread, and growth is expected to accelerate. Secure payment services are among the leading drivers of the need for secure and convenient authentication in the digital world.

IDEX believes that its portfolio of high-performance and cost-effective products, supported by leading-edge IP, a deeply knowledgeable organisation, tier-one industry partners, and a solid financial position, will allow the company to capture a significant share of the fast-growing, multi-billion dollar market opportunity for fingerprint sensors.

Barcelona, 26 February 2016
The board of directors of IDEX ASA

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

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Consolidated preliminary financial statements as at 31 December 2015 (Unaudited)

Profit and loss statements

IDEX earned NOK 349 thousand revenue from product deliveries in 2015 (Q4: NOK 177 thousand). The revenue in 2014 amounted to NOK 1.4 million (Q4/2014: NOK 1.2 million). The revenue originated from sensor deliveries and a small amount of government support of research and development (R&D) activities. The gross margin in 2015 was NOK 212 thousand (Q4: NOK 73 thousand), compared to NOK 662 thousand in 2014 (Q4/2014: NOK 377 thousand). The gross margins on these small volumes are not indicative for future mass volume margins.

The total operating expenses in 2015 amounted to NOK 219.8 million (Q4: NOK 73.0 million), up from NOK 126.7 million in 2014 (Q4/2014: NOK 42.8 million). IDEX's staff increase and expansion of all activities which was initiated in 2014, has continued through 2015. IDEX is ramping up its operational capacity across all key functions including product development, supply chain, operations and sales, in preparation for commercial production. The total operating costs in the fourth quarter increased by NOK 25.9 million over the first quarter in 2015. The increase includes an effect of the US dollar appreciating about 12 per cent while cost of share-based compensation, which often varies considerably between quarters, was the same in these two quarters.

The total payroll expenses increased significantly in the year, to NOK 98.2 million in 2015 (Q4: NOK 32.1 million) compared to NOK 56.2 million in 2014 (Q4/2014: NOK 16.9 million). The underlying cost of salaries including payroll taxes and other personnel expenses relate to the increased number of employees, expanded health insurance programme in IDEX America as well as the appreciation of the US dollar, and amounted to NOK 73.0 million in 2015 (Q4: NOK 23.8 million), up from NOK 46.5 million in 2014 (Q4/2014: NOK 15.6 million). The balance to the total payroll expenses is

the net effect of the share-based remuneration. This effect may vary substantially between quarters. Firstly, the notional cost of incentive subscription rights, including accrued employer's tax, varies with the share price, and may even cause a net reversal of cost between quarters. The cost or reversal does not have any cash effect. Secondly, the cash cost of social security due on exercised subscription rights occurs only on exercise. This cost is funded by the proceeds from the exercise. The cost of share-based remuneration in 2015 was NOK 25.8 million (Q4: NOK 8.4 million), compared to NOK 10.2 million in 2014 (Q4/2014: NOK 1.7 million).

R&D expenses amounted to NOK 102.6 million in 2015 (Q4: NOK 36.5 million), virtually doubled from NOK 51.3 million in 2014 (Q4/2014: NOK 17.8 million). The increase is mainly due to an increase in activity level related to product development and industrialisation of fingerprint sensors, core technology and new sensor materials (glass). The amounts in the fourth quarter and the year 2015 also include NOK 7.9 million NOK write-off of inventoried third-party algorithm licences, because IDEX plans to use other algorithms.

Other operating expenses amounted to NOK 19.0 million in the year (Q4: NOK 4.4 million), compared to NOK 19.2 million in 2014 (Q4/2014: NOK 8.2 million). Patenting and other IP activities, and sales and marketing activities were temporarily lower in the fourth quarter.

The total staff of employees and ongoing individual contractors was 65 at 31 December 2015, up from 51 one year earlier and down from 69 at the end of the third quarter of 2015. IDEX had 52 employees at 31 December 2015, and 13 technical/ scientific individual contractors working full time or regularly as part of the development team. One sales representative works on contract.

Depreciation amounted to NOK 6.8 million in 2015 (Q4: NOK 1.8 million), nearly three times the depreciation in 2014, which amounted to NOK 2.3 million (Q4/2014: NOK 0.7 million). The increase was mainly caused by the purchase of patents and other IP on 30 December 2014, which depreciate over 9.5 years. NOK 2.6 million was invested in scientific equipment and engineering tools in 2015, compared to NOK 4.8 million in 2014.

EBIT in the year amounted to a loss of NOK 226.4 million (Q4: NOK 74.8 million), compared to a loss of NOK 128.4 million in 2014 (Q4/2014: NOK 43.1 million). The increased loss year-on-year was caused by a major step-up in R&D activities, staff additions, the effect of share-based remuneration and the appreciation of the US dollar (USD) against the Norwegian krone (NOK).

Financial items amounted to a net cost of NOK 1.9 million in 2015 (Q4: net cost of NOK 0.6 million), compared to an income of NOK 5.8 million in the previous year (Q4/2014: NOK 1.4 million). Net interest income was NOK 2.8 million in 2015 (Q4: NOK 0.4 million), while net foreign exchange loss, mainly related to USD payables and debt, amounted to NOK 4.7 million (Q4: NOK 0.9 million).

Because IDEX's wholly-owned subsidiaries in the USA and UK make profits, there was a tax charge in an amount of NOK 0.5 million in 2015 (Q4: 0 (nil)), on par with the previous year. The net result for IDEX in the year was a loss amounting to NOK 228.8 million (Q4: NOK 75.4 million), compared to a loss amounting to NOK 123.1 million in 2014 (Q4/2014: NOK 42.3 million).

Profit or loss per basic weighted average number of shares amounted to a loss of NOK 0.50 in 2015. Per share results are not directly comparable between quarters or years because the number of shares has increased by share issues.

Balance sheets

IDEX has a very strong balance sheet because of the private placements of shares in 2014 and 2015, which raised net NOK 305.4 million and 724.4 million respectively. At 31 December 2015, IDEX held a cash balance amounting to NOK 763.7 million, and the group had no financial debt.

The main assets held on the balance sheet are the intangible assets acquired from PicoField in 2013 and from Roger Bauchspies in 2014, inventoried components and sensors, and cash in bank. Cash is the dominant item, representing 92 per cent of the total assets.

The assets and intellectual property rights acquired from PicoField in 2013 was capitalised in accordance with IFRS, and included goodwill in an amount of NOK 8.3 million and depreciating assets in an original acquisition amount of NOK 15.3 million. Most of the assets depreciate over 17.3 years from acquisition. On 30 December 2014, IDEX acquired patents and other IP from Roger Bauchspies in an amount of NOK 28.3 million, which assets depreciate over 9.5 years.

IDEX's own patents and other intellectual property rights are generally not

held in the balance sheet because they do not satisfy the criteria for capitalisation. Development costs have in the past largely been expensed for the same reason. In 2015, IDEX capitalised own development expenses related to the Cardinal sensor product, in an amount of NOK 0.8 million, the same amount as in 2014.

Fixed assets amounted to NOK 6.6 million at 31 December 2015, up from NOK 5.6 million at the end of 2014. These assets are scientific equipment and engineering tools, leasehold upgrades, office equipment and furniture with useful lives of 3-5 years.

At the end of 2015, inventoried third-party algorithm licences amounting to NOK 7.9 million were written off because IDEX plans use other algorithms.

On 31 December 2015, the total assets amounted to NOK 828.3 million, of which NOK 763.7 million were cash. The total assets amounted to NOK 299.3 million at the beginning of 2015. The balance sheet has been strengthened by several share issues during 2015. The cash position is further commented upon below.

The major liabilities are various operational payables to suppliers and employees, and amounted to NOK 69.1 million at 31 December 2015, up from 45.9 million at 31 December 2014. There are usually variations between quarters due to fluctuating payables to suppliers and accrued liabilities. In 2015, the payables have increased by NOK 8.8 million, and the accrued, nominal employer's tax on share incentives has increased by NOK 11.7 million because of the share price increase during 2015.

A private placement was conducted in the second quarter of 2015, two institutional shareholders exercised warrants in the fourth quarter, and there were two rounds of employee exercises of incentive subscription rights in 2015. In total, net of expenses, NOK 724.4 new equity has been added in the year. Equity amounted to NOK 749.7 million at 31 December 2015, up from NOK 243.4 million at the beginning of the year.

IDEX does not have financial debt. The company has adequate equity and liquidity to operate as going concern for significantly longer than 12 months from the date of this report.

Cash flow, cash position

The operational cash outflow in the year was NOK 187.4 million. The main operating cash item was the operating loss in the period, partly offset by the equity part of the share-based compensation and depreciation. Working capital was positive in the fourth quarter and the full year because of an increase in supplier debt and reduced inventory. There are usually variations between quarters, mainly due to fluctuating payables to suppliers and accrued liabilities.

NOK 2.6 million was invested in scientific equipment and engineering tools in 2015, down from NOK 4.8 million in 2014. Investments vary according to project requirements for new equipment and tooling. IDEX has in 2015 capitalised NOK 0.8 million of its own development expenses, the same amount as in 2014.

In 2015, new equity amounting to NOK 724.4 million net after expenses was raised by a private placement of shares, payables settled in shares, two exercises of warrants and two rounds of

exercises of incentive subscription rights. IDEX raised NOK 305.4 million in 2014.

At 31 December 2015 the cash position amounted to NOK 763.7 million, up from NOK 228.0 one year earlier, while net of receivables less payables and accruals amounted to NOK 62.0 million payable, leaving a balance sheet solvency of NOK 701.7 million compared to NOK 187.7 million at the end of 2014. IDEX does not have financial debt.

IDEX ASA

Condensed consolidated preliminary financial statements with notes 31 December 2015 (Unaudited)

Interim consolidated statements of comprehensive income	1 October-31 December 2015	1 October-31 December 2014	1 January-31 December 2015	1 January-31 December 2014
Amounts in NOK 1,000				
Operating income				
Sales and services income	177	1 229	349	1 423
Other operating revenue				91
Total revenue	177	1 229	349	1 514
Cost of goods sold	73	852	137	852
Gross margin	104	377	212	662
Operating expenses				
Payroll expenses	32 093	16 859	98 226	56 194
Research and development expenses	36 524	17 773	102 567	51 298
Other operating expenses	4 422	8 152	18 972	19 233
Total operating expenses	73 039	42 784	219 765	126 725
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(72 935)	(42 407)	(219 553)	(126 063)
Depreciation	1 840	723	6 834	2 307
Profit before interest and tax (EBIT)	(74 776)	(43 131)	(226 388)	(128 371)
Financial income and expenses				
Interest income	341	1 138	2 810	5 667
Other financial income	868	1 527	3 312	2 096
Interest expenses		(1)	(1)	(4)
Other financial expenses	(1 777)	(1 250)	(8 023)	(1 932)
Net financial items	(568)	1 414	(1 902)	5 827
Net result before tax	(75 344)	(41 717)	(228 290)	(122 544)
Income tax expense (credit)	27	563	541	563
Net profit (loss) for the period	(75 371)	(42 280)	(228 831)	(123 107)
<i>Profit (loss) per share - basic and diluted</i>	NOK (0.15)	<i>NOK (0.10)</i>	NOK (0.50)	<i>NOK (0.30)</i>
Net profit (loss) for the period	(75 371)	(42 280)	(228 831)	(123 107)
Other comprehensive income	(517)	(1 213)	(1 006)	(1 407)
Total comprehensive income for the period, net of tax	(75 888)	(43 493)	(229 837)	(124 514)

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	2015	2014
ASSETS		
Long-term assets		
Goodwill	8 260	8 260
Other intangible assets	39 172	42 805
Fixed assets	6 576	5 588
Long-term receivables	1 155	1 143
Total long-term assets	55 163	57 796
Current assets		
Inventory and receivables		
Inventory	2 281	7 944
Accounts receivable	254	1 070
Other receivables	4 319	2 498
Prepaid expenses	2 531	2 044
Total inventory and receivables	9 385	13 556
Cash and bank deposits		
Cash and bank deposits	763 716	227 961
Total cash and bank deposits	763 716	227 961
Total current assets	773 101	241 517
TOTAL ASSETS	828 264	299 313
EQUITY AND LIABILITIES		
Equity		
Paid-in-capital		
Share capital	79 651	61 948
Share premium	1 170 453	463 766
Other paid-in capital	44 566	32 787
Total paid-in-capital	1 294 670	558 501
Other equity	(544 986)	(315 150)
Total equity	749 684	243 351
Liabilities		
Long-term liabilities		
Other long-term liabilities	9 445	10 079
Total long-term liabilities	9 445	10 079
Short-term liabilities		
Accounts payable	17 755	8 997
Public duties payable	4 012	2 207
Accrued payable income tax	1 019	652
Notional employer's tax on share incentives	13 900	2 231
Other short-term liabilities	32 449	31 796
Total short term liabilities	69 135	45 883
Total liabilities	78 580	55 962
TOTAL EQUITY AND LIABILITIES	828 264	299 313

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



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Interim consolidated cash flow statements Amounts in NOK 1,000	1 October- 31 December 2015	1 October- 31 December 2014	1 January- 31 December 2015	1 January- 31 December 2014
Cash Flows from operating activities				
Profit (loss) before interest and taxes	(74 776)	(43 131)	(226 388)	(128 371)
Share-based remuneration (equity part)	1 459	2 717	11 779	12 604
Depreciation	1 840	723	6 834	2 307
Interest paid		(1)	(1)	(4)
Change in working capital and other items	33 210	25 358	20 413	8 425
Net cash flow from operational activities	(38 267)	(14 334)	(187 363)	(105 039)
Cash flows from investing activities				
Purchases of assets	19	(29 520)	(2 624)	(33 113)
Capitalised development costs	(172)	(788)	(813)	(788)
Change in long-term receivables	(11)	(18)	(12)	(697)
Interest received	341	1 138	2 810	5 667
Net cash provided by investing activities	177	(29 188)	(639)	(28 931)
Cash flows from financing activities				
Share issues net of expenses	423 317	(17)	724 391	305 377
Change in long-term payable	(3 462)	10 079	(634)	10 079
Net cash provided by financing activities	419 855	10 062	723 757	315 456
Net change in cash and cash equivalents	381 766	(33 460)	535 755	181 486
Opening cash balance	381 950	261 421	227 961	46 475
Closing cash balance	763 716	227 961	763 716	227 961

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 2015	61 948	463 766	32 787	(315 150)	243 351
Share issues	17 703	706 688			724 391
Share-based compensation			11 779		11 779
Total comprehensive income for the period				(229 837)	(229 837)
Balance 31 December 2015	79 651	1 170 454	44 566	(544 987)	749 684
Balance 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Share issues	10 242	295 135			305 377
Share-based compensation			12 604		12 604
Total comprehensive income for the period				(124 514)	(124 514)
Balance 31 December 2014	61 948	463 766	32 787	(315 150)	243 351

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

Notes to the condensed consolidated interim financial statements 31 December 2015 (Unaudited)

1 IDEX ASA and the IDEX group

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

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

IDEX ASA holds a subsidiary group in the USA, established in 2013, which provides development services as well as sales and marketing

services to IDEX ASA. IDEX ASA also has a subsidiary in the UK, established in 2014, and a subsidiary in People's Republic of China, established in 2015. The subsidiaries provide various services to IDEX ASA.

2 Basis of preparation, accounting policies, resolution. Risks

This condensed consolidated preliminary financial report for 2015 has been prepared in accordance with IAS 34 Interim financial reporting. This condensed consolidated preliminary financial report should be read in conjunction with the annual financial statements for 2014. The IFRS accounting policies applied in this report are consistent with those applied and described in the annual financial statements for 2014.

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 financial 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 intellectual property rights, and finally, to maintain a competitive advantage. IDEX considers that its fingerprint sensor technology has one of the best biometric

performances, and that the fingerprint sensor product range offers unique properties.

The going concern assumption has been applied when preparing this interim financial report. IDEX does not earn recurring revenue. The company does not have financial debt, and IDEX has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of this report.

This interim financial report has not been subject to audit. The report was approved by the board of directors on 26 February 2016.

3 Long-term assets

Amounts in NOK 1,000	Goodwill	Other intangible assets	Tangible fixed assets	Long-term receivables	Total long-term assets
Balance 1 January 2015	8 260	42 805	5 588	1 143	57 796
Additions		813	2 625	12	3 450
Disposals at cost					
Depreciation and impairment losses		(4 446)	(2 388)		(6 834)
Effects of changes in foreign currency			753		753
Balance 31 December 2015	8 260	39 172	6 576	1 155	55 163
Balance 1 January 2014	8 260	14 937	1 178	446	24 821
Additions		29 077	4 824	697	34 598
Disposals at cost					
Depreciation and impairment losses		(1 209)	(1 098)		(2 307)
Effects of changes in foreign currency			684		684
Balance 31 December 2014	8 260	42 805	5 588	1 143	57 796

Under IFRS goodwill is not amortised but impairment tested at each year end. IDEX's own patents and other intellectual property rights created by IDEX are not held in the balance sheet because they do not satisfy the criteria for capitalisation. Development costs may be expensed for the same reason.

IDEX has in 2015 capitalised NOK 0.8 million development expenses related to the Cardinal sensor product.

2014:
IDEX capitalised in 2014 NOK 0.8 million development expenses related to the Cardinal sensor product.

On 30 December 2014, IDEX purchased patents and other IP from Roger Bauchspies in an amount of NOK 28.3 million. The purchase price was allocated to the patents. The patents depreciate over estimated economic useful life, viz. the lifetime of the patents, until 31 July 2024.

4 Shares, warrants and subscription rights

Number of financial instruments	Incentive subscription rights		
	Warrants	Shares	
Balance 1 January 2015	26 460 362	30 000 000	413 488 862
1 January-31 December: Granted incentive subscription rights	2 285 000		
1 January-31 December: Exercised incentive subscription rights	(5 482 862)		5 482 862
1 January-31 December: Expired and forfeited incentive subscription rights	(1 042 500)		
29 April 2015: Private placement of shares, issue of warrants		26 250 000	52 500 000
13 May 2015: Issue of board remuneration shares			137 692
2 July 2015: Private placement of shares			3 150 000
16 November 2015: Exercise of warrants		(30 000 000)	30 000 000
4 December 2015: Exercise of warrants		(26 250 000)	26 250 000
Balance 31 December 2015	22 220 000	0	531 009 416
Balance 1 January 2014	28 186 345	0	344 707 732
1 January-31 December: Granted subscription rights	5 700 000		
1 January-31 December: Exercise of subscription rights	(5 817 233)		5 817 233
1 January-31 December: Expired and forfeited subscription rights	(1 608 750)		
29 January 2014: Private placement of shares		30 000 000	60 000 000
20 March 2014: Private placement of shares			2 400 000
8 May 2014: Issue of board remuneration shares			63 897
30 December 2014: Private placement of shares			500 000
Balance 31 December 2014	26 460 362	30 000 000	413 488 862

IDEX has granted incentive subscription rights (SRs) to employees and individual contractors. 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 day of employment. Vested subscription

rights may be exercised up to 90 days after the holder's last day of employment. The weighted average exercise price of outstanding incentive SRs on 31 December 2015 was NOK 3.48 per share.

5 Payroll expenses

Amounts in NOK 1,000	1 October-31 December 2015	1 October-31 December 2014	1 January-31 December 2015	1 January-31 December 2014
Salary, payroll tax, benefits, other expenses	23 778	15 600	73 007	46 461
Capitalised cost of development work	(103)	(440)	(547)	(440)
Payroll tax on exercised subscription rights	2 068	145	3 618	5 049
Share-based remun., notional salary expense	1 114	2 717	10 479	12 604
Share-based remun., accrual (rev.) of emplr.'s tax	5 236	(1 163)	11 669	(7 480)
Payroll expenses	32 093	16 859	98 226	56 194

The fair value at grant date of subscription rights granted to employees are expensed over the vesting period of each tranche. The fair value of the subscription rights is determined using a Black & Scholes option pricing model.

Employer's social security tax related to share-based remuneration is calculated on the balance sheet date based on the earned intrinsic value of the subscription rights, and the adjustment to the accrued amount is charged or credited to cost.

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

6 Income tax expense

The income tax expense relates to estimated income tax on profit in IDEX America and IDEX UK.

7 Profit (loss) per share

	1 January – 31 December 2015	1 January – 31 December 2014
Profit (loss) attributable to the shareholders (NOK 1 000)	(228 831)	(121 987)
Weighted average basic number of shares	459 123 063	406 478 449
Weighted average diluted number of shares	471 523 685	419 718 850
Profit (loss) per share, basic and diluted	NOK (0.50)	NOK (0.30)

When the period result is a loss, the loss per diluted number of shares is not 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

On 24 February 2015, Ralph W. Bernstein, CTO at the time, exercised 1,000,000 subscription rights and acquired the corresponding number of shares at a weighted average price of NOK 1.16 per share; board member Hanne Høvdning exercised 26,532 subscription rights granted as board remuneration in 2010 and acquired the corresponding number of shares at a price of NOK 1.20 per share; and Erling Svela, VP of Finance, exercised 640,000 subscription rights and acquired the corresponding number of shares at a price of NOK 1.96 per share.

Following the annual general meeting of IDEX on 12 May 2015, chairman Morten Opstad and board members Hanne Høvdning and Andrew James MacLeod elected to receive part or full board remuneration in shares. Mr. Opstad acquired 22,031 shares at NOK 0.15 per share instead of NOK 100,000 of his cash board remuneration. Ms. Høvdning acquired 49,569 shares at NOK 0.15 per

share instead of receiving a cash board remuneration of NOK 225,000. Mr. MacLeod acquired 66,092 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 300,000.

In 2015 IDEX has recorded NOK 5,168 thousand for services provided by IDEX's legal counsel, law firm Ræder, in which chairman Morten Opstad is a partner. Mr. Opstad's work beyond board duty has been invoiced by Ræder. The services in 2015 include legal assistance in connection with the private placement of 52.5 million shares on 29 April 2015, transfer of listing from Oslo Axess to Oslo Børs on 11 May 2015, as well as the exercises of warrants in the fourth quarter of 2015.

Larry Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, served on IDEX's nomination committee 2014-2015, for which service the

annual general meeting 2015 resolved a remuneration of NOK 15 thousand. Mr. Ciaccia has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC. The SAC service fee is USD 15 thousand per year. Mr. Ciaccia also provides consulting services to IDEX for a fixed fee of USD 50 thousand per year.

Robert N. Keith assists IDEX in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith's fee for his services amounts to NOK 2.0 million per year.

Charles Street International Ltd, which is a shareholder in IDEX, earned fees amounting to NOK 14.9 million, paid partly in shares, for providing services to IDEX in 2015.

10 Events occurring after the balance sheet date

Between 31 December 2015 and the resolution of these condensed consolidated preliminary financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2015 or the value of the company's assets and liabilities at 31 December 2015.