

Results 2008:

Sales up 17% to €21.4 million - EBIT down 67% to €0.1 million

Stuttgart, Germany, 27 May 2009 - Digital Identification Solutions AG (DISO), a leading international supplier of identification solutions, reports the following consolidated results for the past fiscal year 2008:

€mn	2007	2008	Change
Sales	18.3	21.4	17%
Gross profit	9.2	10.4	18%
EBITDA	0.5	0.6	5%
EBIT	0.2	0.1	-67%
Net profit for the year	0.0	-0.8	n.a.

While our Company's business development had been excellent until summer 2008, the macroeconomic development in the second half had a considerable impact on both sales growth and earnings. The unexpectedly strong movements of the Japanese yen and the U.S. dollar alone led to a decline in operating profit by approximately € 0.5 million. Furthermore, there was a distinct slump in government and consumer spending which, for the first time, led to a decline in sales in the all-important final quarter.

On a positive note, the continuously rising contributions of our subsidiaries to Group results as well as the strong rise in the installed base as of the end of fiscal 2008 have to be emphasized. The significant growth of revenues generated from the exceptionally high-margin software and services business is also noteworthy. As a result of the price losses incurred on financial assets and treasury shares, we recorded a negative financial result of € 1 million, though our financial result had been regaining ground until mid-May 2009. Sales can be broken down by business segments as follows:

Sales in €mn	2007	2008	Change
Hardware	6.4	7.1	12%
Consumables	10.1	10.9	9%
Software and Services	1.8	3.4	85%
Total	18.3	21.4	17%

In 2008, we were able to achieve important targets crucial to the long-term growth of the Digital Identification Solutions Group:

- The integration of our software developer vps ID Systeme into the DISO Group is progressing according to plan and has been enhanced significantly through the creation of a common project management team.

- At the CARTES exhibition, we introduced a decentralized laser engraving solution with color personalization functionality which will establish a completely new customer segment. The solution will be launched at the end of the second quarter 2009.
- In the U.S., we were awarded additional contracts from the public-sector (NASA, universities, driver license solutions).
- In Europe and the AMECA (Africa, Middle-East & Central Asia) region, we secured further important contracts, including the first stage of the Angola National ID Project.
- Our offices in Mexico and China obtained all necessary licenses and permits, partially after many years of effort, and went into full operation in the fall of 2008 and in April 2009, respectively.
- The Group's subsidiaries in the U.S., Singapore and China as well as our Dubai office and vps reported new record figures for both sales and earnings, and already contributed more than 50% to Group sales.
- With unique product innovations in the area of image capturing as well as the successful introduction of the *IDExpert®* SmartACT and ProACT Software Products, the Company has again established itself in a leading position in the industry.
- The number of distribution partners increased to more than 160. The web-based DISO Academy and tailor-made customer events are used to deepen this cooperation on a continuing basis.
- Overall, 80% of Group sales are generated outside Germany.

"2008 was planned as the year of harvest after the groundwork during the last few years, but the global economic development in our most important final quarter had some effects on our plans" comments CEO Gerd Schäfer. "However, we are well prepared for the challenges in 2009 and have made long-term arrangements with our main technology partners to strengthen our competitive position and to grow solidly even though economic conditions remain challenging."

In such times of economic turmoil, any forecasts are subject to material uncertainties, but we believe that the Company will continue to grow at double-digit rates once the laser engraving solutions have been successfully introduced to the market. We took comprehensive action in both the fourth quarter 2008 and the first quarter 2009 to improve earnings in fiscal 2009.

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 almost 10,000 systems. In November 2008 the Group has successfully introduced to the world market the latest *EDIssecure*[®] 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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