

**Results H1 2008:**

**Sales growth 52% - EBIT growth > 100%**

Stuttgart, Germany, 29 August 2008 - Digital Identification Solutions AG, a leading international supplier of cutting-edge identification solutions reports a very successful first half 2008. The company listed on the Frankfurt Stock Exchange (Entry Standard) has achieved the following results:

€mn	30/6/2007	30/6/2008	Change
Sales	6,4	9,7	52%
Gross margin	2,8	4,8	71%
EBITDA	- 0,3	0,3	>100%
EBIT	- 0,5	0,1	>100%
Pre-tax result	- 0,4	0,1	>100%
Order book	2,2	1,6	- 27%

Group sales in all regions have continued their buoyant growth, which amounted to roughly 40% organically. The disproportional strong growth of the gross margin confirms the attractiveness of the business model. A turnaround was achieved. On the currency side, the Yen, the most important purchasing currency of the company, helped. One must not read too much into the development of the order intake, since Digital Identification Solutions managed to win several projects in the current quarter. Overall, sales developed as follows:

€mn	H1 2007	H1 2008	Change
Hardware	2,4	2,6	8%
Media	3,8	5,9	55%
Software and Services	0,2	1,3	>100%
<b>Group</b>	<b>6,4</b>	<b>9,7</b>	<b>52%</b>

Group-wide, unit sales rose from some 800 to almost 1,100 in 2008. Reflecting the strategically desirable growth of the number of Value Line Printers, divisional sales increased by 8%. The strong growth of media sales reflects the steadily growing installed base and the strengthening sales of additional products, such as ID cards. The superior growth of sales in Software and

Services was achieved by the consolidation of vps ID Systeme which is the software developer of the company and was only shown from the date of acquisition in August last year.

In the first half the following milestones were achieved, which essentially support the further growth of the Digital Identification Solutions Group:

- First time ever a partner training took place where newcomers and advanced learners were trained in parallel for one week. More than 60 “students” were participating which is an absolute record.
- For an improved training of the company’s partners a Digital Identification Solutions Academy has been globally introduced. Via the Internet registered partners can download all training contents.
- At CeBIT in Hanover more than 11 new products in the segments Hardware, Software and Consumables were introduced.
- In Turkey another promising new market was entered with major potential especially in the field of direct card printers. We also improved our distribution network in Russia.
- The number of distribution partners increases steadily and reached more than 150 at the end of the first half of 2008.
- Our product management capabilities were expanded and restructured in cooperation with vps ID Systems in order to be better equipped for future opportunities

„Ongoing investments are executed in order to safeguard and develop our business model. Steps which were initiated before the IPO and accelerated thereafter are beginning to bear fruit, yet we believe that we are still in the initial stages of our development” according to Gerd Schaefer, CEO of the Digital Identification Solutions Group. “Traditionally, the second half of the year contributes the larger share of sales and profits and consequently, the company is confident to reach those goals which were announced at the AGM on June 30<sup>th</sup>, 2008: Sales in excess of €22 mn and a Group EBIT in excess of €1 mn, as long as there are no substantial delays on the part of our customers and no unusual currency developments.”

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 almost 8.000 systems. In September 2007 the Group has introduced the latest *EDIsecure*® XID 5xxie Retransfer Printer generation successfully into the world market. The company has sales, marketing and support operations in Europe, the Middle East, Asia, Mexico 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](http://www.digital-identification.com)

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