

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



Under Embargo until 17:45 on 22/3/2012

Regulated information
Louvain-la-Neuve, March 22, 2012

FY2011: Record Sales and Record Gross Margin
Profit for the year: € 3.7 million
Dividend proposal: € 0.70/ share (up 23%)
Board approval for a share repurchase plan of 150.000 shares

I.R.I.S. Group SA, a technology company (listed on Euronext Brussels: IRI), specializing in Intelligent Document Recognition (IDR), Enterprise Content Management (ECM) and Optimized IT Infrastructure (ICT) releases its annual results for 2011.

- **Record Sales and Gross margin**

Denis Hermesse, CFO, comments the annual results: *“For the full year, I.R.I.S. posts a record revenue of € 121.3 million and a record gross margin of € 61.2 million for the full year (compared to respectively € 119.5 and € 59.5 million last year), despite difficult market conditions during 2011 for some of our clients and partners. Some important growth initiatives have been very successful, for example in our partner business, our legal and professional service and our ICT business. We also grew our sales of corporate solutions with Canon in Europe and signed 14 new Value Added Reseller (VAR) and BPO (Business Process Outsourcing) partners that will generate additional sales in 2012. Despite one-off reorganization expenses of €1.1 million (see below), the cash-flow from operations (EBITDA) remains stable at € 7.2 million and the EBIT amounts to € 5.1 million (Vs. € 5.3 million in 2010). After deducting depreciation (€ 2.1 million), net financial expense (€ 0.2 million) and taxes (€ 1.2 million), the net profit is € 3.7 million (vs. € 4.1 million prior year).”*

Dr. Pierre De Muelenaere, President & CEO comments: *“We are happy to see that some of our activities are growing fast, thanks to appropriate investments and despite the economic circumstances that impacted some clients and partners.”*

- **Strengthened financial position and cash balance**

I.R.I.S. has a net cash position (after deduction of short term debt) of € 13.2 million (Vs. 9.3 million last year). I.R.I.S. has also undrawn credit facilities for an amount of € 13 million (committed) plus € 1.5 million (uncommitted).

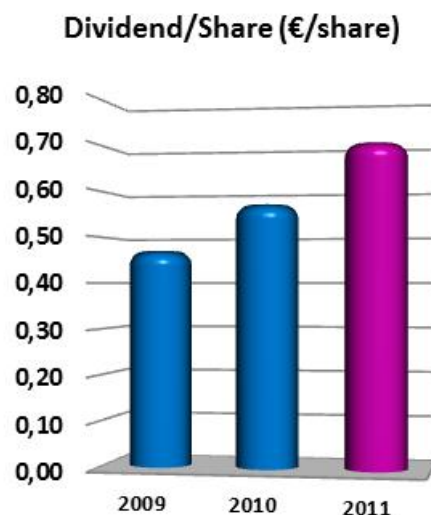
- **Strong investment in technology**

During 2011, I.R.I.S. maintained significant investment in its core assets: technologies and Intellectual Property (Document Capture technologies for the consumer and professional markets, the Document Management solutions, the Datacenter Monitoring solution and the Cloud Solutions). Those assets have been accumulated over the last 25 years and they give the company a strong position and competitive advantage.

- **Improvement of the payout policy**

In the past years, I.R.I.S. has built a long history of solid and predictable cash flow. It has a strong liquidity position characterized by a net cash position of € 13.2 million at 31/12/2011. The budget for 2012 and beyond confirms this positive cash-flows trend.

Dr. Pierre De Muelenaere, President & CEO comments: *“ Based on this, the board of Directors will propose at the annual shareholders’ meeting to change the payout policy from 25% to 35% of the net result, economic conditions permitting. This will result in an increase of the dividend to EUR 0.70 per share (gross) or an increase of 22.8%. The management is confident in the mid-term growth of the company. The management also believes that the current stock price of the company doesn’t reflect its full potential. Based on this the Board has decided a share repurchase plan for a maximum of 150.000 shares or a maximum amount of €4.5 million or during the period from 23 March 2012 through 8 October 2014.”*



- **Successful IRISLink 2012 and products launch**

In February 2012, we held our annual event and hosted more than 900 attendants. At that occasion, we unveiled a record number of new products and new solutions. We anticipate that these new solutions will contribute to our business growth in 2012.

IRISLink 2012 videos, pictures and other useful information on the event are available on www.iriscorporate.com/irislink2012.

- **Improvement of organization and cost structure**

I.R.I.S. made significant progress in a large reorganization program initiated mid-2011. In the frame of that plan, a centralization of the operational management has been decided to implement new initiatives in order to:

- Develop cross-business unit synergies
- Improve the sales and pre-sales organization
- Optimize the cost structure
- Accelerate the growth of I.R.I.S. solutions in specific sectors, on an international base
- Accelerate investments in technology-based services (SaaS).

The objective of the plan is to accelerate the international development of I.R.I.S. and improve the profitability of IRIS in the coming years.

- **Subsequent event after closing of the accounts**

In February 2012, we closed a transaction aiming at expanding our activities with the European Commission. This business development allows I.R.I.S. to increase the size of its team working for the European Union in 2012 by twenty new resources.

Denis Hermesse, CFO: *“This extension of activity has been completed as planned and will contribute positively to I.R.I.S.’ EBIT in 2012.”*

Auditor's report

The company auditors confirm that they have completed the key elements of their audit of the consolidated accounts and that this audit has not yielded any material corrections that are required to be made to the financial information included in this press release.

IFRS accounting standards

All the figures have been established in accordance with IFRS. These figures are a summary of the detailed financial results as presented in the annual report to be released at mid of April 2012.

Financial calendar and financial information

Annual General Meeting: 15 May 2012 at 9 a.m.

Annual report: mid April 2012

Publication of the half-year results: 23 August, 2012

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), Copenhagen (Denmark) and Oslo (Norway).

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Forward Looking Statements

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	31/12/2011	31/12/2010	31/12/2009
Income from ordinary activities	121.292.320	119.488.557	102.893.924
WIP, Self-constuct capital assets and Other operating income	4.950.158	3.155.780	2.447.212
Operating income	126.242.478	122.644.337	105.341.136
Gross margin	61.225.970	59.519.669	59.344.006
Cash flow from operations (EBITDA)	7.178.393	7.239.224	7.137.490
Income from operations (EBIT)	5.081.588	5.302.458	5.067.421
Net financial income	-171.560	-188.313	-743.155
Profit before tax	4.910.028	5.114.145	4.324.266
Taxes	-1.166.331	-1.035.115	-879.861
Profit for the period	3.743.697	4.079.030	3.444.405
Group share in the Result	3.743.697	4.079.030	3.444.405
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CONSOLIDATED BALANCE SHEET	31/12/2011	31/12/2010	31/12/2009
Share capital	38.774.902	38.774.902	38.406.052
Shareholders' equity	63.487.122	60.771.415	56.234.719
Cash and cash equivalent	14.815.520	11.013.064	16.238.777
Net cash position*	13.219.871	9.342.269	14.559.153
Non-current borrowings	2.637.229	4.281.051	5.908.588
Balance sheet total	114.747.731	127.943.435	107.903.348
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Basic earnings per share	31/12/2011	31/12/2010	31/12/2009
Weighted average number of outstanding shares during the period	1.843.661	1.841.064	1.803.661
Cash flow from operations (EBITDA)/share	3,89	3,93	3,96
Income from operations (EBIT)/share	2,76	2,88	2,81
Profit for the period/share	2,03	2,22	1,91
Capital/share	21,03	21,06	21,29
Shareholders' equity/share	34,44	33,01	31,18
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Diluted earnings per share	31/12/2011	31/12/2010	31/12/2009
Weighted average number of outstanding shares during the period	1.843.661	1.841.064	1.803.661
Weighted average number of outstanding dilutive warrants during the year	4.164	6.585	46.523
Number of shares after dilution	1.847.825	1.847.648	1.850.184
Cash flow from operations (EBITDA)/share	3,88	3,92	3,86
Income from operations (EBIT)/share	2,75	2,87	2,74
Profit for the period/share	2,03	2,21	1,86

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

<u>Consolidated income statement (€)</u>	<u>31/12/2011</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Operating revenues	126.242.478	122.644.337	105.341.136
Revenue from ordinary operating activities	121.292.320	119.488.557	102.893.924
Other operating income	4.950.158	3.155.780	2.447.212
Operating charges	(121.160.890)	(117.341.879)	(100.273.715)
Goods for resale, raw materials and consumables	(60.066.350)	(59.968.888)	(43.549.918)
Purchase	(60.275.814)	(58.771.001)	(43.093.474)
Inventory variations	209.464	(1.197.887)	(456.444)
Services and other goods	(21.306.200)	(18.478.411)	(17.122.160)
Personnel costs	(37.073.682)	(36.200.660)	(36.394.385)
Depreciation and amortization	(2.096.805)	(1.936.766)	(2.070.069)
Allowance for doubtful accounts and inventory write off	(442.688)	(419.912)	(874.891)
Provisions	275.817	121.978	276.090
Other operating charges	(450.982)	(459.220)	(538.382)
Operating result	5.081.588	5.302.458	5.067.421
Financial income	684.004	625.784	448.465
Income from financial fixed assets	18.456	9.180	1.270
Income from current assets	37.771	56.799	133.811
Other financial income	627.777	559.805	313.384
Financial charges	(855.564)	(814.097)	(1.191.620)
Interests on financial debts	(190.380)	(255.893)	(262.781)
Other financial charges	(665.184)	(558.204)	(928.839)
Net financial income (expense)	(171.560)	(188.313)	(743.155)
Result of operating activities after net finance costs	4.910.028	5.114.145	4.324.266
Taxes	(1.166.331)	(1.035.115)	(879.861)
Deferred Taxes	1.038.210	566.384	29.345
Deferred tax income	1.333.906	757.843	211.845
Deferred Tax expense	(295.696)	(191.459)	(182.500)
Corporate income tax	(2.204.541)	(1.601.499)	(909.206)
Taxes	(2.253.189)	(1.639.773)	(1.026.256)
Tax adjustment	48.648	38.274	117.050
Profit for the period	3.743.697	4.079.030	3.444.405
Share of after-tax profit or loss of associates and joint ventures accounted for using the equity method	-	-	-
	-	-	-
Consolidated profit	3.743.697	4.079.030	3.444.405
Minority interest	-	-	-
Share of the group	3.743.697	4.079.030	3.444.405
Basic earning per share in EUR	31/12/2011	31/12/2010	31/12/2009
Weighted average number of outstanding shares	1.843.661	1.841.064	1.803.661
Operating result (EBIT) per share	2,76 €	2,88 €	2,81 €
Net profit for the period/share	2,03 €	2,22 €	1,91 €
Diluted earning per share in EUR	31/12/2011	31/12/2010	31/12/2009
Weighted average number of outstanding shares	1.843.661	1.841.064	1.803.661
Weighted average number of outstanding dilutive warrants	4.164	6.585	46.523
Number of shares after dilution	1.847.825	1.847.648	1.850.184
Operating result (EBIT) per share	2,75 €	2,87 €	2,74 €
Net profit for the period/share	2,03 €	2,21 €	1,86 €
Comprehensive income	31/12/2011	31/12/2010	31/12/2009
Net profit for the period/share	3.743.697	4.079.030	3.444.405
Foreign exchange gains & losses	49.852	34.834	11.583
Comprehensive income	3.793.549	4.113.864	3.455.988
Share of the group	3.793.549	4.113.864	3.455.988