



Press Release

Further growth in the third quarter

Stuttgart, 30 November 2006

The Digital Identification Solutions Group (A0JELZ) which is listed on the Frankfurt Stock Exchange (Entry Standard) has achieved the following, consolidated unaudited results in the first three quarters of 2006:

€ '000	Q1-Q3 2005	Q1-Q3 2006	Change
Sales	5,937	10,368	74.6%
Gross Profit	2,310	3,997	73.0%
Gross Margin	38.9%	38.6%	- 0.3%
EBIT (excluding IPO costs)	- 746	267	> 100%
EBT (including IPO costs)	- 708	- 795	-12.3%

We are particularly pleased that we managed to report a practically unchanged Gross Margin of 38.6% after 38.9% in 2005, despite increasing our revenue by almost 75%.

As a direct result, our operating profit (EBIT) rose by more than € 1 mn, not least because our fixed costs are being distributed over this larger revenue base.

Traditionally, the third quarter itself contributes a comparatively small percentage of our annual sales, primarily because of the holiday season. Nevertheless, sales in the quarter increased by 33% compared with last year.

Our operating profit improved by some € 100,000, despite a record number of trade fairs and several new hirings domestically and abroad.

We can present to you the total costs of our IPO which amounted to some € 1.1 mn and were all accounted for during the first three quarters.

Our balance sheet presents a picture of strength. We can deploy up to € 20 mn for partnerships and the access to key technologies.

Our order book stood at € 1.4 mn at the end of Q3 (compared with € 0.7 mn in 2005).

As of today, we see organic full year growth between 35% and 45%, the precise number is, as in previous years, heavily dependent on our year-end business.

Traditionally, Digital Identification Solutions has generated roughly 50% of its annual revenues in the fourth quarter, although we do not expect such a high proportion for 2006 – owing to our steadily increasing recurring revenue base which is fairly evenly distributed..

Individual projects and developments since the end of Q3 which support our confidence are:

- Another order from the Peoples' Republic of China for more than 50 passport personalization systems
- New strong distribution partners were signed on for the Middle East, Latin America and Eastern Europe.
- Three further Emirates in the UAE rely on Digital Identification Solutions for their Immigration Authorities thereby filling the last gaps in our regional coverage
- Digital Identification Solutions has won another large scale mass transit project in Southern Europe
- Digital Identification Solutions has won a regional drivers license project in Southern Europe
- A state of the art personalization solution was developed for a German bank which opens up a sizeable potential revenue
- Introduction of an Employee Stock Option plan which should shortly be extended to the management and the regional general managers.

We will inform you separately about several of these projects, as soon as the implementation phase starts.

The Managing Board

About Digital Identification Solutions

The Digital Identification Solutions Group is a global provider of advanced identification solutions with a worldwide installed base of some 4,000 systems. The company has sales, marketing and support operations in Europe, the Middle East, Asia and the United States. 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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