



**IMAGE RECOGNITION INTEGRATED SYSTEMS GROUP S.A.**  
(abbreviated to "I.R.I.S. Group")

**PRESS RELEASE**

**EMBARGO Until 17:45 on 20/9/2007**

**Brussels, 20 September 2007**

## Very encouraging H1 2007

Gross margin	+ 19.2%
Operating profit (EBIT)	+ 75.3%
Profit for the period	+ 57.1%

*I.R.I.S. Group business*

***The international publication of software for intelligent document recognition***

***Electronic document and content management solutions***

***Supplying complex IT infrastructure architectures***



I.R.I.S. is an international technology-driven company that specialises in the life cycle 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 software packages intended for office users and IT systems integrators, and markets them in around a hundred countries. The company supplies its various technologies to scanner manufacturers and major software publishers, including HP, Kodak, Apple, Adobe, Samsung, Panasonic, Microsoft, Fujitsu and Plustek.

I.R.I.S. also implements effective professional solutions for government agencies, banks, insurance companies, industrial firms and European institutions, and has an installed base of over 1,000 major accounts.

The company currently 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).

**IFRS CONSOLIDATED FIGURES (in EUR)**

<b>INCOME STATEMENT</b>	<b>30/06/2007</b>	30/06/2006	30/06/2005	Change 2006-2007
Income from ordinary activities	39,586,216	28,228,414	26,317,493	40.24%
Other operating income	320,945	432,487	424,100	
<b>Operating income</b>	<b>39,907,161</b>	<b>28,660,901</b>	<b>26,741,593</b>	<b>39.24%</b>
<b>Gross margin</b>	<b>21,756,693</b>	<b>18,247,103</b>	<b>14,710,459</b>	<b>19.23%</b>
Cash flow from operations (EBITDA)	3,952,260	2,373,980	2,011,046	66.48%
<b>Operating profit (EBIT)</b>	<b>3,573,994</b>	<b>2,038,901</b>	<b>1,686,299</b>	<b>75.29%</b>
Net financial income	-86,879	261,526	37,129	
Income from operations after net financial income	3,487,115	2,300,427	1,723,428	51.59%
Taxes	-1,223,674	-859,519	-700,229	
Profit for the period	2,263,441	1,440,908	1,023,199	57.08%
<b>Group share of the profit</b>	<b>2,263,441</b>	<b>1,440,908</b>	<b>1,023,199</b>	

<b>CONSOLIDATED BALANCE SHEET (in EUR)</b>	<b>30/06/2007</b>	30/06/2006	30/06/2005
Share capital	38,072,858	27,667,491	25,528,463
Shareholders' equity	44,381,356	31,848,427	27,287,245
Net cash position*	21,154,596	12,380,673	7,973,478
Net current financial liabilities	0	0	0
Non-current liabilities	1,431,889	1,677,682	332,706
<b>Balance sheet total</b>	<b>75,973,182</b>	<b>57,089,402</b>	<b>48,414,598</b>

<b>Basic earnings per share</b>	<b>30/06/2007</b>	30/06/2006	30/06/2005
Weighted average number of outstanding shares during the period	1,566,034	1,544,758	1,476,825
Cash flow from operations (EBITDA)/share	2.52	1.54	1.36
Operating profit (EBIT)/share	2.28	1.32	1.14
Profit for the period/share	1.45	0.93	0.69
Capital/share	24.31	17.91	17.29
Shareholders' equity/share	28.34	20.62	18.48

<b>Diluted earnings per share</b>	<b>30/06/2007</b>	30/06/2006	30/06/2005
Weighted average number of outstanding shares during the period	1,566,034	1,544,758	1,476,825
Weighted average number of outstanding dilutive warrants during the period	55,768	74,008	118,953
Number of shares after dilution	1,621,802	1,618,766	1,595,779
Cash flow from operations (EBITDA)/share	2.44	1.47	1.26
Operating profit (EBIT)/share	2.20	1.26	1.06
Profit for the period/share	1.40	0.89	0.64

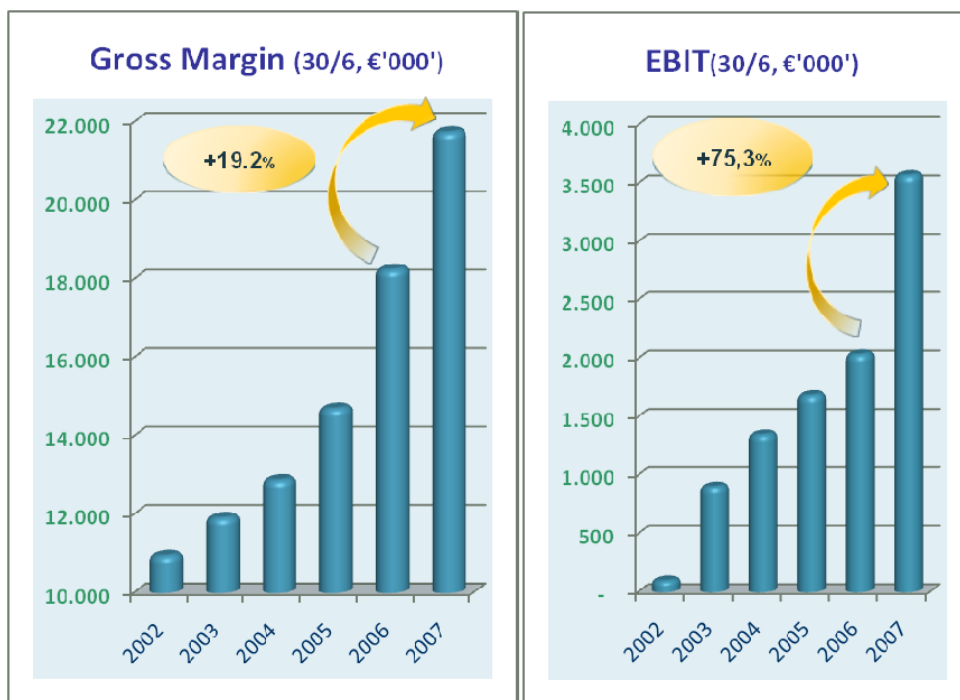
\* Net cash position = cash and cash equivalents less short-term borrowings

## EXCELLENT RESULTS FOR BOTH DIVISIONS

The “**Professional Solutions**” division carries out IT projects, covering consultancy, analysis, development, implementation, training, maintenance and support. In 2007, I.R.I.S. is implementing numerous solutions for European institutions and Belgian government agencies (Ministry of Finance, Ministry of Justice, etc.), banks (Dexia, Fortis, Euroclear, etc.) and other private-sector companies (Partena, Grenz-Echo, etc.), and delivering various systems relating to document reading, automated invoice processing, electronic document management, information distribution and complex IT infrastructures. These projects have generated a substantial improvement in the gross margin. The outlook for the remainder of 2007 is good, with a rise in order backlog compared with last year.

The “**Products & Technologies**” division handles the development and marketing of office automation and professional products sold under licence agreements, via IT distribution, Internet sales channels or in cooperation with value added retailers (VARs). The results recorded for the first half year in terms of gross margin are excellent. In a buoyant international market (USA, Europe, Asia and Middle East), this division’s H1 sales have been strong, particularly thanks to the recent introduction of new technologies (recognition of Arabic, iHQC compression technology, automated invoice processing, etc.) and new versions of existing products.

**Etienne Van de Kerckhove, CEO:** “During this first half of 2007, I.R.I.S. has increased its operating profit by 40.2% to €39.6 million. The gross margin (the key indicator used to measure I.R.I.S.’s growth) was up 19.2% to €21.8 million. The operating profit (EBIT) has grown by 75.3%, to €3.57 million, thanks to a controlled increase in costs. The year is off to a good start with the signing of some great contracts in both software publishing and solutions integration. Demand for our solutions is high because our clients – businesses and government agencies – are looking for tools to boost their productivity and improve the quality of their work or their customer service. Legal archiving, automatic invoice recognition and the expansion of digital storage capacity support growth in all our Business Units. Lastly, the integration of our infrastructure subsidiary (ICT) is now complete and its results are in line with the acquisition business plan, contributing also to the growth of the Group. The rise in expenditure is mainly due to the increase in personnel costs, which reflect both the cost of the resources required to implement our new contracts and the research and development efforts. Our team continues to expand at a steady pace; our headcount is currently well in excess of 400, and we plan to recruit a number of new employees over the coming months.”



The marked increase in operating profitability has also generated a much higher net profit (+57.1%). Net profit stands at €2.3 million after financial income (a charge of €87K) and after tax (€1.2 million, i.e. an effective tax rate of 35.1%, which is lower than in 2006).

## **HEALTHY BALANCE SHEET AND INCREASED GROWTH TARGETS**

At 30 June 2007, the Group's net cash position was €21.1 million, considerably boosted by the €10 million capital increase on 15 June, with contributions from COMPAGNIE NATIONALE A PORTEFEUILLE (CNP) and ACKERMANS & VAN HAAREN (AvH). Moreover, I.R.I.S. has undrawn credit facilities of €10.5 million. The bulk of the company's financial liabilities relate to the acquisition of buildings in Louvain-la-Neuve and Vilvoorde.

Consolidated shareholders' equity stands at €44.4 million. It is worth noting that under IFRS rules, shareholders' equity is reduced by the own shares held by the Group (€2.3 million).

**Pierre De Muelenaere, President & CEO:** "The outlook for I.R.I.S. is good in 2007. Based on some very good results in the first half of 2007 and the level of order backlog at the end of June 2007, management considers that I.R.I.S. has a good chance of achieving its targets for 2007, i.e. a double-digit increase in both the margin and profits. We are also preparing the ground for 2008. On 11 October, we will be making an important series of announcements regarding new versions of our products: IRISPen 6, IRISCard 4, IRIScan 2, IRISpdf Server 6, IRISCapture for invoices 8.5. These releases follow on from an initial product launch in February 2007. The quick renewal of our range of solutions and products is the fruit of some intense R&D, and enables I.R.I.S. to strengthen its technological and commercial position in the international market.

The balance sheet – which was already very healthy – has been further improved by the €10 million capital increase by CNP and AvH. With these additional resources, I.R.I.S. will continue to develop innovative projects, to expand our intellectual property portfolio and speed up our international growth. This growth could be achieved by branching out abroad."

### **Auditors' report**

Auditors' report on the accounting data included in the half-year announcement of IRIS GROUP SA.

We have compared the accounting data in the half-year announcement of IRIS Group SA with the summarised consolidated interim financial statements prepared as at 30/06/2007, which show a balance of €75,973,182, while the income statement records a net profit (group share) of €2,263,441. We confirm that this accounting data does not present any significant disparities in relation to the summarised consolidated interim financial statements.

We have issued a limited review report relating to these summarised consolidated interim financial statements, declaring that, based on our limited review, nothing has been identified that might indicate that these summarised consolidated interim financial statements have not been presented, in all material respects, in accordance with IAS 34: Interim Financial Information, approved by the European Union.

Brussels, 17 September 2007.

Ernst & Young Reviseurs d'Entreprises SCCRL, Auditors, represented by Eric Golenvaux, Partner

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View our financial information by visiting the "Investors" section on our website [www.irislink.com](http://www.irislink.com). There, you can access all our press releases, financial reports and other useful information. You may also register to receive a regular copy of the I.R.I.S. investors' newsletter.

For more information: Denis Hermesse, CFO

IMAGE RECOGNITION INTEGRATED SYSTEMS GROUP S.A.

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