



SECOND QUARTER 2011

Ralph W. Bernstein (CEO)
24 August 2011

Towards manufacturing and commercial phase

- Full focus on ramp-up to manufacturing
- Deliveries to Validus has started, and the order will be fulfilled shortly
- 3 new cooperation agreements:
 - Shen Zhen Huajing Technology
 - S.I.C. Biometrics
 - UINT
- More than 10 companies are designing SmartFinger® Film into demonstrators, prototypes or products
- Sensors for eGO project in progress
- Awarded NOK 4.1 million by Research Council of Norway
- Staff expansion in progress
- Successful private placement in April raising NOK 32.6 million new capital
- Warrants exercised, adding NOK 11.6 million new capital in the third quarter

Cooperation Agreements

- Committed implementation plans
- Specific milestones for entering into commercial agreements
- Customer product qualification planned for the second half of 2011
- Customers' targeted application markets represent volume applications
- SmartFinger Film sensors currently designed into customers biometric cards and devices



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New agreement in Q2: Huajing

- Shenzhen Huajing Technology Co. Ltd is a recognized company in Shenzhen focusing on a variety of technology areas
- Shen Zhen Huajing Technology is appointed to develop biometric enabled security devices utilizing IDEX ASA SmartFinger Film fingerprint sensors and accompanying biometric software algorithms
- Huajing focusing on providing personal identity authentication solutions as part of China's ongoing program within "Internet of things"



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New agreement in Q2: S.I.C.

- S.I.C. Biometrics Inc. is a Canadian company that designs and manufactures security products and solutions and offers biometric security products for Apple™, BlackBerry™ and Android™ mobile platforms.
- S.I.C. Biometrics is designing SmartFinger Film fingerprint sensor and biometric algorithms into their biometric security products and solutions.
- The agreement is an important step towards adoption of IDEX' on-device fingerprint system products also into the mobile market.



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New agreement in Q2: UINT

- UINT aims to incorporate IDEX SmartFinger Film fingerprint sensor and biometric algorithms into a powered thin and bendable electronic banking card compliant with ISO standard.
- UINT is a Card Engineering Design House that invents designs and manufactures Active Smart Card for its own distribution channel and for its customers.



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eGo - "What you touch, is yours!"

- A new technology platform that enables secure access and transaction by touch
- European project with important partners:
 - Gemalto
 - STMicroelectronics
 - Precise Biometrics
 - Atos Worldline
 - IDEX
 - Others
- Won Sesames Award for best IT Security Application at Cartes & Identification 2010
- Products planned on the market in Q1 2013
- IDEX has received 4.2 MNOK in public funding for participation in the project



<http://www.gemalto.com/ego/>

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eGo – An example



“ Only my
swimming suit
and my
bath-towel!

- Eve has:
 - closed her home door
 - Stepped into her car
 - Driven to the beach
 - Purchased a bottle of iced tea
 - Placed a phone call
- Eve has not:
 - had to worry about leaving anything on the beach during her bath

<http://www.ego-project.eu/>

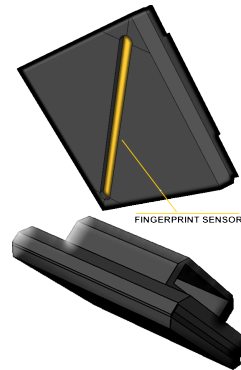
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eGo – The role of IDEX

eGo is based on a two-factor authentication:

1. What you wear:
 - eGo is a wearable device
2. Who you are:
 - A Single-Sign-On based on a SmartFinger Film fingerprint sensor



Alain Relimi from Gemalto to Teknisk Ukeblad (Technological Weekly) during a project meeting in Oslo in June:

“The other thing we needed was a way to identify yourself to the chip. This is where IDEX comes in. They have developed a fingerprint sensor that is absolutely ideal for this purpose.”

Validus order

- First order for SmartFinger Film
- Batch of 1,000 sensors and software
- For use with VALIDcard™, a new biometric card
- Will be used for customer demonstrations and pilots
- Deliveries to Validus has started and the order will be fulfilled shortly





FINANCIALS

Erling Svela (CFO)
24 August 2011

Profit and loss statements

Consolidated interim Statements of comprehensive income Amounts in NOK 1,000	1 April- 30 June 2011	1 April- 30 June 2010	1 January- 30 June 2011	1 January- 30 June 2010	1 January- 31 December 2010
Operating income					
Sales revenue	16	-	16	32	66
Other operating revenue	-	13	-	51	77
Total revenue	16	13	16	83	143
Operating expenses					
Payroll expense	5 148	3 909	9 126	7 593	13 739
Research and development expenses	3 567	1 935	6 791	3 372	6 278
Other operating expenses	1 498	1 900	3 646	4 407	7 912
Total operating expenses	10 213	7 744	19 563	15 372	27 929
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(10 197)	(7 731)	(19 547)	(15 289)	(27 786)
Depreciation	61	30	112	52	134
Profit before interest and tax (EBIT)	(10 258)	(7 761)	(19 659)	(15 341)	(27 920)
Financial Income and Expenses					
Interest income	91	64	115	91	221
Other financial income	8	41	34	61	69
Interest expense	-	(3)	-	(271)	(271)
Other financial expense	(8)	(15)	(15)	(21)	(27)
Net financial items	91	87	134	(140)	(8)
Net result before tax	(10 167)	(7 674)	(19 525)	(15 481)	(27 928)
Taxes	-	-	-	-	-
Net profit (loss) for the period	(10 167)	(7 674)	(19 525)	(15 481)	(27 928)
<i>Profit (loss) per share -basic and diluted</i>	NOK (0.04)	NOK (0.04)	NOK (0.09)	NOK (0.09)	NOK (0.14)

Balance sheets - Assets

Consolidated interim balance sheets Amounts in NOK 1,000	30 June 2011	30 June 2010	31 December 2010
ASSETS			
Long-term assets			
Fixed assets			
Machinery and office equipment	853	553	632
Total fixed assets	853	553	632
Financial assets			
Long-term receivables	319	313	319
Total financial assets	319	313	319
Total long-term assets	1 172	866	951
Current assets			
Receivables			
Accounts receivable		16	32
Other receivables	1 885	1 111	1 572
Prepaid expenses	501	401	318
Total receivables	2 386	1 528	1 922
Cash and bank deposits			
Cash and bank deposits	28 243	22 025	12 649
Total cash and bank deposits	28 243	22 025	12 649
Total current assets	30 629	23 553	14 571
TOTAL ASSETS	31 801	24 419	15 522

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Balance sheets – Equity and liabilities

Consolidated interim balance sheets Amounts in NOK 1,000	30 June 2011	30 June 2010	31 December 2010
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital			
Share capital	34 973	31 574	32 240
Share premium reserve	57 654	28 684	29 274
Other paid-in capital	5 277	2 113	3 000
Total paid-in-capital	97 904	62 371	64 514
Other equity	(74 436)	(42 464)	(54 911)
Total equity	23 468	19 907	9 603
Liabilities			
Short-term liabilities			
Accounts payable	3 172	1 960	1 553
Public duties payable	1 178	193	840
Other short-term liabilities	3 983	2 359	3 526
Total short-term liabilities	8 333	4 512	5 919
Total liabilities	8 333	4 512	5 919
TOTAL EQUITY AND LIABILITIES	31 801	24 419	15 522

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Cash flow statements

Consolidated interim cash flow statements Amounts in NOK 1,000	1 April-30 June 2011	1 April-30 June 2010	1 January-30 June 2011	1 January-30 June 2010	1 January-31 December 2010
Profit (loss) before interest and taxes	(10 258)	(7 761)	(19 659)	(15 341)	(27 920)
Share-based remuneration (equity part)	1 334	1 100	2 101	2 113	3 000
Depreciation	61	30	112	52	134
Interest paid	-	(3)	-	(174)	(174)
Change in working capital and other items	1 938	(3 251)	1 969	778	1 793
Net cash flow from operational activities	(6 925)	(9 885)	(15 477)	(12 572)	(23 167)
Purchases of property, plant and equipment	(33)	(196)	(333)	(196)	(357)
Change in long-term receivables	-	-	-	-	(6)
Interest received	91	64	115	91	221
Net cash provided by investing activities	58	(132)	(218)	(105)	(142)
Share issues	31 113	(351)	31 113	29 416	30 672
Paid-in, not registered share capital	176	-	176	-	-
Net cash provided by financing activities	31 289	(351)	31 289	29 416	30 672
Net change in cash and cash equivalents	24 422	(10 368)	15 594	16 739	7 363
Opening cash balance	3 821	32 393	12 649	5 286	5 286
Closing cash balance	28 243	22 025	28 243	22 025	12 649

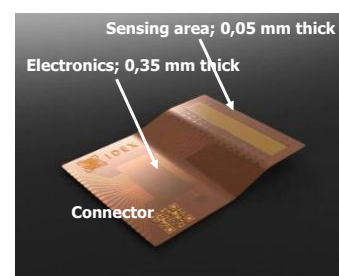
Statements of changes in equity

Consolidated interim 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 2011	32 240	29 274	3 000	(54 911)	9 603
Share issues	2 733	28 380	-	-	31 113
Paid-in, not registered share capital	-	-	176	-	176
Share-based compensation	-	-	2 101	-	2 101
Total comprehensive income for the period	-	-	-	(19 525)	(19 525)
Balance 30 June 2011	34 973	57 654	5 277	(74 436)	23 468
Balance 1 January 2010	17 712	-	-	(25 903)	(8 191)
Share issues	10 580	18 836	-	-	29 416
Conversion of convertible loan	3 282	9 848	-	(1 080)	12 050
Share-based compensation	-	-	2 113	-	2 113
Total comprehensive income for the period	-	-	-	(7 807)	(7 807)
Balance 30 June 2010	31 574	28 684	2 113	(34 790)	27 581
Balance 1 January 2010	17 712	-	-	(25 903)	(8 191)
Share issues	11 246	19 426	-	-	30 672
Conversion of convertible loan	3 282	9 848	-	(1 080)	12 050
Share-based compensation	-	-	3 000	-	3 000
Total comprehensive income for the period	-	-	-	(27 928)	(27 928)
Balance 31 December 2010	32 240	29 274	3 000	(54 911)	9 603



The SmartFinger sensor

- Covered by IDEX patents
- Thinnest and most flexible: 0.05 mm
- Unsurpassed image quality and biometric performance
- A variety of customizable geometries available
- Designed for card integration
- Complies with ISO Card form factor
- Smallest software footprint for on-card authentication



Full focus on ramp-up to production

- ✓ Key manufacturing and assembly processes established
- ✓ Global supply-chain of manufacturing of components in place
- ✓ Successful testing completed
- Ongoing ramp-up to volume production:
 - Transfer to high volume manufacturing and testing
 - Production yield optimization
 - Product qualification program
 - Cost reduction of core components

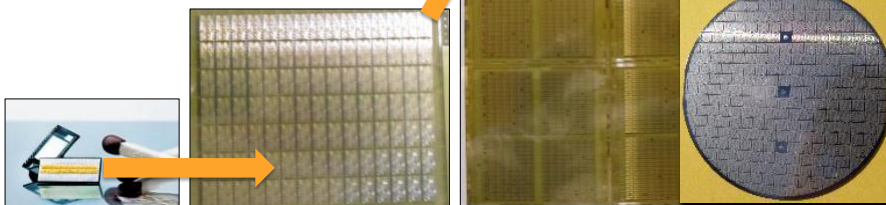


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Polymer substrate manufacturing

- Manufacturing transferred to 24" x 24" sheets.
- Assembly of complete sensors directly on sheet
- ~3800 sensors per sheet
- 4 times the area of silicon wafers used in semiconductor industry



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Assembly, test and shipment

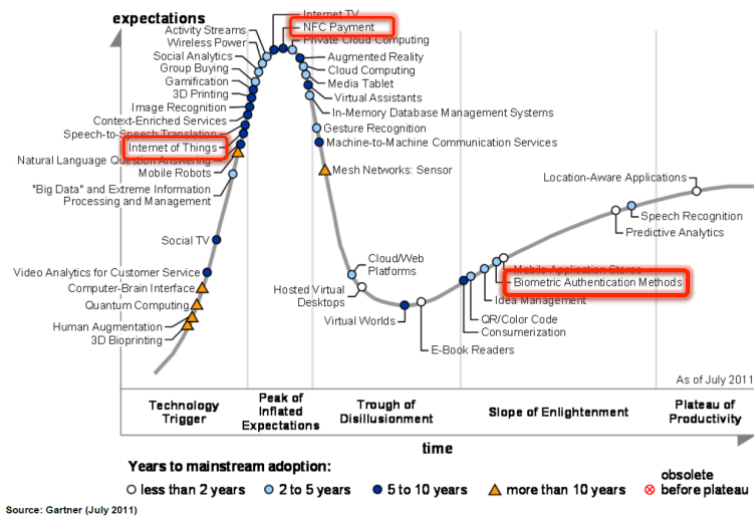
- Ionics EMS is IDEX' sensor manufacturing partner
- 7 manufacturing sites in Philippines
- 55,000 square meters of production area
- 60 Surface Mount Technology (SMT) lines
- 1600 employees
- ISO9001-2000, ISO14000 TL9000, TS16949 certified
- Recipient of HSBC's "Asia's 100 Best Companies" award



MARKET UPDATE

Mainstream adoption of biometrics in 2-5 years

Figure 1. Hype Cycle for Emerging Technologies, 2011



IDEX' application area road map

- Current: Display cards
 - First shipments of sensors for biometric OTP cards and tokens
- Next: Biometric Smart Cards
 - Transportation
 - Corporate
 - Financial
 - Government
- Future: Biometric mobile solutions



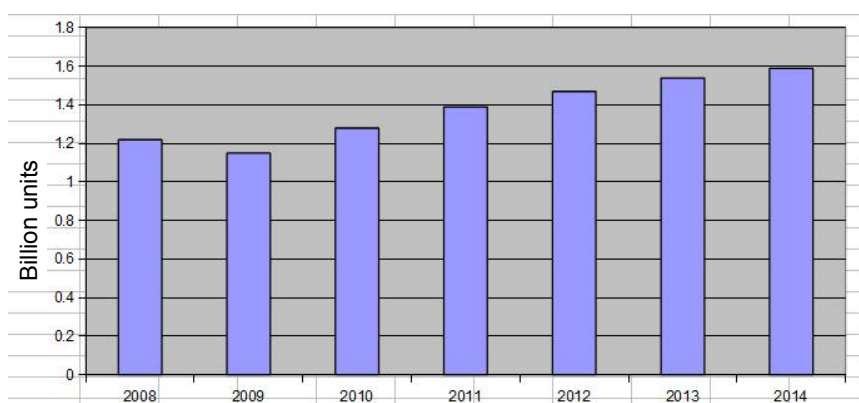
Growing interest for biometrics in the mobile market

- "Biometrics for mobile phone market to grow 500 percent by 2015"
(Goode Intelligence, June 2011)
- With the adoption of smartphones added security is required for:
 - Protection of on-device critical data
 - Fraud prevention
 - Secure mobile payment
 - Secure log-on using the mobile phone
- IDEX experiences a growing number of customer requests for mobile biometric solutions



Goode Intelligence, June 2011

Mobile handset shipment forecast



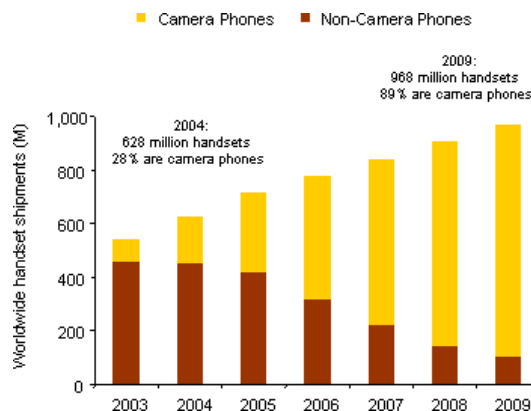
Source: iSuppli, USA

Example iFMID

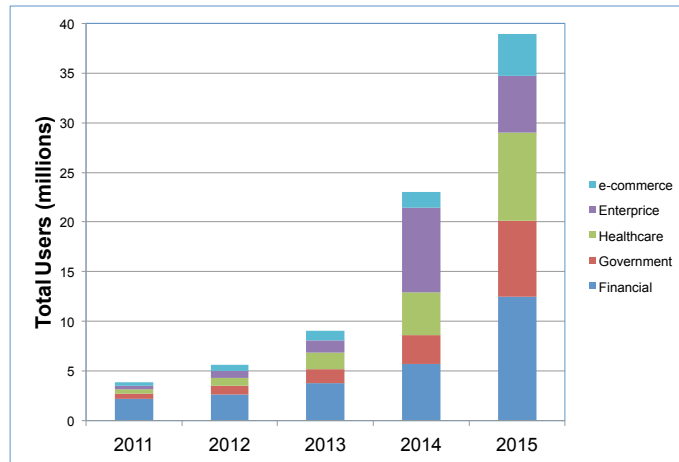
- **IFMID** "Snap-on" Fingerprint Module for iPhone, iPad and iPod touch
- Multiple applications such as:
 - Identity management in civil, criminal and hospital sectors
 - Customs and border control
 - Secure access to data on remote servers
 - Authentication for currency transactions and others



Parallel case: Adoption of cameras on mobile phones

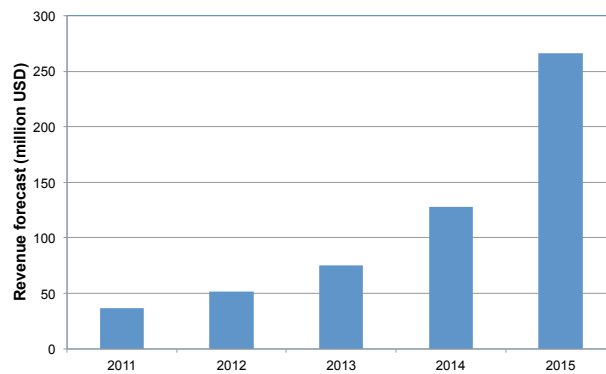


Mobile biometric security users forecast



Source: "Goode Intelligence, June 2011"

Mobile phone biometric security revenue forecast



Source: "Goode Intelligence, June 2011"



Summary

- Ramp-up to volume production progressing well
- Several important cooperation agreements
- More than 10 companies are designing SmartFinger Film into demonstrators, prototypes or products
- Customers' target market applications represent substantial volumes
- eGo project poses new opportunities
- Financial fundamentals strengthened

IDEX shall ensure
secure, safe and simple
use of personal ID