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**PRESS RELEASE**

**EN - FR - NL - DE**

Brussels, 29 August 2008

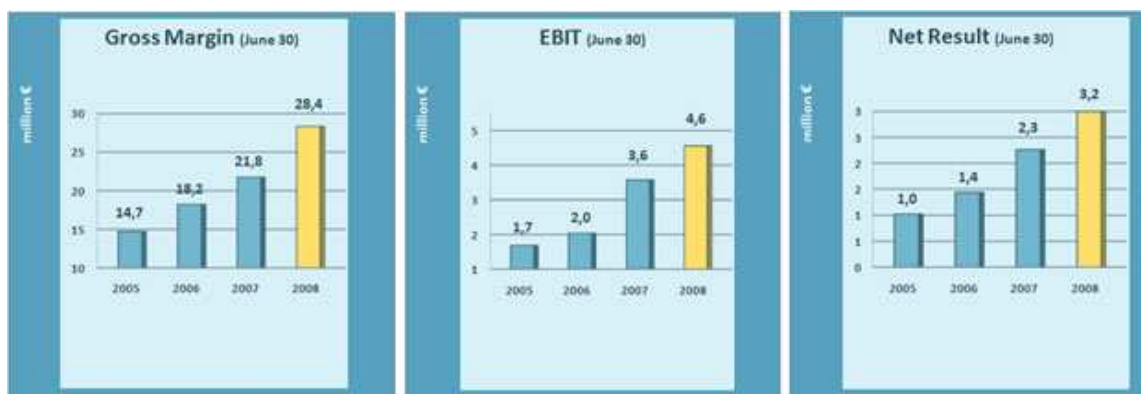
**Embargo until 29 August 2008, 17h45**

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

## Half-Year Results 2008

### Steady growth in business activities

### Profits in line with the business plan



### The I.R.I.S. mission

*International company producing software for intelligent document recognition*

*Solutions integrator for electronic document and content management*

*Supplier of complex IT infrastructure architectures*



The mission of I.R.I.S. is to increase the productivity and knowledge of its customers by helping them to manage their documents, data and information more effectively.

**I.R.I.S. Products & Technologies** develops technologies and products in the field of Intelligent Document Recognition and markets its portfolio of products on a worldwide basis through solid partnerships.

**I.R.I.S. Professional Solutions** enables companies and public authorities to find innovative expertise and high-tech solutions for the efficient management of documents, information flows and IT infrastructures, from a single partner.

I.R.I.S. has more than 550 employees based in Louvain-la-Neuve and Vilvoorde (Belgium), Orly (France), Windhof (Luxembourg), Amsterdam and Maastricht (The Netherlands), Aachen (Germany), Delray Beach (Florida, United States), and Hong Kong (China).

### IFRS Consolidated Key Figures (in EUR)

**INCOME STATEMENT**

|                                      | 30/06/2008        | 30/06/2007        | 30/06/2006        | 30/06/2005        | Change<br>2007-2008 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Income from ordinary activities      | 58.100.746        | 39.586.216        | 28.228.414        | 26.317.493        | 46,8%               |
| Other operating income               | 679.575           | 320.945           | 432.487           | 424.100           |                     |
| Operating income                     | 58.780.321        | 39.907.161        | 28.660.901        | 26.741.593        | 47,3%               |
| <b>Gross margin</b>                  | <b>28.351.273</b> | <b>21.756.693</b> | <b>18.247.103</b> | <b>14.710.459</b> | <b>30,3%</b>        |
| Cash flow from operations (EBITDA)   | 5.103.849         | 3.952.260         | 2.373.980         | 2.011.046         | 29,1%               |
| <b>Income from operations (EBIT)</b> | <b>4.556.817</b>  | <b>3.573.994</b>  | <b>2.038.901</b>  | <b>1.686.299</b>  | <b>27,5%</b>        |
| Net financial income                 | 176.707           | -86.879           | 261.526           | 37.129            |                     |
| Profit before tax                    | 4.733.524         | 3.487.115         | 2.300.427         | 1.723.428         |                     |
| Taxes                                | -1.554.384        | -1.223.674        | -859.519          | -700.229          |                     |
| Profit for the period                | 3.179.140         | 2.263.441         | 1.440.908         | 1.023.199         |                     |
| <b>Group share in the Result</b>     | <b>3.179.140</b>  | <b>2.263.441</b>  | <b>1.440.908</b>  | <b>1.023.199</b>  | <b>40,5%</b>        |

**CONSOLIDATED BALANCE SHEET**

|                          | 30/06/2008 | 31/12/2007 | 30/06/2007 | 30/06/2006 |
|--------------------------|------------|------------|------------|------------|
| Share capital            | 38.254.824 | 38.089.702 | 38.072.858 | 27.667.491 |
| Shareholders' equity     | 51.237.998 | 49.226.443 | 44.381.356 | 31.848.427 |
| Net cash position*       | 16.513.695 | 19.227.205 | 21.154.596 | 12.380.673 |
| Net financial borrowings | 0          | 0          | 0          | 0          |
| Non-current borrowings   | 1.686.087  | 3.416.014  | 1.431.889  | 1.677.682  |
| Balance sheet total      | 93.592.931 | 99.948.026 | 75.973.182 | 57.089.402 |

**Basic earnings per share**

|   | 30/06/2008 | 30/06/2007 | 30/06/2006 | 30/06/2005 |
|---|------------|------------|------------|------------|
| Weighted average number of outstanding shares during the period | 1.804.865  | 1.566.034  | 1.544.758  | 1.476.825  |
| Cash flow from operations (EBITDA)/share                        | 2,83       | 2,52       | 1,54       | 1,36       |
| Income from operations (EBIT)/share                             | 2,52       | 2,28       | 1,32       | 1,14       |
| Profit for the period/share                                     | 1,76       | 1,45       | 0,93       | 0,69       |
| Capital/share   | 21,20      | 24,31      | 17,91      | 17,29      |
| Shareholders' equity/share                                      | 28,39      | 28,34      | 20,62      | 18,48      |

**Diluted earnings per share**

|  | 30/06/2008 | 30/06/2007 | 30/06/2006 | 30/06/2005 |
|--|------------|------------|------------|------------|
| Weighted average number of outstanding shares during the period          | 1.804.865  | 1.566.034  | 1.544.758  | 1.476.825  |
| Weighted average number of outstanding dilutive warrants during the year | 57.524     | 55.768     | 74.008     | 118.953    |
| Number of shares after dilution  | 1.862.388  | 1.621.802  | 1.618.766  | 1.595.779  |
| Cash flow from operations (EBITDA)/share                                 | 2,74       | 2,44       | 1,47       | 1,26       |
| Income from operations (EBIT)/share                                      | 2,45       | 2,20       | 1,26       | 1,06       |
| Profit for the period/share  | 1,71       | 1,40       | 0,89       | 0,64       |

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

During this first half-year, both I.R.I.S. divisions have continued the growth they showed in previous years. The results for the first half-year show a marked increase over the corresponding first half of 2007, which was already exceptional.

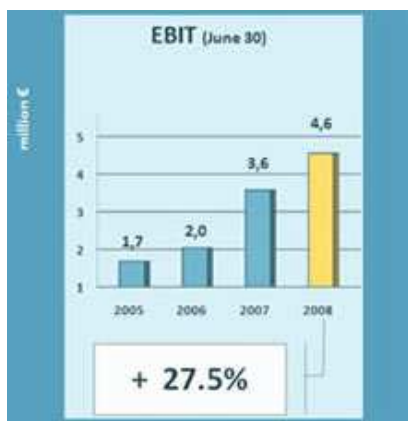
The **Products & Technologies** division manages the development and marketing of office automation and professional products sold under licensing agreements (100 contracts which include contracts with HP, Kodak, Apple, Adobe, Samsung, Panasonic, Microsoft, Fujitsu, Plustek etc.), via IT distribution, internet sales channels and through value-added resellers (VARs). During the first half of 2008, the division achieved organic growth in its sales and gross margin, in line with targets. DOCUTECH, a German company acquired in November 2007, also contributed to this growth. Integration of DOCUTECH is proceeding in line with objectives. Since 1 January 2008 the division has announced that some major agreements have been signed on the international market: in particular, extension of the partnership with eCopy (March

2008 - integration of all I.R.I.S. intelligent document recognition technologies in the eCopy Open Platform) and the partnership with HP (June 2008 - extension of the co-operation and licensing agreement to future HP peripherals and to the iHQC™ compression technology developed by I.R.I.S.). Numerous commercial successes have therefore contributed to the growth and will generate income in coming financial periods.

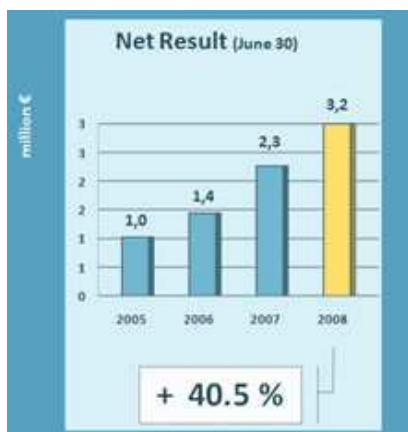
The **Professional Solutions** division provides solutions in the field of electronic document, content and process management, and of complex IT infrastructures, including software, hardware and services ranging from consultancy to analysis, development, implementation and training, maintenance and support. In 2008, I.R.I.S. delivered a large number of document recognition systems, automated invoice processing solutions, electronic document management and workflow management solutions as well as portal management systems. I.R.I.S. also implemented several large systems consisting of IT servers and digital storage, notably aiming at consolidation or virtualisation. These solutions have been implemented at European institutions, government bodies, banks and other private sector companies; some of these projects have international scope, such as the document management project carried out for Noerr Stiefenhofer Lutz, a Munich based law firm with offices in 13 cities from New York to Moscow. These projects contributed to the significant increase in the gross margin. Integration of MorningStar Systems, the Dutch subsidiary which was acquired in November 2007, is proving very successful. For the second half of 2008, trends are in line with budget with an order book showing an increase compared to the previous year.

**Etienne Van de Kerckhove, CEO:**

"During this first half of 2008, I.R.I.S. has increased operating income by 47.3% to EUR 58.8 million. The gross margin (which is the key indicator used to measure I.R.I.S.'s growth) was up 30.3% to EUR 28.4 million. Both divisions are showing strong growth. The start of the year has seen the signing of excellent contracts in both software publishing and solutions integration. Our solutions are in strong demand because they offer our customers improvements in productivity, quality of work and customer service, and they meet the stricter requirements for legal archiving. We significantly increased the size of our teams in previous years, which now enables us to meet this demand and deliver more solutions."



Income from operations (EBIT) increased by 27.5%, to EUR 4.6 million. Costs are obviously increasing, essentially due to staff costs. These relate to increased research and development efforts and cost for resources required to deliver on contracts we have won. At this stage, we have a workforce of over 550 and expect to make further recruitments in the months to come. The cash flow from operations (EBITDA) is up by 29.1% to EUR 5.1 million.



The increased business and profitability from operations has resulted in an increase to net profit of 40.5% at EUR 3.2 million after financial income of EUR 0.2 million and taxes (EUR 1.6 million). The effective tax rate was 32.8% compared to 35.1% in June 2007. At 30 June 2008, the Group's net cash position was EUR 16.5 million. I.R.I.S.'s financial debts of EUR 1.0 million mainly related to the acquisition of buildings in Louvain-la-Neuve and Vilvoorde. Consolidated shareholders' equity is EUR 51.2 million.

**GOOD OUTLOOK**

**Pierre De Muelenaere, President & CEO:** "I.R.I.S.'s outlook for the 2008 financial year is confirmed and continues to look good. The first half of the year has again ended with record profits. Our order was up at the end of June 2008. Our products are continuing to attract major international customers and were noticed at various internal shows. Our professional solutions provide our customers with considerable added value, which limits the impact of a potential economic slowdown. Management's view is that the 2008 financial year will conform to the business plan and provide significant growth in the gross margin and profits."

### **Auditor's report**

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REPORT OF THE STATUTORY AUDITOR ON THE ACCOUNTING DATA PRESENTED IN THE SEMI-ANNUAL COMMUNIQUE OF IRIS GROUP SA

We have compared the accounting data presented in the semi-annual communiqué of IRIS Group SA with the interim condensed consolidated financial statements as at June 30, 2008, which show a balance sheet total of EUR 93.592.931 and net income (group share) for the period of EUR 3.179.140. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report on these interim condensed consolidated financial statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting, as adopted for use in the European Union.

Brussels, August 29th, 2008

Ernst & Young Reviseurs d'Entreprises SCC, Statutory Auditor, represented by Eric Golenvaux, Partner

### **Learn more**


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Consult our financial data by clicking on the "[investors](#)" section on our website [www.irislink.com](http://www.irislink.com): this section provides access to all 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.



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### **For more information:**

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