

Digital Identification Solutions AG with good first quarter

Stuttgart, 02. 05. 2007 – Due to the ongoing change to IFRS, Digital Identification Solutions, a leading provider of passports and other secure identification credentials, will issue an abbreviated statement for the first quarter of 2007.

Turnover stood at roughly €3 mn, thus coming in below the record level seen in Q1 2006 which was boosted by two passport projects in South East Asia. The channel business, however, generated its customary double digit growth. Compared with the first quarter of 2005 – which had no special revenue boosters – turnover grew by some 70%.

The steadily increasing installed base led to a substantial proportion of media sales which contributed to another increase in gross margin (to almost 50%).

Furthermore, results were impacted by a headcount which increased by some 30%, both domestically and abroad, and by substantially higher reporting costs. Still these factors were all compensated among others by the higher gross margin and result in an unchanged pre tax loss of €0.1 mn.

Against this background, your management confirms its goals for 2007, namely to increase sales and profits by similar rates as were recorded in 2006. This assessment is supported by the following factors:

- An additional order by the PR China which was originally expected in 2006 has been made.
- The subsidiaries in China, Dubai, Singapore and the USA hired several new employees.
- The contribution from the subsidiaries is continuing to grow.
- There has never in the company's history, been such visitor demand at the CeBit, the largest trade fair in our industry. Y-o-Y, visitors were up 20%.
- The setting-up of the new subsidiary in Mexico is progressing according to schedule. A trade fair was already held in Mexico and several regional distribution partners were signed on.
- Our initial sales partner training in the western hemisphere began at the End of April. More than 40 participants from six countries set a new attendance record.
- We will introduce a „DIS Academy“ which is a revolutionary concept for training of our partners using state of the art technologies.
- The introduction of 10 new products – in hard-, soft- and cardware) by the third quarter is on track
- Negotiations with several technology partners are progressing well.

Gerd Schaefer, CEO of Digital identification Solutions AG commented: „As a direct result of our IPO in May 2006, we were able to plant the seeds for further growth in 2007. We took on additional personnel in Germany, China, Dubai and Singapore and improved the existing infrastructure. We are in a better position than ever before to supply industry-leading solutions and to address new customers that were originally beyond our reach.”

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 more than 5,000 systems. In spring 2006 the Group introduced the latest *EDIsecure®* X1D Re-Transfer Printer Generation. 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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