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Half Year 2010 results

**Considering seasonality of revenue, H1 is on target
FY2010 performance forecasted in the range of FY2009**

Seasonality of results

When analyzing I.R.I.S. results, it is important to remember that the second half of the year is traditionally stronger in term of gross margin and profitability. On average, 53% to 55% of the gross margin is realized during the second half of the year, which also means that most of the profitability is generated during the second half of the year.

In 2009, unlike this general trends, I.R.I.S. has delivered 56% of the year's EBIT in the first half year, and only 44% during the second half ; this was exceptional and makes a comparison between the first half of 2009 and 2010 less relevant.

First half of 2010 (H1/2010)

Financials

Etienne Van de Kerckhove, CEO I.R.I.S. Group: *"The market conditions were difficult during this first half year. Though, total revenues for H1/2010 reached a similar level as for H1/2009, which can be considered as a good performance. We signed and started new projects with top class customers like BNP Paribas, DKV, Dexia, ARAG, DAS, many government agencies, big lawfirms, etc. However, the gross margin rate is lower than last year, as the revenue mix was slightly different."*

Some trends during H1/2010, compared to H1/2009:

- More hardware sales, after a very poor H1/2009: this is a positive trend.
- Less software license sales to large European accounts:
 - Q1/2009 showed significant software license sales that impacted positively our gross margin
 - On the contrary, this year some important orders have slipped to H2/2010.
- Stability of the service and maintenance sales
- Generally speaking, some important customers continue to postpone or reduce their capital expenditures ; particularly in the public sector (France, Belgium, Luxembourg,...).

Denis Hermesse, CFO I.R.I.S. Group: *"Operating expenses are well under control and stable. They include a one-time redundancy cost of € 320.000, linked to the integration of acquired companies and other cost reduction measures ; these will have a positive impact on the profitability of the company in the second half of 2010 (H2/2010) and in 2011. Those redundancies were in non-billable staff and shall not affect the company's ability to deliver higher gross margin in H2/2010."*

As a consequence, the **cash flow from operations** (EBITDA) came to € 2.0 million (vs. € 3.8 million in 2009). After deducting depreciation (€ 1.0 million), adding net financial income (€ 0.1 million) and deducting tax (€ 0.3 million), the net profit was € 0.8 million.

Investment in proprietary technologies, development of new partnerships and international markets

Pierre De Muelenaere, President & CEO I.R.I.S. Group: *“During the first 6 months of the year, I.R.I.S. has conducted a number of important investments. We have started new plans to develop new technologies, new products and solutions designed for specific markets. We have also implemented several new partnerships with strong international potential. We are confident that these important investments will contribute positively to the development of the company and its profitability in the coming years.”*

In June 2010, the company has successfully concluded the acquisition of the ECM business of Save-IT in Norway. This acquisition is intended to accelerate the development of the business of I.R.I.S. in the Norwegian and Scandinavian markets. The acquisition of the ECM business of Save-IT has not contributed to I.R.I.S.’s financial results during H1/2010.

Perspectives for FY2010

Prospect for a stronger second half year

Historically, and as indicated in the introduction, I.R.I.S. has experienced a **revenue seasonality geared towards a stronger second half year**.

For 2010, this vision is supported by the **order back-log** at the end of June 2010 for projects and maintenance services that can be delivered in 2010: this is 11% higher than at the end of June 2009, to be delivered in 2009. Also, the **commercial pipeline** shows a growing number of opportunities.

Pierre De Muelenaere: *“Under the present conditions, I.R.I.S.’s management expects to reach, on a full year basis, a good level of profitability with a performance in the same range as in 2009. We also believe in the mid-term growth potential for the company, due to a strong market demand for I.R.I.S. products and solutions, an excellent product offering with some proprietary technologies (OCR, compression, invoices, classification, etc.), outstanding expertise in IT infrastructure and Enterprise Content Management, and solid partnerships with key players such as IBM, Canon, Adobe, HP, etc.”*

Robust financial position

The shareholders’ equity increased to € 57.7 million (€ 31.42 per share) and the net cash (after deducting short-term debt) is € 7.5 million. The company generates a significant cash flow from operations (EBITDA) and has undrawn committed credit facilities of € 14.5 million.

About I.R.I.S. - www.iriscorporate.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 **500 employees** based in Louvain-la-Neuve, Vilvoorde and Brasschaat (Belgium), Orly (France), Windhof (Luxemburg), Amstelveen and Meerssen (The Netherlands), Aachen (Germany), Delray Beach (USA), Hong-Kong (China), Oslo (Norway) and Denmark (Copenhagen).

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Forward Looking Statements

I.R.I.S. GROUP SA – Half-Year Results 2010 – Press Release

This press release contains forward-looking statements with respect to the business, financial condition, and results of operations of I.R.I.S. and its affiliates. These statements are based on the current expectations or beliefs of I.R.I.S.'s management and are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those contemplated in such forward looking statements. These risks and uncertainties relate to changes in technology and market requirements, the company's concentration on one industry, decline in demand for the company's products and solutions, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. I.R.I.S. undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

IFRS CONSOLIDATED KEY FIGURES (in EUR)

INCOME STATEMENT	30/06/2010	30/06/2009	30/06/2008	30/06/2007
Income from ordinary activities	49.054.891	49.268.059	58.100.746	39.586.216
WIP and Other operating income	1.649.960	1.091.606	679.575	320.945
Operating income	50.704.851	50.359.665	58.780.321	39.907.161
Gross margin	27.281.643	29.745.856	28.351.273	21.756.693
Cash flow from operations (EBITDA)	1.972.540	3.770.786	5.103.849	3.952.260
Income from operations (EBIT)	1.007.669	2.814.641	4.556.817	3.573.994
Net financial income	114.238	-261.639	176.707	-86.879
Profit before tax	1.121.907	2.553.002	4.733.524	3.487.115
Taxes	-318.643	-790.247	-1.554.384	-1.223.674
Profit for the period	803.264	1.762.755	3.179.140	2.263.441
Group share in the Result	803.264	1.762.755	3.179.140	2.263.441

CONSOLIDATED BALANCE SHEET	30/06/2010	30/06/2009	30/06/2008	30/06/2007	31/12/2009
Share capital	38.774.902	38.307.692	38.254.824	38.072.858	38.406.052
Shareholders' equity	57.689.520	54.518.099	51.237.998	44.381.356	56.234.719
Cash and cash equivalent	9.133.798	14.623.472	16.954.585	21.437.063	16.238.777
Net cash position*	7.477.836	12.945.429	16.513.695	21.154.596	14.109.066
Non-current borrowings	5.077.168	6.753.585	1.686.087	1.431.889	5.908.588
Balance sheet total	97.497.798	94.983.459	93.592.931	75.973.182	107.903.348

Basic earnings per share	30/06/2010	30/06/2009	30/06/2008	30/06/2007
Weighted average number of outstanding shares during the period	1.836.383	1.798.811	1.804.865	1.566.034
Cash flow from operations (EBITDA)/share	1,07	2,10	2,83	2,52
Income from operations (EBIT)/share	0,55	1,56	2,52	2,28
Profit for the period/share	0,44	0,98	1,76	1,45
Capital/share	21,11	21,30	21,20	24,31
Shareholders' equity/share	31,41	30,31	28,39	28,34

Diluted earnings per share	30/06/2010	30/06/2009	30/06/2008	30/06/2007
Weighted average number of outstanding shares during the period	1.836.383	1.798.811	1.804.865	1.566.034
Weighted average number of outstanding dilutive warrants during the year	7.182	26.522	57.524	55.768
Number of shares after dilution	1.843.565	1.825.333	1.862.388	1.621.802
Cash flow from operations (EBITDA)/share	1,07	2,07	2,74	2,44
Income from operations (EBIT)/share	0,55	1,54	2,45	2,20
Profit for the period/share	0,44	0,97	1,71	1,40

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

Consolidated income statement (€)**30/06/2010 30/06/2009 30/06/2008 30/06/2007**

Operating revenues	50.704.851	50.359.665	58.780.321	39.907.161
Revenue from ordinary operating activities	49.054.891	49.268.059	58.100.746	39.586.216
Other operating income	1.649.960	1.091.606	679.575	320.945
Operating charges	(49.697.182)	(47.545.024)	(54.223.504)	(36.333.167)
Goods for resale, raw materials and consumables	(21.773.248)	(19.522.203)	(29.749.473)	(17.829.523)
Services and other goods	(8.601.544)	(8.721.912)	(8.198.967)	(6.834.400)
Personnel costs	(18.017.392)	(18.253.086)	(15.585.539)	(11.362.648)
Depreciation and amortization	(964.871)	(956.145)	(547.032)	(378.266)
Allowance for doubtful accounts and inventory write off	(263.308)	60.679	6.658	250.250
Provisions	87.063	108.247	72.835	(13.658)
Other operating charges	(163.882)	(260.604)	(221.986)	(164.922)
Operating result	1.007.669	2.814.641	4.556.817	3.573.994
Financial income	666.403	342.597	429.645	149.862
Income from financial fixed assets	12.000	5.684	-	-
Income from current assets	21.968	113.548	321.240	98.815
Other financial income	632.435	223.365	108.405	51.047
Financial charges	(552.165)	(604.236)	(252.938)	(236.741)
Interests on financial debts	(135.898)	(95.470)	(35.168)	(96.685)
Other financial charges	(416.267)	(508.766)	(217.770)	(140.056)
Net financial income (expense)	114.238	(261.639)	176.707	(86.879)
Result of operating activities after net finance costs	1.121.907	2.553.002	4.733.524	3.487.115
Taxes	(318.643)	(790.247)	(1.554.384)	(1.223.674)
Deferred Taxes	(31.603)	(56.238)	(110.495)	(250.503)
Taxes	(292.225)	(743.331)	(1.537.697)	(977.214)
Tax adjustment	5.185	9.322	93.808	4.043
Profit for the period	803.264	1.762.755	3.179.140	2.263.441
Share of after-tax profit or loss of associates and joint ventures accounted for using the equity method				
Consolidated profit	803.264	1.762.755	3.179.140	2.263.441
Minority interest	-	-	-	-
Share of the group	803.264	1.762.755	3.179.140	2.263.441
Basic earning per share in EUR				
Weighted average number of outstanding shares	1.836.383	1.798.811	1.804.865	1.566.034
Operating result (EBIT) per share	0,55 €	1,56 €	2,52 €	2,28 €
Net profit for the period/share	0,44 €	0,98 €	1,76 €	1,45 €
Diluted earning per share in EUR				
Weighted average number of outstanding shares	1.836.383	1.798.811	1.804.865	1.566.034
Weighted average number of outstanding dilutive warrants	7.182	26.522	57.524	55.768
Number of shares after dilution	1.843.565	1.825.333	1.862.388	1.621.802
Operating result (EBIT) per share	0,55 €	1,54 €	2,45 €	2,20 €
Net profit for the period/share	0,44 €	0,97 €	1,71 €	1,40 €
Comprehensive income				
Net profit for the period/share	803.264	1.762.755	3.179.140	2.263.441
Foreign exchange gains & losses	152.952	(12.692)	(174.845)	(40.475)
Comprehensive income	956.216	1.750.063	3.004.295	2.222.966
Share of the group	956.216	1.750.063	3.004.295	2.222.966