



Press Release

Results H1 2009:

Sales close to prior-year level - EBIT at break-even

Stuttgart, Germany, 31 August 2009 - Digital Identification Solutions AG, a leading international supplier of identification solutions, reports its results for the first half of 2009. The Entry Standard listed company reached the following consolidated results:

€mn	30 June 2008	30 June 2009	Change
Sales	9.7	9.3	-3.9%
Gross margin	4.8	4.3	-9.0%
EBITDA	0.3	0.3	-5.7%
EBIT	0.1	0.0	n.a.
Profit before tax	0.1	0.0	n.a.
Order backlog	1.0	1.4	40%

Despite the very challenging environment, group sales almost remained constant, as our branches in the U.S.A., the United Arab Emirates and Singapore reported an encouraging sales development. As a result of concessions from our main suppliers, gross profit remained at prior-year level. The cost reduction measures initiated in the fourth quarter of 2008 and the first quarter of 2009 began to bear fruit in terms of earnings. Currency movements were also favorable again with respect to both, the Japanese yen and the U.S. dollar, our two main purchasing currencies. The increase in order backlog is also encouraging as the Group has been able to win very interesting projects in the current quarter. Sales can be broken down by business segments as follows:

€mn	H1 2008	H1 2009	Change
Hardware	2.6	3.0	15%
Media	5.9	5.1	-12%
Software and Services	1.3	1.2	-3%
Total	9.7	9.3	-4%

The two-digit sales growth in our Hardware segment reflects the successful penetration of the Value Line business. The decline recorded for our Media segment should be temporary because we have taken rigorous action against attempts made by third parties to counterfeit our products.

In the first half, we reached the following milestones, among others, which will be important to support further growth of the Digital Identification Solutions Group:

- We were able to acquire the first contracts for our groundbreaking LCP 9000 Laser Color Personalization System.
- Further important contracts were secured in the United Arab Emirates as well as in Africa and South-East Asia.
- At CeBit in Hanover, Germany, five new products were introduced in the Hardware, Software and Media segments.
- Our project management group was increased further by additional sales personnel in order to be well positioned for the global launch of the LCP 9000 Laser Color Personalization System during the second half.
- In Singapore, we established our own software development department which will shorten our software development cycles to a considerable degree.
- The number of distribution partners continued to rise despite these challenging times, exceeding 160 by the end of the first half.

“In the first half of 2009, we were faced with probably the most challenging business environment of the last ten years. However, we are confident that we will be stronger coming out of this crisis thanks to our unique product portfolio, the world wide presence and our excellence in providing solutions. For this purpose, we thoroughly analyzed all cost items and realized cost savings in the amount of more than €300,000 in the first half”, comments Gerd Schäfer, CEO of Digital Identification Solutions. As traditionally higher contributions to sales and earnings are made in the second half, the Group is confident to achieve the goals announced at the Annual General Meeting, i. e. sales of more than €23 million and a significantly improved EBIT compared to 2008, unless delays at the consumer’s end or unusual exchange rate fluctuations occur. In addition, earnings generated in the second half of 2009 will also benefit from further spectacular product innovations which the Group has set to be launched in the fourth quarter and which will increase our competitive edge.

The Management Board

About Digital Identification Solutions

The Digital Identification Solutions Group is a global provider of advanced identification solutions with a worldwide installed base of more than 10,000 systems. In November 2008 the Group has successfully introduced to the world market the latest *EDIsecure*[®] XID Retransfer Printer generation in combination with high secure laser engraving. The company has sales, marketing and support operations in Germany, the United Arab Emirates, Singapore, China, the United States and Mexico. Together with its vast network of certified partners, Digital Identification Solutions is in a position to deliver state-of-the-art solutions virtually anywhere in the world. The company combines cutting-edge technology, extensive industry know-how and an impressive array of references in the private and public sector.

For further information please visit www.digital-identification.com

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