

IMAGE RECOGNITION INTEGRATED SYSTEMS GROUP S.A.
(short form I.R.I.S. Group)

20 years old and record results for the FY 2006!

Gross margin	+ 18.1%
Income from operations (EBIT)	+ 24.7%
Profit for the period	+ 42.4%
Proposed dividend: €0.60 per share:	+ 33.3%

The I.R.I.S. mission

To publish international software for intelligent document recognition

To integrate electronic document and content management solutions

To supply complex IT infrastructure architectures



I.R.I.S. is an international technology-driven company that specialises in the lifecycle processing of digital documents: its activities cover the scanning and indexing of documents, intelligent recognition and the searching, consulting, management, sharing, archiving and storage of documents.

I.R.I.S. develops packaged products intended for office automation users and integrated IT solutions and markets them in around a hundred countries. It supplies its various technologies to scanner manufacturers and major software publishers like HP, Kodak, Apple, Adobe, Samsung, Panasonic, Microsoft, Fujitsu, Plustek.

I.R.I.S. also implements effective professional solutions for public services, banks, insurance companies, industry and European institutions, and has a well-established base of over 900 major accounts.

The company now has over 400 internal and external staff at its offices in Louvain-la-Neuve and Vilvoorde (Belgium), Orly (France), Windhof (Luxembourg) and Delray Beach (United States).

CONSOLIDATED KEY FIGURES IFRS (in EUR)

INCOME STATEMENT	31/12/2006	31/12/2005	31/12/2004	Change 2005- 2006
Income from ordinary activities	81,756,119	73,968,432	46,695,918	10.5%
Other operating income	921,936	745,651	594,869	
Operating income	82,678,055	74,714,083	47,290,787	10.7%
Gross margin	39,517,962	33,447,410	28,156,251	18.1%
Cash flow from operations (EBITDA)	6,735,246	5,366,727	4,133,206	25.5%
Income from operations (EBIT)	5,858,537	4,697,855	3,312,378	24.7%
Net financial income	148,915	-191,781	-466,856	
Profit before tax	6,007,452	4,506,074	2,845,522	33.3%
Taxes	-1,980,617	-1,678,863	-852,267	
Profit for the period	4,026,835	2,827,211	1,993,255	42.4%
Group share in the Result	4,026,835	2,827,211	1,993,255	

CONSOLIDATED BALANCE SHEET (in EUR)	31/12/2006	31/12/2005	31/12/2004
Capital	28,008,924	26,729,663	25,271,351
Shareholders' equity	33,048,960	30,230,935	26,390,072
Net cash position*	7,296,399	10,067,161	6,973,773
Net financial debt	0	0	0
Non-current debt	1,551,228	1,795,451	269,377
Balance sheet total	77,726,989	77,865,616	46,150,176

Basic earnings per share	31/12/2006	31/12/2005	31/12/2004
Weighted average number of outstanding shares during the period	1,548,344	1,517,363	1,493,652
Cash flow from operations (EBITDA)/share	4.35	3.54	2.77
Income from operations (EBIT)/share	3.78	3.10	2.22
Profit for the period/share	2.60	1.86	1.33
Capital/share	18.09	17.62	16.92
Shareholders' equity/share	21.34	19.92	17.67

Diluted earnings per share	31/12/2006	31/12/2005	31/12/2004
Weighted average number of outstanding shares during the period	1,548,344	1,517,363	1,493,652
Weighted average number of outstanding dilutive warrants during the period	78,888	112,119	19,299
Number of shares after dilution	1,627,232	1,629,481	1,512,951
Cash flow from operations (EBITDA)/share	4.14	3.29	2.73
Income from operations (EBIT)/share	3.60	2.88	2.19
Profit for the period/share	2.47	1.74	1.32

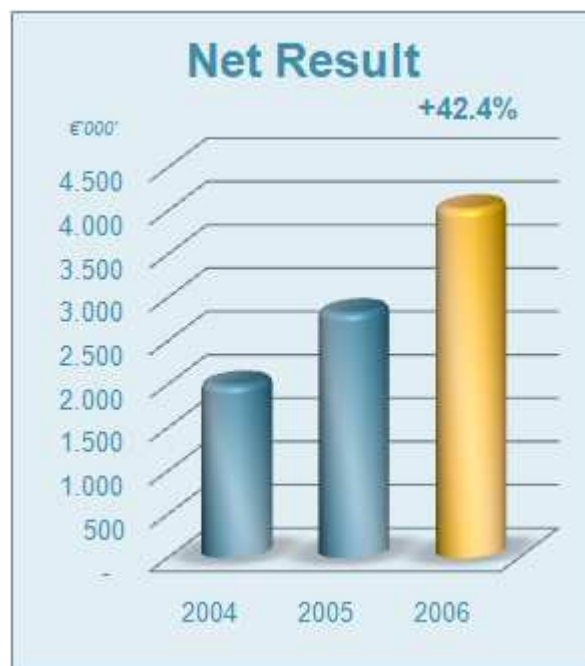
* Net cash position = cash and cash equivalents less short-term borrowings

The **Professional Solutions** division carries out IT projects, covering consultancy, analysis, development, implementation, training, maintenance and support. In 2006, I.R.I.S. delivered numerous systems for document reading (UDAF, Quintiles, etc.), automated processing of invoices (Griffith Laboratories, RTBF, Glaverbel, Cohen Group, Papeteries de Gascogne, etc.), electronic management of documents and information distribution (European Commission, Digital land register, City of Liège, Dexia, BIL, France 5, etc.) and complex IT infrastructures (Euroclear, Dexia, Umicore, etc.). Trends are good for 2007 following the signing of several contracts with European institutions, national public services, banks and other private-sector enterprises.

The **Products & Technologies** division manages the development and marketing of office automation and professional products sold under licensing agreements, via IT distribution, via internet sales channels and in cooperation with value added resellers (VARs). In 2006, growth continued in the international market (the United States, Europe, Asia and the Middle East). Sales are up 20.9%, primarily due to the introduction of new technology to recognise Arabic and the overhaul of the I.R.I.S. product range during the first half of the year. Prospects for 2007 are good, particularly following the signing with Adobe of a long-term licensing agreement for the provision of I.R.I.S. OCR technology and of several other promising contracts.

Gross Margin Increase				
(EUR '000')				
	2004	2005	2006	Change
Professional Solutions	21.579	25.128	28.989	15,4%
Product & Technologies	6.578	8.319	10.529	26,6%
Total	28.156	33.447	39.518	18,1%

Etienne Van de Kerckhove, CEO: "In 2006, I.R.I.S. saw its operating income grow 10.7% to €82.7 million. The gross margin (the key indicator used to measure I.R.I.S.'s growth) was up 18.1% to €39.5 million. Income from operations (EBIT) grew 24.7% to €5.9 million thanks to a strong cost control. Lastly, the net profit was up 42.4% to €4.0 million. We therefore note with pleasure that interest in our solutions continues to grow, since enterprises and public services are on the lookout for productivity tools and ways in which to improve the quality of the work and service rendered to clients. In 2006 we concluded excellent contracts in both software publishing and solution integration. Among major growth areas are the need to make electronic archives secure, automatic input of incoming invoices and export of extracted data to workflow or ERP applications. For all these reasons in 2007 we will continue to hire new technical and sales staff to strengthen our teams."



The strong cash situation meant that a positive financial result of €0.1 million was generated, against a charge of €0.2 million in 2005.

Tax on profits totalled €2.0 million, representing an effective tax rate (tax paid/book profit before tax) of 33% against 37% in 2005.

The group's cash at the year-end was €7.6 million. It should be noted that in 2006 I.R.I.S. invested €1.9 million in property in Louvain-la-Neuve to provide space for the expanded operating teams and spent €1.7 million on acquiring its own shares, bringing the total value of own shares held to €2.2 million.

I.R.I.S. has undrawn credit facilities for an amount of €10.5 million. The company' has a has a limited debt to finance the acquisition of buildings in Louvain-la-Neuve and Vilvoorde.

Consolidated shareholders' equity of €33 million is up €2.8 million on 2005. It should be pointed out that under IFRS rules shareholders' equity is reduced by the own shares held by the Group.

Pierre De Muelenaere, President & CEO: "During our International Partners' Meeting on 15 February 2007, we presented several new versions of our products and announced, as a world première, the introduction of new colour document compression technology making it possible to generate PDF files, containing the image and fully searchable text, with an extremely reduced size that is smaller than that of a compressed black and white image. This new technology, called iHQC for Intelligent High Quality Compression, is a significant breakthrough in the use of colour documents in archiving, messaging and internet communication applications. Until now, the scanning and archiving market has been mainly based on the use of black and white. The PDF – iHQC format can be read on any platform since it is fully compatible with Acrobat Reader. These documents can also be signed or encrypted for legal archiving applications. PDF – iHQC technology will be available in the compression and recognition server IRISPdf Server 6.0 in April. Prospects for I.R.I.S. are good in 2007. *Our business plan for 2007 banks on an increase in the gross margin, the operating profit and the net profit with a particularly positive impact from multiyear contracts signed in 2006 with Adobe (provision of recognition technologies integrated into ScanLibrary and Acrobat Reader) and the European Commission (application development services).*"

Proposed dividend

Given the results for the 2006 financial year and the favourable outlook for 2007, the Board of Directors will submit a proposed gross dividend of €0.60 per share (vs. €0.45 last year) to the approval of the Annual General Meeting to be held on 15 May 2007.



Auditor's report

The auditor has confirmed that his audit procedures in respect of the consolidated financial statements are substantially completed, and that no significant corrections have been identified that should have been adjusted in the financial information included in the press release.

IFRS accounting standards

All figures are based on IFRS accounting standards. These figures are a summary of the detailed financial results as presented in the annual report to be released at the end of April 2007.

Financial calendar and financial information

Annual General Meeting: 15 May 2007 at 2 p.m.

Annual Report due out: last week of April 2007

Publication of the half-year results: 21 September 2007 at 5:45 p.m.

Consult our financial data by clicking the Investors section on our website www.irislink.com: there you will have access to all the press releases, financial reports and useful information. You may also register to receive a regular copy of the I.R.I.S. investors' newsletter.

For more information:

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IMAGE RECOGNITION INTEGRATED SYSTEMS GROUP S.A.

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I.R.I.S. results on video

Discover our results presented by Pierre De Muelenaere, President & CEO, and Etienne Van de Kerckhove, CEO, on www.irislink.com/results