



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

Regulated information
Trading update

Louvain-la-Neuve, 19 May 2009

- **Mixed trend in first half of 2009**
- **Satisfactory earnings expected at mid-year**
- **Dividend proposal submitted to the AGM on 19 May: €0.80 per share**
- **Robust balance sheet structure**

At the end of the first quarter of 2009, I.R.I.S. Group posted mixed results. In a context of economic crisis with a number of expected orders deferred, the first quarter of 2009 was unusually weak in terms of both income and earnings. On the other hand, management anticipates a good second quarter, which should make it possible to end the first half of the year with satisfactory operating earnings given the economical background.

First quarter and trend for the first six months

Pierre De Muelenaere, President & CEO: “During the first quarter, the company signed excellent contracts and completed very good projects, including:

- Automation of vote counting in elections in South Africa, completed by a local partner that installed more than 400 scanning stations managed by IRIS Powerscan™;
- A new outsourced services contract to manage IT infrastructures for the magazine publisher Roularta
- New international distribution agreements for I.R.I.S. products with Canon, Avnet and eCopy, with promising initial results;
- Numerous electronic document management projects with major European accounts, such as: ARAG (Belgium), Significant (Netherlands), Mutuelle IBM (France), Schjødt (N), the Justice Federal Public Service (Belgium), Mutuelle de l’Aéronautique (France), Rassers (Netherlands), Wikborg Rein (Norway) and the Economics Federal Public Service (Belgium);
- Very favourable infrastructure virtualisation projects (for servers, storage and desktops), such as: D’Ieteren (Belgium), Saint-Michel-sur-Orge town council (France) and Arendt & Medernach (Luxembourg); and
- The successful launch of Readiris™ Pro 12, the flagship OCR application in the I.R.I.S. range, with very positive reviews in the international specialist press.

We are also very proud that I.R.I.S. was voted ‘Belgian Vendor of the Year’ by readers of the specialist magazine DataNews.”

I.R.I.S. has nonetheless noted delays in taking new orders, in both the Products & Technologies division and the Professional Solutions division. However, no orders have been cancelled, and we have not lost any important contracts to our competitors. All in all, the order book was stable at the end of March compared with 2008.

I.R.I.S. has a major presence in the public sector, which is less affected by the tendency to defer projects. I.R.I.S. also has medium- to long-term projects that lessen the impact of the economic crisis.

The second quarter should be good, both in terms of orders taken, and of delivery of products and solutions. This should make it possible to end the first six months of 2009 with good operating earnings, although down on the first half of 2008 when earnings were exceptional.

Etienne Van de Kerckhove, CEO: "Management notes that there is sustained interest in I.R.I.S.'s solutions, with the very nature of our products and solutions meeting obvious needs:

- Achievement of major savings, particularly in terms of logistics (physical archiving of files), IT (compression of digital documents), energy (virtualisation of desktops) and of course staffing (improvement of productivity);
- Implementation of legal archiving, data search and tracing systems in connection with compliance (regulation of numerous economic sectors);
- Substantial improvement in conservation and transmission of knowledge, particularly when restructuring and changing staff; and
- Reduction in the amount of IT investments, particularly thanks to the Software as a Service (SaaS) approach.

While the reasons for buying our solutions are therefore strong in times of crisis, some clients and prospects have nonetheless decided to defer certain projects."

Promising integration of Corismo

The integration of Corismo, acquired on 16 January 2009, is going well. The teams active in optimising IT infrastructures have been combined under a single management, and the legal merger of Corismo with I.R.I.S. ICT is under way.

This segment of I.R.I.S.'s activities, which has the shortest delivery cycles, is the most directly affected by the reduction in investments by our clients. To a large extent however, the provision of outsourced solutions for monitoring and remote management of IT infrastructures as well as for invoice recognition, identification and sorting of incoming mail, backup and digital archiving etc., has already offset the drop in the purchase by clients of installed solutions. The acquisition of Corismo therefore makes it possible to speed up the launch of IT management services from data centers.

During the first quarter, excellent contracts were signed with Corismo's clients, thereby reassuring us of the relevance of this acquisition and its future positive contribution to our operations and results.

Technological innovation and profitable commercial efforts

In February 2009 we announced the release of several new product versions and new commercial partnerships at IRISLink 2009, the annual event during which our partners and clients meet up. These related in particular to distribution agreements with Canon, Avnet and eCopy as well as to the launch of the new Readiris™ 12 solution. Initial results are promising and will lessen the effects of the current crisis.

Prudent cost management

In the current circumstances, we are adopting a very prudent attitude to costs. We have slowed down our recruitment programmes sharply and renegotiated a number of supply contracts downwards. But we have not deferred investments scheduled for 2009, which will enable I.R.I.S. to continue its innovation efforts, increase its operational efficiency and emerge strengthened from the current crisis.

Robust balance sheet structure

The company has a sound financial structure, with sizeable financial resources. In order to boost immediately available cash reserves and take advantage of low rates, I.R.I.S. has decided to borrow €7 million over five years, on very favourable terms, from different banks. This should take the available cash reserve to over €15 million.

Share buyback

The Board of Directors proposed to the Annual General Meeting on 19 May 2009 the renewed authorisation to buy back the company's own shares.

Conclusions: sound fundamentals despite the crisis

Despite the context of economic crisis, I.R.I.S. is holding up well. The level of business is satisfactory, but the profit at mid-year will be down on that of mid 2008 which was exceptionally high. In the medium term, as our solutions contribute directly to our clients' efficiency, we are convinced that I.R.I.S. will be among the first to benefit from the economic recovery once it happens.

Financial calendar and financial information

Extraordinary General Meeting
Publication of half-year results

8 June 2009 at 2 p.m.
27 August 2009

About I.R.I.S. - www.irislink.com

I.R.I.S.' mission is to increase our customers' productivity and knowledge through helping them better manage their documents, data and information.

I.R.I.S. Products & Technologies develops technologies and products for Intelligent Document Recognition and markets its portfolio on a worldwide basis through strong partnerships.

I.R.I.S. Professional Solutions enables companies and administrations to find in one company the innovative expertise and hi-tech solutions to efficiently manage documents, information flows and IT infrastructure.

I.R.I.S. has more than **600 employees** based in Louvain-la-Neuve, Brussels and Antwerp (Belgium), Orly (France), Windhof (Luxemburg), Amsterdam and Maastricht (The Netherlands), Aachen (Germany), Delray Beach (USA) and Hong -Kong (China) and Oslo (Norway).

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IMAGE RECOGNITION INTEGRATED SYSTEMS GROUP S.A.

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