

Strong business performance supports company policy

Good half-year results / July 2011 promising to mark a new record

Stuttgart/ Germany, August 9, 2011 - Digital Identification Solutions AG (DISO), a leading international ID solutions provider, reports strong business performance in the first half of 2011 and continues to achieve significant growth in terms of gross profit and earnings before interest and taxes (EBIT). The start into the second half has been even more successful since the month of July 2011 is promising to become the best month in company history. The news in detail:

- Good sales development: The half-yearly figures came in slightly below the previous year's level, which was only due to a supply-side delay in delivery in June. However, this difference will be more than compensated for by the particularly strong July.
- Improved gross profit margin thanks to a consistent focus on more profitable businesses.
- Significantly improved EBIT: The Company, which was not profitable a year earlier, continues to advance into the profit zone (threshold of € 1 million – planned figure for the fiscal year 2011 – is expected to be exceeded already in July)
- Further strengthening of the balance sheet as well as stabilization of the cash position
- All in all, a clear confirmation for the Company's policy

€ mn	2010	2011	Change
Sales	12.2	11.4	-6.5%
Gross profit	5.3	5.3	0.0%
Gross margin	43.4%	47.0%	8.0%
EBITDA	0.4	0.9	➤ 100%
EBIT	-0.2	0.4	n.a.
Order backlog	3.1	7.5	➤ 100%

The robust growth of the DISO Group continued in the second quarter of 2011, especially in terms of bottom-line results: While sales only grew a mere 4% to € 5.8 million compared to the first quarter, the Group's EBIT rose significantly from € 0.1 million to € 0.3 million over the previous quarter, representing a threefold increase. Accordingly, the Company has been profitable since three quarters.

€ mn	Q1/2011	Q2/2011	Change
Sales	5.6	5.8	0.4%
Gross profit	2.5	2.8	9.8%
EBITDA	0.4	0.5	25.3%
EBIT	0.1	0.3	➤ 100%
Order backlog	2.0	7.5	➤ 100%

In the first half of 2011, DISO generated sales of € 11.4 million, representing a slight decline compared to the previous year. This decrease is attributable to a supply-side delay in June. Nevertheless, the Company's EBIT improved by € 0.6 million during the same period so that the Company was able to advance further into the profit zone. This success is a result of the strategic realignment initiated in the last year, which has led to a reduction of the expense ratio.

€ mn	Q1/2011	Q2/2011	Change
Hardware	1.7	1.6	-4.8%
Consumables	3.0	3.4	12.1%
Software & Services	0.9	0.8	-9.0%
Total	5.6	5.8	4.0%

At € 5.3 million, gross profit reached the prior year level. In contrast, the gross profit margin of 47.0% was above the corresponding previous year's figure which indicates that the focus of the Company on profitable sales is yielding the desired success. In terms of product mix, the Company was able to raise its margins considerably compared to the previous year, climbing from 28% to 44% for Hardware as well as from 68% to 79% for Software and Spare Parts, while the contribution of the Consumables business remained stable at 40%.

While sales in June 2011 were 6.5% lower compared to the previous year, this was attributable to an external event - the above-mentioned delay in the receipt of ordered goods - representing an exception to the rule. The start into the second half of 2011 has been even more successful since the month of July 2011 with sales of € 4.7 million is promising to become the best month in company history. Due to the continued very good cost base, it is expected that the Company will exceed the EBIT threshold of € 1 million already in July.

The Company's situation continued to improve in terms of the balance sheet as well, despite another slight increase in stock levels, due to the above-mentioned external event: Accordingly, the cash position remained at a stable level of € 3.7 million in spite of a substantial reduction of trade payables. Further details on the development of the Company will be given at the Annual General Meeting on August 10, 2011.

Outlook

"Our most recent figures show that the Company is in an excellent position and is on the right track," says Frank Posnanski, CFO of DISO AG. "After a good first half, the month of July will bring us record results as existing data suggest. Accordingly, we exceed our forecasts by far and have made further considerable progress in reaching our annual guidance. Initially we planned with sales of € 28.0 million and an EBIT of € 1.2-1.4 million, however these targets have been raised in the meantime to € 32.0 million for sales and € 2.5 million for EBIT," Posnanski adds.

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*® 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

Contact:

Frank Posnanski

CFO

Digital Identification Solutions AG

Teckstrasse 52

D-73734 Esslingen

Phone: +49 (711) 341 689-0

Fax: +49 (711) 341 689-550

mail_ir@digital-identification.com

Anke Abendroth
Corporate Marketing & Communication
Digital Identification Solutions AG
Teckstrasse 52
73734 Esslingen
Germany

Phone: +49 711-341 689-145

Fax: +49 711-341 689-550

mail_ir@digital-identification.com