

## Interim report and financial statements for the first quarter of 2012

### Extensive work with partners resulted in two orders

- Commercial order from S.I.C. Biometrics
- Order from Embedx
- Public funding for international project on biometric contactless payment card
- Several new product prototypes demonstrated at CARTES North America
- Regulator's policy change opens Norwegian market
- Exploring strategic opportunities. Good traction in ongoing partner evaluation project.
- Funding secured through private placement of shares

After extensive work with a growing number of partners, IDEX received two orders in April. "We have passed an important milestone in our company's history. In 2012 there will be launched products with IDEX fingerprint technology inside," said Ralph W. Bernstein, CEO of IDEX

"Two of our partners have now selected SmartFinger Film for their biometric devices, and we expect to see their products with 'IDEX inside' on the market in 2012," Bernstein added. "These orders open new markets for us", he continued. "It is particularly encouraging that the target applications are mobile security and access control, which represent major markets for IDEX SmartFinger Film - the ultra-thin and bendable fingerprint sensor".

The orders from S.I.C. and Embedx are results of IDEX's partner strategy. This strategy has been manifested in a growing number of partnerships and cooperation agreements. In 2011, IDEX entered into agreements with a total of eight new partners.

Teaming up with small and medium sized companies – agile partners that are early adopters of new technologies and able to act fast in getting their products to the market – has been a key part of IDEX's partner strategy. The activities with these partners open the doors to major players in the industry. "We are now seeing results of this strategy," said Bernstein.

All the partnership programmes IDEX embarked on in 2011 are still active and IDEX has supplied SmartFinger Film sensors and biometric software to customers. Recently, sensors batches and biometric modules were ordered by or delivered to Gemalto, Shen Zhen Huajing and Future Electronics, for use in prototypes and pilot testing of their products. As expected, the progress of the individual projects has varied.

IDEX has worked hard to ramp up the production. Sensors are now being manufactured using the suppliers' full-scale production equipment and methods. IDEX's supply-chain presently possesses a production capacity sufficient to meet current customers' requirements. Optimization of production yield, volume capacity and product designs continues to be an integrated part of the ramp-up activities, and the production chain can be expanded to increase capacity in line with foreseeable orders.

#### **Commercial order from S.I.C. Biometrics**

In April [S.I.C. Biometrics Inc. placed a commercial order](#) for SmartFinger Film sensors for use in S.I.C.'s novel FID<sup>®</sup> device designed for Apple iPhone, iPad and Android-based devices, as well as in the S.I.C. Touch Prox biometric smart card. FID is the first iPhone 4 casing with a fingerprint sensor, allowing users to securely access their social media accounts and web-based applications with a simple swipe of a finger.

Smart phones and other mobile devices is raising new security issues as these devices are increasingly used for in areas such as mobile commerce, near-field communication and contactless payment.

Fingerprint-based authentication implemented within the device is the obvious choice, providing first-class security while at the same time addressing legitimate privacy concerns.

### **Order from Embedx**

Also in April, [Embedx Corp. placed an order](#) for IDEX SmartFinger Film sensors and software for use in its BioMatrix™ smart card.

The card is initially targeted at controlled access to university dormitories and student activity centers. Embedx is working with a leading provider of access controls systems, and the market addressed is considered to be very large.

### **Public project funding for biometric smartcards for contactless payment**

In January [IDEX and its French partner company UINT was awarded a support grant](#) from the European Eurostars programme. The objective is to develop a smart card with a fingerprint sensor that is suited for manufacturing in existing volume production lines for cards. The biometric smart card will be tailored for new solutions in contactless payments by the use of near field communication (NFC) technology.

The IDEX and UINT project was ranked number one among the Norwegian applications and number five of several hundred applications in Europe in the latest Eurostars grant round. The total cost of the project is more than NOK 12 million.

### **Several prototypes demonstrated at CARTES North America**

In March, IDEX exhibited at the [CARTES North America](#) Exhibition and Conferences in Las Vegas.

IDEX displayed its partners' latest demonstration products embedding the SmartFinger technology as well as the SmartFinger Secure Processor software (SSP) and the new SmartFinger evaluation kit. One of the demonstrations was the new BioMatrix™ biometric verification card developed by Embedx, which in April led to a commercial order for SmartFinger Film sensors and software.

### **Regulator's policy change opens Norwegian market**

In March the Norwegian public body [Privacy Appeals Board \(Personvernemnda\)](#) allowed the use of fingerprint to verify that a customer satisfies minimum age to buy alcohol and tobacco. This was a major change of policy in Norway, and in May this was followed by a similar ruling allowing the use of fingerprint for access control at a 24-hour fitness centre.

IDEX welcomes these important milestones in the use of fingerprint in Norway, and IDEX CEO Ralph W. Bernstein took part in the public debate. Bernstein emphasised that privacy can be fully maintained when using fingerprint verification to improve security.

By incorporating the fingerprint sensor and data storage on a device such as a card, the sensitive biometric user data remains at the card at all times and is neither transmitted out of the card nor stored in a central database. The IDEX SmartFinger Film fingerprint sensor is perfect for applications of this type.

### **Exploring strategic opportunities**

IDEX [appointed in February Pareto Securities as financial advisor](#) to assist in evaluating potential strategic industry partners in order to fully and more rapidly exploit the potential of the SmartFinger technology and products in the rapidly expanding global market for biometric ID and data protection.

An industrial partner with the right go-to-market knowhow and supply-chain expertise will accelerate mass market adoption and facilitate a faster ramp-up to high volume production of the SmartFinger Film sensor. IDEX is willing to offer a suitable partner an equity stake in IDEX through a capital injection.

IDEX envision strategic, industrial partner candidates may have their basis in several parts of the biometrics ecosystem, such as manufacturers, semiconductor companies, Original Equipment Manufacturers (OEMs), biometric technology vendors or service providers. The ongoing evaluation project has good traction, and has attracted interest from several of the targeted partners.

### **Private placement of shares successfully completed**

In April the IDEX board resolved to carry out a private placement of nine million shares with attached warrants in order to fund IDEX through 2012. A consortium consisting of major shareholders and holders of warrants issued in 2011 guaranteed the share issue. IDEX received subscriptions for 11.8 million shares at NOK 1.00 per share. The placement was [oversubscribed by 30 per cent](#), and the board resolved to increase the issue by 10 per cent to ten million shares. Holders of [2011-warrants](#) were given priority in the allocation.

The board has proposed to the [annual general meeting on 15 May 2012](#) to issue one warrant ("2012-warrant") for each new share subscribed for and allocated in the placement. The 2012-warrants will have an exercise price of NOK 1.30 per share and will be exercisable in the period 3-14 September 2012. The combined placement and 2012-warrants exercise will provide funding for IDEX through 2012.

### **List of notable events in 2012**

- In January [IDEX and its French partner company UINT was awarded a support grant](#) from the European Eurostars programme. The objective is to develop a smart card with a fingerprint sensor that is suited for manufacturing in existing volume production lines for cards.
- In February [IDEX appointed Pareto Securities](#) as financial advisor to assist in evaluating potential strategic industry partners.
- At the CARTES in North America Exhibition and Conferences 5-7 March 2012 in Las Vegas, [IDEX demonstrated several prototypes](#) implementing the SmartFinger Film fingerprint sensor technology.
- In March [Embedx Corporation unveiled their biometric verification card](#), BioMatrix™, which includes the SmartFinger Film fingerprint sensor,.
- In April [S.I.C. Biometrics Inc. \(S.I.C.\) placed an order of IDEX SmartFinger Film fingerprint sensors](#) and biometric software for S.I.C.'s novel FID® device designed for Apple iPhone, iPad and Android-based devices, as well as in the S.I.C. Touch Prox biometric smart card.
- In April [Embedx Corporation placed an order of IDEX SmartFinger Film fingerprint sensors](#) and software for integration into its BioMatrix™ smart card.
- In April the board of directors of [IDEX resolved to carry out a private placement of shares](#) with attached warrants. The placement was [guaranteed by an underwriting consortium](#). The placement was oversubscribed by 30 per cent and [allocations were made](#) on 10 May 2012.

## ***Interim financial statements***

### **Profit and loss statements**

IDEX earned revenue amounting to NOK 0.6 million in the first quarter of 2012, related to government support of R&D activities. The revenue has been recognised corresponding to the recognition of the expenses that the grant compensates. In the corresponding quarter of 2011 IDEX did not earn revenue.

Operating expenses in the quarter were NOK 10.7 million, compared to NOK 9.4 million in the first quarter of 2011 and NOK 11.0 million gross before Skattefunn support in the fourth quarter. The cost increase compared to the beginning of 2011 is mainly due to additional staff hired in the second half of 2011. The R&D expenses which include production ramp-up, fluctuate with the purchases of materials and services. R&D costs and costs related to IP are expensed as incurred and not capitalised.

IDEX had fifteen employees in the first quarter, up from eleven in the same period of 2011. In addition, about four technical/scientific individual contractors work full time or regularly as part of the development team, and additional technical experts are contracted as and when needed. One independent sales representative work on contract. The payroll cost line includes the notional cost of subscription rights, NOK 1.2 million in the first quarter of 2012 and NOK 0.9 million in 2011.

No investments in tangible assets such as office facilities, computers and laboratory equipment have been made in the first quarter of 2012, while IDEX invested NOK 0.3 million in such assets in the first quarter of 2011. With a small fixed asset base, the depreciation charge is about NOK 0.3 million per year.

Because of the small amount of revenue, EBIT in the quarter amounted to a loss of NOK 10.2 million, compared to a loss of NOK 9.4 million in the same period in 2011.

Financial items amounted to NOK 98 thousand in the quarter, mainly from interest income. In the corresponding quarter of 2011, net financial items were NOK 43 thousand, also from interest income.

Profit/loss per basic weighted average number of shares amounted to a loss of NOK 0.04 in the first quarter of 2011. Because of the share issues in second and third quarters of 2011, the profit/loss amounts per share are incomparable year on year.

### **Balance sheets**

The assets held in the balance sheet essentially comprise of cash in bank, the receivables from the government R&D grant schemes for the preceding year; prepayments and deposits; and investments in office facilities and equipment – with cash being the major item. On 31 March 2012, the assets amounted to NOK 16.4 million of which NOK 13.0 million were cash, down from NOK 26.2 million and NOK 21.5 respectively at the end of 2011. At the end of the first quarter 2011, the assets amounted to NOK 7.1 million of which NOK 3.8 million were cash. The 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. The cash position is commented upon below. The main liabilities are various operational payables to employees and suppliers, and amounted to NOK 6.0 million at 31 March 2012, down NOK 0.9 million from the preceding quarter and on par with the first quarter 2011. The variations are due to fluctuating payables to suppliers and accrued liabilities.

Equity amounted to NOK 10.4 million or 26 per cent of the share capital at the end of this quarter. The board resolved on 23 April 2012 to carry out a private placement of shares at a subscription price of NOK 1.00 per share. The placement was 30 per cent oversubscribed. The placement was 30 per cent oversubscribed and the board resolved to increase the placement by 10 per cent to 9,954,013 shares. Payment date is 21 May 2012. The board has proposed to the 2012 annual general meeting of IDEX to issue one warrant attached to each share issued in the placement. The warrants will have an exercise price of NOK 1.30 per share and be exercisable during the period 3-14 September 2012. The private placement will raise equity in an amount of NOK 10.0 million before expenses. Including the warrants, the combined gross proceeds will be NOK 22.9 million. The board will also take other measures as appropriate to ensure that the equity shall be adequate under current planning assumptions.

The going concern assumption has been applied when preparing this interim financial report. The board points out that until IDEX enters the commercial stage, there is uncertainty attached to this assumption. IDEX does not earn recurring revenue. On 31 March 2012, the equity amounted to NOK 10.4 million or 26 per cent of the share capital. The board acknowledges its duty to act on this situation. Reference is made to the private placement described in the previous paragraph. IDEX appointed in February 2012 Pareto Securities AS as financial advisor to assist in evaluating potential strategic industry partners. The company has stated that to cement such strategic alliance, it is willing to offer a suitable partner an equity stake in IDEX through a capital injection.

### **Cash flow, cash position**

The operational cash outflow in the quarter was NOK 8.5 million, same as the corresponding quarter of 2011, both periods' cash flows reflecting cash costs.

No investments were carried out in the first quarter this year, while investments in the first quarter of 2011 amounted to NOK 0.3 million. Investments mainly comprise IT and lab equipment.

At 31 March 2012 the cash position amounted to NOK 13.0 million, down from NOK 21.5 million at the end of 2011. Net receivables and payables on 31 March 2012 amounted to NOK 3.8 million payable. The company does not have financial debt. The company needs to obtain liquidity in 2012. Reference is made to the comments above regarding the equity situation.

### **Principal risks**

It is the duty of the board of directors to present the principal risks of IDEX and its business. IDEX does not have any significant assets or liabilities with risk. IDEX does not have financial instruments or financial assets or liabilities, and has limited financial risks related to currency and interest rates. More than half the share capital has been lost, and the company needs to obtain liquidity in 2012. The board will take appropriate measures to ensure that the equity shall be adequate under current planning assumptions.

The company's major 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 Film sensor offers unique properties.

### **Outlook**

IDEX continues to work intensively with the current manufacturing partners in order to take on additional commercial orders and to be able to supply increasing volumes. The Company is also in progress of qualifying additional suppliers in selected production steps.

All the partnership programmes embarked on in 2011 are still active and IDEX's technical team is supporting a growing number of customers and partners. Several cooperation projects are in progress to achieve qualification and design-in of the IDEX SmartFinger Film fingerprint sensor and biometric software algorithms. A successful qualification normally precedes commercial agreements, under which IDEX will supply SmartFinger Film sensors, software and biometric modules.

Following the successful private placement of shares with attached warrants which facilitates funding through 2012, IDEX can continue its work on the two most important activities this year: to establish and grow a business based on the company's own capabilities and partners, and in parallel to attract a strategic industrial partner in order to more rapidly exploit the potential of the SmartFinger technology and products.

Fornebu, 14 May 2012

*The board of directors of IDEX ASA*

### **Press contact**

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**IDEX ASA group**  
**Condensed consolidated interim financial statements with notes**  
**31 March 2012 (Unaudited)**

<b>Consolidated interim Statements of comprehensive income</b> Amounts in NOK 1,000	<b>1 January- 31 March 2012</b>	<b>1 January- 31 March 2011</b>	<b>1 January- 31 December 2011</b>
<b>Operating income</b>			
Sales revenue	<b>3</b>		99
Other operating revenue	<b>584</b>		1 224
<b>Total revenue</b>	<b>587</b>	-	<b>1 323</b>
<b>Operating expenses</b>			
Payroll expense	<b>5 367</b>	3 978	17 696
Research and development expenses	<b>2 948</b>	3 224	13 481
Other operating expenses	<b>2 365</b>	2 148	7 632
<b>Total operating expenses</b>	<b>10 680</b>	<b>9 350</b>	<b>38 809</b>
<b>Profit (loss) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>(10 093)</b>	<b>(9 350)</b>	<b>(37 486)</b>
Depreciation	<b>79</b>	51	245
<b>Profit before interest and tax (EBIT)</b>	<b>(10 172)</b>	<b>(9 401)</b>	<b>(37 731)</b>
<b>Financial Income and Expenses</b>			
Interest income	<b>81</b>	24	348
Other financial income	<b>28</b>	26	66
Interest expense			
Other financial expense	<b>(11)</b>	(7)	(38)
<b>Net financial items</b>	<b>98</b>	<b>43</b>	<b>376</b>
<b>Net result before tax</b>	<b>(10 074)</b>	<b>(9 358)</b>	<b>(37 355)</b>
Taxes			
<b>Net profit (loss) for the period</b>	<b>(10 074)</b>	<b>(9 358)</b>	<b>(37 355)</b>
<i>Profit (loss) per share -basic and diluted</i>	<b><i>NOK (0.04)</i></b>	<i>NOK (0.04)</i>	<i>NOK (0.15)</i>
<b>Net profit (loss) for the period</b>	<b>(10 074)</b>	<b>(9 358)</b>	<b>(37 355)</b>
Other comprehensive income			
<b>Total comprehensive income for the period, net of tax</b>	<b>(10 074)</b>	<b>(9 358)</b>	<b>(37 355)</b>

The notes on pages 4-6 are an integral part of this condensed interim financial report.

Consolidated interim balance sheets	31 March 2012	31 March 2011	31 December 2011
Amounts in NOK 1,000			
<b>ASSETS</b>			
<b>Long-term assets</b>			
<b>Fixed assets</b>			
Machinery and office equipment	<b>860</b>	881	939
Total fixed assets	<b>860</b>	881	939
<b>Financial assets</b>			
Long-term receivables	<b>325</b>	319	325
Total financial assets	<b>325</b>	319	325
<b>Total long-term assets</b>	<b>1 185</b>	1 200	1 264
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivable			19
Other receivables	<b>1 716</b>	1 572	3 161
Prepaid expenses	<b>514</b>	544	343
Total receivables	<b>2 230</b>	2 116	3 523
<b>Cash and bank deposits</b>			
Cash and bank deposits	<b>13 025</b>	3 821	21 462
Total cash and bank deposits	<b>13 025</b>	3 821	21 462
<b>Total current assets</b>	<b>15 255</b>	5 937	24 985
<b>TOTAL ASSETS</b>	<b>16 440</b>	7 137	26 249

<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid-in-capital</b>			
Share capital	<b>40 794</b>	32 240	40 794
Share premium reserve	<b>63 429</b>	29 274	63 429
Other paid-in capital	<b>8 526</b>	3 767	7 409
Total paid-in-capital	<b>112 749</b>	65 281	111 632
Other equity	<b>(102 340)</b>	(64 269)	(92 266)
Total equity	<b>10 409</b>	1 012	19 366
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Accounts payable	<b>1 311</b>	1 545	2 230
Public duties payable	<b>838</b>	910	471
Other short-term liabilities	<b>3 882</b>	3 670	4 182
Total short term liabilities	<b>6 031</b>	6 125	6 883
<b>Total liabilities</b>	<b>6 031</b>	6 125	6 883
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16 440</b>	7 137	26 249

The notes on pages 4-6 are an integral part of this condensed interim financial report.

<b>Consolidated interim cash flow statements</b> Amounts in NOK 1,000	<b>1 January-31 March 2012</b>	1 January-31 March 2011	1 January-31 December 2011
Profit (loss) before interest and taxes	<b>(10 172)</b>	(9 401)	(37 731)
Share-based remuneration (equity part)	<b>1 117</b>	767	4 409
Depreciation	<b>79</b>	51	245
Interest paid			
Change in working capital and other items	<b>458</b>	31	(608)
<b>Net cash flow from operational activities</b>	<b>(8 518)</b>	(8 552)	(33 685)
Purchases of property, plant and equipment		(300)	(552)
Change in long-term receivables			(7)
Interest received	<b>81</b>	24	348
<b>Net cash provided by investing activities</b>	<b>81</b>	(276)	(211)
Share issues			42 709
<b>Net cash provided by financing activities</b>	<b>-</b>	-	42 709
<b>Net change in cash and cash equivalents</b>	<b>(8 437)</b>	(8 828)	8 813
Opening cash balance	<b>21 462</b>	12 649	12 649
Closing cash balance	<b>13 025</b>	3 821	21 462

<b>Consolidated interim statements of changes in equity</b> Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	<b>Total equity</b>
<b>Balance 1 January 2012</b>	<b>40 794</b>	<b>63 429</b>	<b>7 409</b>	<b>(92 266)</b>	<b>19 366</b>
<b>Share-based compensation</b>			<b>1 117</b>		<b>1 117</b>
<b>Total comprehensive income for the period</b>				<b>(10 074)</b>	<b>(10 074)</b>
<b>Balance 31 March 2012</b>	<b>40 794</b>	<b>63 429</b>	<b>8 526</b>	<b>(102 340)</b>	<b>10 409</b>
Balance 1 January 2011	32 240	29 274	3 000	(54 911)	9 603
Share-based compensation			767		767
Total comprehensive income for the period				(9 358)	(9 358)
Balance 31 March 2011	32 240	29 274	3 767	(64 269)	1 012
Balance 1 January 2011	32 240	29 274	3 000	(54 911)	9 603
Share issues	8 554	34 155			42 709
Share-based compensation			4 409		4 409
Total comprehensive income for the period				(37 355)	(37 355)
Balance 31 December 2011	40 794	63 429	7 409	(92 266)	19 366

The notes on pages 4-6 are an integral part of this condensed interim financial report.



## Notes to the condensed consolidated interim financial statements (unaudited)

### 1 IDEX ASA group

The IDEX ASA group ("IDEX") consists of the Norwegian parent company IDEX ASA, the subsidiary IDEX Holding Inc. and its subsidiary IDEX America Inc, which are both in the USA. The group was formed in January 2007 when IDEX ASA established the subsidiaries. The subsidiaries are inactive. IDEX ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office is Rolfsbuktveien 17 at 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 systems and other related activities.

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

This condensed interim financial report for the first quarter of 2012 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for 2011.

The IFRS accounting policies applied in this condensed consolidated interim financial report are consistent with those applied and described in the consolidated annual financial statements for 2011. Effective from the fourth quarter 2011, IDEX has adopted an accounting policy for this grant and similar grants whereby the grant is recognized as other operating revenue. The revenue has been recognised corresponding to the recognition of the expenses that the grant is intended to compensate.

The going concern assumption has been applied when preparing this interim financial report. The board points out that until IDEX enters the commercial stage, there is uncertainty attached to this assumption. IDEX does not earn recurring revenue. On 31 March 2012, the equity amounted to NOK 10.4 million or 26 per cent of the share capital. Reference is made to note 8 below. The board will prepare and take measures as required to ensure that the equity and liquidity shall be adequate under current planning assumptions.

This consolidated interim financial report has not been subject to audit. The report was approved by the board of directors on 14 May 2012.

### 3 Property, plant and equipment

<i>Amounts in NOK 1 000</i>	<b>Tangible assets</b>
<b>1 January-31 March 2012</b>	
<b>Net book value on 1 January 2012</b>	<b>939</b>
<b>Additions</b>	<b>0</b>
<b>Disposals</b>	<b>0</b>
<b>Depreciation and other movements</b>	<b>(79)</b>
<b>Net book value on 31 December 2012</b>	<b>860</b>
<i>1 January-31 March 2011</i>	
Net book value on 1 January 2011	632
Additions	300
Disposals	0
Depreciation and other movements	(51)
Net book value on 31 March 2011	881
<i>1 January-31 December 2011</i>	
Net book value on 1 January 2011	632
Additions	552
Disposals	0
Depreciation and other movements	(245)
Net book value on 31 December 2011	939

#### 4 Shares, warrants and subscription rights

Shares	1 January- 31 March 2012	1 January- 31 March 2011	1 January- 31 December 2011
Opening balance	<b>271 960 641</b>	214 933 142	214 933 142
Share issue(s)			18 223 188
Warrants exercised			38 804 311
Closing balance	<b>271 960 641</b>	271 933 142	271 960 641

Warrants	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 December 2011
Opening balance	<b>9 049 103</b>	39 205 778	39 205 778
Issue of warrants			9 049 103
Exercise of warrants			(38 804 311)
Expired warrants			(401 467)
Closing balance	<b>9 049 103</b>	39 205 778	9 049 103

Incentive subscription rights	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 December 2011
Opening balance	<b>14 596 266</b>	8 917 096	8 917 096
Grant of incentive subscription rights			5 707 500
Terminated/expired subscription rights			(28 330)
Closing balance	<b>14 596 266</b>	8 917 096	14 596 266

IDEX has granted incentive subscription rights (SRs) to employees and board members. The grants to board members have been made by the general meeting in lieu of cash board remuneration. The subscription rights vest by ¼ every 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 14,596,266 outstanding incentive SRs on 31 December 2011 was NOK 1.32 per share.

##### 2012:

No shares or subscription rights were issued in the first quarter of 2012. See note 8 below.

##### 2011:

Following a book building process in March-April 2011, IDEX completed a successful private placement of shares on 8 April 2011, in which 18,098,222 new shares were issued at a subscription price of NOK 1.80 per share. The annual general meeting on 19 May 2011 resolved to issue 9,049,103 2011-warrants for every two new shares, at an exercise price of NOK 2.10 per share and a term of one year.

Following the annual general meeting of IDEX on 19 May 2011, the board member Harald Voigt elected to receive the board remuneration in shares. He acquired 124,966 shares for which he paid the par value, in lieu of a cash board remuneration of NOK 140,000.

The board resolved on 10 April 2011 to grant a total of 2,557,500 incentive subscription rights ("SRs") to employees under the company's 2010 subscription rights plan as resolved at the annual general meeting on 11 May 2010. The exercise price of the SRs is NOK 1.96 per share. 25 per cent of the SRs vest on each anniversary from the date of the grant. The SRs expire on 11 May 2015.

The board resolved on 23 October 2011 to grant a total of 3,150,000 incentive subscription rights ("SRs") to employees under the company's 2011 subscription rights plan as resolved at the annual general meeting on 19 May 2011. The exercise price of the SRs is NOK 0.94 per share. 25 per cent of the SRs vest on each anniversary from the date of the grant. The SRs expire on 19 May 2016.

## 5 Profit (loss) per share

	1 January- 31 March 2012	1 January- 31 March 2011	1 January- 31 December 2011
Profit (loss) attributable to the shareholders (NOK 1 000)	<b>(10 074)</b>	(9 358)	(37 355)
Weighted average basic number of shares	<b>271 960 641</b>	242 933 142	242 434 609
Weighted average diluted number of shares	<b>275 459 341</b>	251 236 212	264 397 686
Profit (loss) per share, basic and diluted	<b>NOK (0.15)</b>	NOK (0.14)	NOK (0.15)

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

## 6 Contingent assets and liabilities

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

## 7 Related party transactions

In the first quarter of 2012, IDEX has recorded NOK 384 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 is invoiced by Ræder.

Frost Urstad Consult AS, which is controlled by board member Joan Frost Urstad, has charged IDEX NOK 71 thousand including expenses for services conducted by Joan Frost Urstad in the first quarter of 2012.

## 8 Events occurring after the balance sheet date

The board resolved on 23 April 2012 to carry out a private placement shares at a subscription price of NOK 1.00 per share. The placement was directed towards the holders of 2011-warrants, and also larger investors, but not more than 99 participants in total. Subscription period for the new shares was 27 April-9 May 2012. The placement was 30 per cent oversubscribed and the board resolved to increase the placement by 10 per cent to 9,954,013. Payment date is 21 May 2012, whereafter the shares will be issued as soon as practical. The board has proposed to the 2012 annual general meeting of IDEX to issue one warrant attached to each share issued in the placement. The warrants will have an exercise price of NOK 1.30 per share and be exercisable during the period 3-14 September 2012. The board may allow early exercise. The private placement will raise equity in an amount of NOK 10.0 million before expenses. Including the warrants, the combined gross proceeds will be NOK 22.9 million.

Between 31 March 2012 and the resolution of these condensed consolidated financial statements, there have not been any events which have had any noticeable impact on IDEX's result for the first quarter of 2012 or the value of the company's assets and liabilities at 31 March 2012.