



# PRESS RELEASE

## DICOM GROUP plc

### Synergies take effect: Successful Q1 1999/2000

Rotkreuz, December 3, 1999 – The Neuer Markt candidate, DICOM GROUP plc, which is scheduled for early February 2000, has continued to record successful growth in the first quarter of financial year 1999/2000 (June 30). The Company, one of the leaders in the global market for Electronic Data and Document Capture (EDC) generated sales of £ 21.2 million/EUR 32.4 million in the first quarter of 1999/2000 (September 30). This shows a 22% (adjusted for foreign currency fluctuation) increase on the total for the same period of the previous year (£ 17.7 million/EUR 26.1 million) which the Company believes compares favourably to the IT industry as a whole, whose growth is currently being stunted by Y2K. DICOM was able to increase its operating profit more than four-fold this quarter, due to its sales rising considerably faster than its costs. The operating profit currently stands at £ 0.41 million/EUR 0.63 million (according to UK GAAP) in comparison to £ 0.09 million/EUR 0.13 million in Q1 1998/99. DICOM's pre-tax profit improved considerably: up from £ 0.03 million/EUR 0.05 million in the same period of the previous year to £ 0.40 million/EUR 0.60 million in Q1 1999/2000. DICOM's earnings per share totalled 2.6 pence in the reporting period, as compared to 0.4 pence in Q1 1998/99. DICOM's profit on ordinary activities after taxation for the period reached £ 0.30 million/EUR 0.45 million and showed a considerable increase on the previous year's figure of £ 0.02 million/EUR 0.04 million.

The performance of Kofax Image Products, Inc. which currently is an associated company to DICOM by virtue of its 18.3% interest in ICC (Imaging Components Corp.), which took Kofax private from Nasdaq in October, 1999 was equally good. Q1 1999/2000 (September 30) sales generated by Kofax are also up 18% on sales for the same period of the previous year at a level of USD 10.2 million/EUR 9.7 million (USD 8.7 million/EUR 7.7 million). This is due largely to the success of Kofax's new Ascent Capture 3 software. Kofax's operating profit (according to US GAAP) shows a 75% increase on the previous year at USD 1.96 million/EUR 1.87 million (USD 1.12 million/EUR 1.00 million). The EBIT margin of Kofax increased from 13% to 19% in the same period. Kofax generated USD 1.89 million/EUR 1.81 million last quarter, after tender/merger expenses of USD 0.36 million/ EUR 0.35 million, and therefore increased its pre-tax profit by 34% in comparison to the Q1 1998/99 (USD 1.41 million/EUR 1.26 million). Kofax followed the satisfying growth in Q1 1999/2000 and recorded net income for the period of USD 1.20 million/EUR 1.15 million, 39% up on Q1 1998/99 (USD 0.87 million/EUR 0.77 million). These figures are before interest incurred by ICC (acquisition financing vehicle).

Otto Schmid, DICOM's Chairman and CEO is looking towards the New Year with confidence: "The positive result in Q1 of this financial year confirms the strategic reorientation of our company. We are convinced that our structure and strategy have set DICOM on the right course for outstanding performance. We intend to use the proceeds of DICOM's planned public offering on the Neuer Markt of the Frankfurt Stock Exchange to exercise our existing purchase option to acquire the remainder of Kofax."

DICOM's planned listing on the Neuer Markt will constitute the first listing of a company on Neuer Markt in addition to a London Stock Exchange listing (dual listing).



## **Background**

### **DICOM GROUP plc, Aldermaston, England**

listed on the London Stock Exchange since 1996, is a Swiss founded IT service company with consulting and distribution subsidiaries and associated undertakings in sixteen European and four Asian countries. DICOM's core competence is consulting, the provision of products, the implementation of components, and project management for data capture and data management independent of manufacturers. DICOM commands a Europe-wide after sales support and maintenance organisation. The Company's main businesses are system components for electronic data capture, and data and document management as well as the efficient storage for data and document exchange. DICOM offers hardware and software components for the intranet, internet and extranet as well as e-commerce to protect data transfer against manipulation and unauthorised external access. In addition, in Switzerland and Austria DICOM is the exclusive distributor for Samsung's high performance screens, and in Switzerland operates in software development for banks and the public sector. DICOM GROUP was established in Switzerland in 1991. In the financial year 1998/99 (ending June 30) sales increased to £ 87.9 million. This represents an increase of 33% on the previous year (1997/98: £ 66.3 million). Earnings before tax (EBT) increased significantly from a loss of £ 639,000 in the previous year to around £ 3.1 million for 1998/99. This positive result reflects the strong increase in demand for solutions of electronic document and data management. The increasing demand for comprehensive international solutions and the relevant project management is seen by DICOM as a confirmation of its strategic direction.

### **Kofax Image Products, Inc. (Kofax), Irvine, California**

Kofax was established in 1985 and listed on Nasdaq since October 1997. Following the acquisition process, Kofax has been delisted from Nasdaq in October 1999. The company develops, produces and distributes hardware and software products for data capture, the important phase at the beginning of the workflow and document management value chain. The basis of the product family is image processing hardware and software, which enables the scanning of large volumes of paper documents at speeds of up to 200 pages per minute. The software packages for document and data capture, and optical storage management have been developed alongside hardware products and are considered to be leading products on the market. These software components allow the multidimensional electronic use of scanned-in text, data and images. Components which facilitate work on documents independent of location via the Internet are an integral part of the Kofax product offering. In the financial year 1998/99 (ending June 30) Kofax demonstrated continued dynamic development of its business. Sales and earnings were considerably higher than the previous year. In 1998/99 sales amounted to USD 38.1 million, in the previous year this figure amounted to USD 33.4 million. EBT increased to USD 6.2 million (1997/98: USD 4.4 million). Net income amounted in 1998/99 to USD 4.7 million. This represents an increase of 49% on the previous year (1997/98: USD 3.1 million). This development of the business reflects the solid foundation which the company has already attained and its considerable growth potential, which is particularly strong due to its clearly focused strategy on the growth market of data and document capture.

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**DICOM GROUP plc**  
**INTERIM REPORT Q1 1999/2000 <sup>1/2</sup>**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**(UK GAAP)**

	3 months to 30 September 1999 Unaudited £'000	3 months to 30 September 1998 Unaudited £'000	Year to 30 June 1999 Audited £'000
<b>Turnover</b>	21,238	17,708	87,863
<b>Operating profit</b>	414	85	2,773
Share of results of associated undertakings	(4)	(1)	21
Exceptional item	–	–	541
Net interest payable and similar charges	(15)	(52)	(202)
<b>Profit on ordinary activities before taxation</b>	395	32	3,133
Taxation	(99)	(8)	(689)
<b>Profit on ordinary activities after taxation</b>	296	24	2,444
Minority interests	52	33	61
<b>Profit attributable to Ordinary Shareholders</b>	348	57	2,505
Dividends – equity	–	–	(370)
<b>Retained profit</b>	348	57	2,135
<b>Earnings per Ordinary Share <sup>3</sup></b>			
– basic	2.6p	0.4p	19.1p
– diluted	2.6p	0.4p	19.1p
<b>Dividend per Ordinary Share</b>	–	–	2.76p

Notes:

1 BASIS OF PREPARATION: The interim financial statement has been prepared in accordance with the accounting policies set out in, and is consistent with, the Group's 1999 financial statement except that the taxation charge for the period is based on the estimated charge for the year to 30 June 2000. The interim financial information is unaudited and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The abridged information for the year to 30 June 1999 has been extracted from the Group's statutory accounts for that period. The auditors' report on those accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

2 YEAR 2000: The Group has continued with its review of its business systems including its computer systems. It is believed that such systems are not subject to any material Year 2000 problems.

3 EARNINGS PER SHARE: The earnings per share calculation is based upon Financial Reporting Standard 14. Basic earnings per share 2.6p (0.4p) for the three months to 30 September 1999 has been calculated based on the profit attributable to Shareholders of £348,000 (£57,000) using the weighted average number of Ordinary Shares in issue 13,361,157 (12,987,927) during the period. Diluted earnings per share 2.6p (0.4p) is based on 13,557,331 (13,170,854), the difference to the basic calculation representing the additional shares that would be issued on the conversion of all the dilutive potential Ordinary Shares. There is no material difference to earnings if all the dilutive potential Ordinary Shares were converted.



**DICOM GROUP plc**  
**INTERIM REPORT Q1 1999/2000**  
**CONSOLIDATED BALANCE SHEET**  
**(UK GAAP)**

	At 30 September 1999 Unaudited £'000	At 30 September 1998 Unaudited £'000	At 30 June 1999 Audited £'000
<b>Fixed assets</b>			
Intangible assets	1,268	486	1,291
Tangible assets	2,300	2,379	2,382
Investments	2,530	278	84
	6,098	3,143	3,757
<b>Current assets</b>			
Stocks	6,619	5,146	5,632
Debtors	15,396	14,413	14,810
Investments	157	135	159
Cash at bank and in hand	1,245	3,196	2,938
	23,417	22,890	23,539
<b>Current liabilities</b>			
Bank loans and overdrafts	(3,830)	(4,887)	(1,600)
Creditors	(12,431)	(10,542)	(13,153)
Tax and dividends	(747)	(614)	(812)
	(17,008)	(16,043)	(15,565)
<b>Net current assets</b>	6,409	6,847	7,974
<b>Total assets less current liabilities</b>	12,507	9,990	11,731
<b>Long term liabilities</b>			
Bank loans	(167)	(218)	(178)
Other creditors	(909)	(826)	(425)
	(1,076)	(1,044)	(603)
<b>Net assets</b>	11,431	8,946	11,128
<b>Capital and reserves</b>			
Called up share capital	1,336	1,299	1,336
Share premium account	6,687	6,382	6,687
Merger reserve	527	527	527
Profit and loss account	2,805	871	2,611
	11,355	9,079	11,161
<b>Shareholders' funds – equity<sup>4</sup></b>	11,355	9,079	11,161
<b>Minority interests – equity</b>	76	(133)	(33)
	11,431	8,946	11,128
Note:			
4 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS			
Opening shareholders' funds	11,161	8,589	8,589
Retained profit for the period	348	57	2,135
Profit/(loss) on currency translation	(154)	433	95
New share capital issued	–	–	342
Closing shareholders' funds	11,355	9,079	11,161



**DICOM GROUP plc**  
**INTERIM REPORT Q1 1999/2000**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**(UK GAAP)**

	<b>3 months to 30 September 1999 Unaudited £'000</b>	<b>Year to 30 June 1999 Audited £'000</b>
<b>Cash (outflow)/inflow from operating activities</b>	(1,098)	1,988
Returns on investments and servicing of finance	(15)	(201)
Taxation paid	(156)	(582)
Capital expenditure and financial investment	(2,614)	(530)
Acquisitions and disposals	–	(645)
Equity dividends paid	–	(316)
<b>Cash outflow before use of liquid resources and financing</b>	<b>(3,883)</b>	<b>(286)</b>
Management of liquid resources	213	2,680
Financing		
Issue of Ordinary Shares	–	342
Increase/(Decrease) in debt	1,222	(1,241)
<b>(Decrease)/Increase in cash in the period</b>	<b>(2,448)</b>	<b>1,495</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
(Decrease)/Increase in cash in the period	(2,448)	1,495
Cash (inflow)/outflow from decrease/(increase) in debt and lease financing	(1,222)	1,241
Cash inflow from decrease in liquid resources	(213)	(2,680)
Change in net funds resulting from cash flows	(3,883)	56
New finance leases	–	(115)
Exchange difference	(19)	56
<b>Movements in net funds in the period</b>	<b>(3,902)</b>	<b>(3)</b>
Net funds at start of period	969	972
<b>Net funds at end of period</b>	<b>(2,933)</b>	<b>969</b>



**KOFAX IMAGE PRODUCTS, INC.  
 INTERIM REPORT Q1 1999/2000<sup>1</sup>  
 COMPARATIVE INCOME STATEMENT  
 (US GAAP)**

	<b>3 months to 30 September 1999 Unaudited USD '000</b>	<b>3 months to 30 September 1998 Unaudited USD '000</b>
<b>Net sales</b>	10,183	8,653
Cost of sales	2,313	1,956
<b>Gross profit</b>	<b>7,870</b>	<b>6,697</b>
<b>Operating expenses</b>		
Sales and marketing	2,921	2,731
Research and development	2,158	2,097
General and administrative	832	750
<b>Total operating expenses</b>	<b>5,911</b>	<b>5,578</b>
Income from operations	1,959	1,119
Other income, net	296	290
Tender/merger expenses <sup>2</sup>	(362)	0
<b>Income before provision for income taxes</b>	<b>1,893</b>	<b>1,409</b>
Provision for income taxes	691	543
<b>Net income<sup>3</sup></b>	<b>1,202</b>	<b>866</b>

Notes:

1 BASIS OF PREPARATION: The condensed consolidated financial statements of Kofax Image Products, Inc. and subsidiary ("the Company") presented herein do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 1999, included in the Company's Annual Report on Form 10-K for the year ended 30 June, 1999. The consolidated financial statements and notes herein are unaudited, but in the opinion of management, include all the adjustments (consisting only of normal, recurring adjustments) necessary to present fairly the consolidated financial position, results of operations and cash flows of the Company and its subsidiary. The results of operations for the interim periods shown herein are not necessarily indicative of the results to be expected for any future interim period or for the entire year.

2 TENDER/MERGER EXPENSES: Tender/merger expenses of USD 361,992 relate to professional fees incurred as a result of the Company's merger with DICOM.

3 DIFFERENCES BETWEEN US GAAP AND UK GAAP: There are no material differences between US GAAP and UK GAAP with respect to Kofax's net income for the three months to 30 September 1999.



**KOFAX IMAGE PRODUCTS, INC.  
INTERIM REPORT Q1 1999/2000  
BALANCE SHEET  
(US GAAP)**

	<b>At 30 September 1999 Unaudited USD '000</b>	<b>At 30 September 1998 Unaudited USD '000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	24,337	17,229
Short-term investments	16	4,969
Accounts receivable, net	5,418	4,833
Inventory	1,566	1,471
Prepaid expenses and other current assets	1,397	1,021
	<hr/>	<hr/>
Total current assets	32,734	29,523
Property and equipment, net	2,073	1,722
Deferred income taxes	1,285	1,343
Other assets	2,765	323
	<hr/>	<hr/>
<b>Total assets</b>	<b>38,857</b>	<b>32,911</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	1,554	885
Accrued liabilities:		
Compensations	1,093	982
Deferred revenue	492	610
Other	3,115	2,167
	<hr/>	<hr/>
Total current liabilities	6,254	4,644
<b>Stockholders' equity</b>		
Common stock	5	5
Share premium account	17,232	17,156
Retained earnings	16,527	11,901
Treasury stock	(1,161)	(795)
	<hr/>	<hr/>
Total stockholders' equity	32,603	28,267
	<hr/>	<hr/>
<b>Total liabilities and stockholders' equity</b>	<b>38,857</b>	<b>32,911</b>



**KOFAX IMAGE PRODUCTS, INC.**  
**INTERIM REPORT Q1 1999/2000**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**(US GAAP)**

	<b>3 months to 30 September 1999 Unaudited USD '000</b>	<b>3 months to 30 September 1998 Unaudited USD '000</b>
<b>Cash flows from operating activities:</b>		
Net income	1,202	866
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	298	358
Changes in operating assets and liabilities:		
Accounts receivable	(102)	428
Inventories	(3)	94
Other current assets	(58)	(73)
Accounts payable	354	(322)
Other current liabilities	(55)	476
Net cash provided by operating activities	1,636	1,827
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(253)	(281)
Increase in other assets	(2,580)	12
Increase in short-term investments	3	(627)
Net cash used in investing activities	(2,830)	(896)
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of common stock	270	(224)
Net cash used in financing activities	270	(224)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(924)</b>	<b>707</b>
Cash and cash equivalents, beginning of period	25,261	16,522
<b>Cash and cash equivalents, end of period</b>	<b>24,337</b>	<b>17,229</b>
Supplemental disclosure of cash flow information:		
Interest paid	-	-
Income taxes paid	151	16

Information contained herein is not an offer of shares in DICOM GROUP plc for sale in the United States. The shares in DICOM GROUP plc may not be offered in the United States absent of registration with the U.S. Securities and Exchange Commission or an exemption from registration. Any public offering of shares to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or any selling shareholder and that will contain detailed information about the company and management, as well as financial statements. DICOM GROUP plc does not intend to register in the United States all or any part of the shares to be sold in the proposed offering.