

Good quarterly figures:

DISO AG reports strong growth and a positive operating result in Q1 2011

Stuttgart/Germany, May 4, 2011 – Digital Identification Solutions AG (DISO), a leading international ID solutions provider, reports strong growth in the first quarter of the fiscal year 2011. For the first time in the Company's history, it achieved a positive operating result (EBIT) in the first quarter of a year. This development was supported by the successful realignment initiated in November 2010.

- Demand continues to recover
- Sales increased considerably by 19 % compared to the prior year
- Strong momentum in almost all product areas
- Realignment successfully completed
- Positive operating result (EBIT) – for the first time ever in the first quarter of a year

The first quarter 2011 at a glance

€ mn	March 31, 2010	March 31, 2011	Change
Sales	4.7	5.6	+ 19%
Gross profit*	2.6	2.9	+ 12%
EBITDA	- 0.1	0.4	> 100%
EBIT	- 0.4	0.1	> 100%
Order backlog	3.4	2.0	- 42%

* Incl. other income

Business development

In the first quarter of 2011, DISO AG's sales amounted to EUR 5.6 million, representing a significant increase from the corresponding prior-year quarter (EUR 4.7 million). Accordingly, the positive development, which has seen increasing sales since late 2009, has continued in 2011. The growth rate compared to the prior-year quarter amounts to 19%. This is a remarkable achievement since no significant projects were delivered in the first quarter.

It is encouraging that this increase is reflected both in terms of regions and products in almost all areas.

€ mn	2010	2011	Change
Hardware	1.1	1.7	55%
Consumables	2.7	3.0	11%
Software & Services	0.9	0.9	0%
Total	4.1	5.7	19%

The regional breakdown of the good business development showed growth by more than 50% in North and South America, while the growth rate in the EMEA region finally rebounded again to above 5%.

The gross profit margin remains on a good level at above 50% and mainly results from increasing sales in the Consumables segments.

In terms of costs, all proposed savings were realized as planned. This led to a reduction of staff costs in the context of the strategic realignment by more than 10%. As of April 1, the Company employed less than 100 employees. Costs were also reduced successfully in the Legal and Consulting areas.

As a result of the sales increase, the good gross profit margin and the reduced cost base, the operating result (EBIT) improved by EUR 0.5 million to EUR 0.1 million compared to the prior-year quarter.

Outlook

The worldwide improvement of the macroeconomic situation has continued in recent months. The Management Board anticipates sales growth to continue at a rate of approximately 10% in the remainder of the fiscal year 2011. In terms of bottom-line results, the Management Board expects that the operating result (EBIT) will amount to between EUR 1.2 million and EUR 1.5 million. EBITDA is expected to increase to EUR 2.5 million.

"We have had a very successful start into the new fiscal year and continue to focus primarily on our organic growth as well as on improving our earning power and cash flows," says Frank Posnanski, member of the Management Board of DISO AG. "It is particularly notable that, for the first time in company history, we managed to achieve a positive operating result already in the first quarter of a year," Posnanski added.

Note

In contrast to usual practice, we present the figures for the first quarter of 2011 before publishing the audited financial statements for 2010. Please note that we will publish the final figures for the fiscal year 2010 in the second half of May.

The Management Board

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 *EDIsecure*® X1D 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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