

**Digital Identification Solutions:
Staff Level Adjustment Signals Start of Strategic Realignment
Continued Sales Growth in Q3**

Esslingen, Germany, November 25, 2010 – Digital Identification Solutions AG, a leading international supplier of identification solutions, has moved quickly to implement the strategic realignment approved in October 2010: As a first step, the internal administration is being streamlined, resulting in a staff reduction. The changes are confined exclusively to the Esslingen site, which will in future have 38 employees (as opposed to the present number of 48).

This staff level adjustment is subject to a ‘social plan’ and was agreed upon in close consultation with the works council. It paves the way for more integration between the various business divisions – not least through stronger links between software and hardware development – and will thus yield a lasting increase in competitiveness.

In the meantime, the company’s business development has benefited from a sustained positive trend, resulting in rising sales and a break-even result in the third quarter of 2010. The order backlog continues to be at an encouragingly high level.

	Q3 / 09	Q3 / 10	Change
Sales	3.9	5.8	48.7%
Gross profit	2.5	3.4	36.0%
EBITDA	-0.4	0.1	n.a.
EBIT	-0.6	0.0	n.a.
Order backlog	2.6	4.7	80.7%

Year-to-date performance is stronger than for the same period in the previous year. Sales growth has resulted in higher EBITDA and EBIT. However, the company’s profitability still has room for improvement.

	2009	2010	Change
Sales	13.2	18.0	35.5%
Gross profit	7.3	8.7	19.2%
Gross margin in %	55.3%	48.3%	-12.7%
EBITDA	-0.1	0.5	> 100%
EBIT	-0.6	-0.2	> 100%
Earnings before taxes	-0.7	-0.3	> 100%
Order backlog	2.6	4.7	> 100%

‘The decision to streamline our internal administration was a difficult one to take,’ says Frank Posnanski, a member of the Management Board of Digital Identification Solutions AG. ‘However, in view of the long-term perspectives of both the Esslingen site and the employees, there was no alternative. It is very encouraging that the works council shares this view and fully supports the measures. We will continue to pursue our jointly agreed strategy in the coming months. Our main goal for the future is profitable growth’, adds Posnanski.

Outlook:

For 2010 DISO AG expects sales to be in the order of EUR 25.0 million, with earnings ranging between approx. EUR 0.3 and 0.5 million before costs for the abovementioned measures.

About Digital Identification Solutions

The Digital Identification Solutions Group is a global provider of advanced identification solutions with a worldwide install base of more than 11,000 systems. In October 2009, the Group introduced to the world market the latest *EDIssecure*® XID Retransfer Printer generations for distinct Business Line segments, as well as a much enhanced Professional Line Portfolio in combination with new Inline Lamination Modules. The Professional Line Portfolio will support multiple new modules in the forthcoming future, as well as the revolutionary LCP 9000 Laser Color Personalization System. The company has its own sales, marketing, logistic and support centers 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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