



DICOM Group plc

Results Nine Months for the Financial Year 2005/2006

1 July 2005 – 31 March 2006



Regulatory Announcement

Company DICOM Group plc
TIDM DCM
Headline 3rd Quarter Results
Released 07:00 09-May-06
Number 6408C

DICOM Group plc Results Nine Months to 31 March 2006

Record third quarter; Adjusted Operating Profit ahead of last year

Basingstoke, 9 May 2006 - DICOM Group plc ("DICOM Group"), a global leader of Information Capture and Communications (ICC) solutions, today announced financial results for the nine months to 31 March 2006. The Group is pleased to report significant organic growth in all key financial metrics in Q3 with adjusted* operating profit up 21%.

Financial Highlights

Group results for the nine months:

- Revenue up 19% to £158.2m (FY2005: £133.4m), organic growth of 13%
- Gross profit margins of 42.7% (41.9%)
- Adjusted operating profit of £11.5m (£11.2m)
- Profit before tax of £7.3m (£10.5m)
- Adjusted* earnings per share of 9.3p (9.7p)
- Strong operating cash flow of £20.0m (£11.1m)

Results of ICC Division, representing 88% (90%) of Group adjusted operating profits:

- Turnover up 14% to £116.3m (£102.4m), organic growth of 7%
- ICC own products and services account for 66% (60%) of ICC sales
- Own product sales up 23% (up 17% on a like-for-like basis), services grew 26% (15% on a like-for-like basis)
- Gross profit margins increased to 54.0% (50.6%)
- Adjusted* operating profits of £10.1m (£10.1m)

* Adjusted profit is the profit after adding back the amortisation of intangibles, costs of restructuring and share-based payment charges. Further details are set out in note 3 to the financial results.

Operational Highlights:

- New customer wins with Okle, a German wholesale company, Jordan Kuwait Bank and the Australian State of Queensland
- Acquisition of Learning Computers International GmbH ("LCI") to increase the scope of DICOM Group's intelligent document recognition technology
- Harvey Spencer ranked DICOM Group first in the worldwide software capture market by turnover
- Kofax named Independent Software Vendor Partner of the Year for 2005 by Fujitsu Computer Products of America, Inc.

Disposal of non core business:

- Discontinuing the Samsung General Agency ("SGA") Division with effect from the end of May 2006 to focus more closely on core Information Capture and Communication business



Commenting, Rob Klatell, Chief Executive Officer of DICOM Group said:

“I am pleased to report another strong performance during our third quarter, with a number of new customer wins and a particularly strong cash generation. Our results for the year as a whole continue to be negatively impacted by a weak Q1, but our much-improved results in Q2 and Q3 clearly demonstrate that we are back on track. Q3 saw us increase further our focus on the core Information Capture and Communication market with the acquisition of LCI and the discontinuing of our SGA business. Endorsements from Harvey Spencer and Fujitsu further underline the strong market position we have established and which we continue to build on. We enter the fourth quarter with a clear focus and a promising outlook.”

Regarding Prospects, Otto Schmid, Chairman of DICOM Group said:

“We continue to believe that the expansion into the Business Process Automation market provides excellent opportunities for additional growth. Based on the strong Q3 performance, together with the growing sales pipeline, we expect adjusted operating profits for the full year to show an increase compared to last year. “

For further information, please contact:

DICOM Group plc

Financial Dynamics

Stefan Gaiser

Finance Director

James Melville-Ross

Gabriele Rosenbusch

Group Communications Manager

Juliet Clarke

Tel: +44 (0) 800 6520 616

Tel : +44 (0) 20 7831 3113

e-mail: stefan_gaiser@dicomgroup.com
gabriele_rosenbusch@dicomgroup.com

e-mail: dicom@fd.com

About DICOM Group plc

DICOM Group plc ("DICOM Group", London Stock Exchange: DCM) is a global leader of Information Capture and Communication solutions. Its leading edge capture and communication technologies and solutions enable Business Process Automation by managing the transformation and exchange of business-critical information (residing in various formats such as paper, fax, electronic documents, e-mail, SMS) among people, applications and devices. The company's centres for product development and marketing include Kofax, the world's leading provider of Information Capture solutions, and Topcall, a worldwide provider of Unified Communication technology. Through a global network of more than 1,200 authorised partners and its own sales and service organisations in Europe, the USA, Asia and Australia, DICOM Group help blue-chip enterprises in more than 60 countries to reduce cost, increase efficiency and minimise risk in their critical business processes. For more information, visit <http://www.dicomgroup.com>.

The Group's Samsung General Agency (SGA) Division focuses on multimedia visualisation products for the IT, POI and Entertainment market in Switzerland. It operates as sole agency of Samsung's high performance flat screen display.



DICOM Group plc
Results Nine Months to 31 March 2006
Chairman's Statement

RESULTS

I am pleased to report that, following our strong Q2, the third quarter continued to show momentum. The Group has recorded significant organic growth in all key metrics in the third quarter, most notably an adjusted operating profit growth of 21% quarter over quarter.

Over the nine months to 31 March 2006 Group turnover rose 19% to £158.2m (£133.4m), with organic growth of 13%. Adjusted operating profits were £11.5m (£11.2m), up by 3%. Adjusted profit before tax is unchanged at £11.8m. After amortisation of intangible assets, share-based payments and restructuring charges the Group reports a profit before tax of £7.3m compared to a profit before tax of £10.5m in the nine months of the previous year. After tax and minority interests basic earnings per share is reported at 4.9p (8.7p). Adjusted earnings per share amounts to 9.3p (9.7p), down 4%.

Following the very strong operating cash flow generation the Group ended the period with net funds of £26.2m (£16.2m at 30 June 2005) after spending £6.9m largely on the successful buy-out of the remaining minorities of Topcall International AG and the acquisition of LCI. Cash generated from operations amounted to £20.0m (£11.1m).

OPERATING REVIEW

The **Information Capture and Communication (ICC) Division** is DICOM Group's largest division and represented 88% (90%) of adjusted operating profits in the nine months to 31 March 2006. Our leading edge capture and communication technologies and solutions enable Business Process Automation by managing the transformation and exchange of business-critical information among people, applications and devices. The company's centres for product development and marketing include Kofax, the world's leading provider of Information Capture solutions, and Topcall, a worldwide provider of Unified Communication technology. Through a global network of more than 1,200 authorised partners and our own sales and service organisations in Europe, the USA, Asia and Australia, we help blue-chip enterprises in more than 60 countries to reduce cost, increase efficiency and minimise risk in their critical business processes.

The ICC Division achieved sales growth of 14% in the period under review and contributed 74% (77%) of the Group's turnover. Organic revenue growth is recorded at 7%. The provision of services and sales of products developed by the Group accounted for 66% (60%) of ICC turnover. Sales of own products of £40.0m (35% of ICC sales) were up 23%, and increased 17% on a like-for-like basis. Service income of £36.3m (31% of ICC sales) was up 26% and 15% on a like-for-like basis. Sales of 3rd party products of £39.9m (34% of ICC sales) decreased 3%, due to a decline of storage product sales and the Group's decision to discontinue 3rd party distribution business in certain countries in Asia and Australia. Adjusted operating profits remain unchanged at £10.1m.

The **Samsung General Agency (SGA) Division**, the representative of Samsung Electronics in Switzerland, was able to contribute 12% (10%) of Group operating profits and 26% (23%) of Group turnover in the period under review. The division was able to increase revenue substantially, largely due to strong demand for Samsung Consumer Electronic products.



Customer Wins

DICOM Group announced a number of successful new customer wins during the quarter.

In March 2006 the Group announced the successful joint implementation of its Topcall FaxConnect for Orders solution, Kofax Ascent Capture® and VirtualReScan® (VRS) technology at Okle, a German wholesale company. The implementation helps to automate the processing of paper receipts and fax orders, improves customer service and reduces costs associated with manual errors by 80 percent.

DICOM Group further announced that Jordan Kuwait Bank, one of Jordan's renowned and distinguished banks is using the Group's industry-leading Ascent Capture platform and VirtualReScan® (VRS) technology to streamline the processing of 20,000 documents the bank receives daily from its 45-branch network of banking centres all over Jordan.

The Australian State of Queensland selected the Ascent platform as its Information Capture standard during the quarter. The five-year agreement involves Ascent technology being installed across more than 30 government entities to process millions of pages each month.

During the quarter the Group's Austrian Subsidiary Topcall has been successful in winning new orders with:

- RHI Group, based in Austria, which produces high-grade ceramic products, insulation materials and ceiling solutions.
- Wien Energie Gasnetz GmbH, a leading natural gas distribution system operator in Austria
- L'TUR Tourismus AG, the European market leader for last minute travel
- Bloemenveiling Aalsmeer, based in the Netherlands, a marketplace for buying and selling floricultural products

Industry Awards

During Q3, Harvey Spencer, the leading industry analyst dealing with electronic capture and recognition, issued a new report, ranking DICOM Group as the number one company in the worldwide software capture market by revenue. This market topped \$1bn for the first time in 2005 and its growth accelerated to 18%, approximately triple the growth of the overall information technology market.

DICOM Group's wholly-owned subsidiary Kofax was also named Independent Software Vendor Partner of the Year for 2005 by Fujitsu Computer Products of America, Inc., a market leader in document imaging scanners and services. The Fujitsu Annual Channel Awards recognise top-performing resellers, distributors and integrators, specifically acknowledging companies who exemplify a true commitment to innovation that results in the highest sales and world-class business performance.

Corporate Activity

In February, DICOM Group announced that it has increased the scope of its intelligent document recognition technology with the acquisition of LCI for £3.8m in cash for the remaining 81% of LCI, having previously acquired a 19% stake in 2003. LCI is a German provider of advanced learning systems that enable business process automation.

The Group also announced that it will discontinue the SGA Division with effect from the end of May 2006. During the past year, DICOM Group has been reviewing its strategic options relating to the SGA Division. Following discussions with Samsung it was mutually decided that



the sole distribution arrangement should terminate and DICOM Group will close the SGA Division with effect from the end of May 2006. The closure of the SGA Division will lead to exceptional charges of up to £1.0m, which have been provided in full in the third quarter.

Product and Partner Development

In March DICOM officially announced the release of Capio for ERP in Europe, following its introduction to DICOM partners, end-customers and prospects at CeBIT. Using Capio for ERP, organisations using SAP can swiftly scan documents from their desktop and link them to the corresponding SAP documents without interrupting the business process. These documents can subsequently be processed using SAP WebFlow and are easily retrieved from within SAP.

The Group also announced several installations of Topcall's (DICOM Group's wholly-owned subsidiary) enterprise software solution, MFPCConnect, which has generated significant return on investment for customers. MFPCConnect is designed to reduce total cost of ownership for communications-oriented business processes and increase knowledge worker productivity.

DICOM Group's subsidiary Kofax and Interwoven, a provider of Enterprise Content Management solutions for business, deepened the partnership with a new reseller agreement to provide enterprises with seamless integration of imaging and information capture capabilities with Interwoven ECM solutions.

BOARD CHANGES

On 1 March 2006, Robert E. Klatell, succeeded Arnold von Büren as Chief Executive Officer. With the appointment of Rob, the Board is confident that it has found a CEO who provides the necessary experience, leadership and energy to take the business on to the next stage of its growth. Rob and Arnold have worked together since the announcement of Rob's appointment in December to ensure a smooth handover of the business and that transition has now been successfully completed.

PROSPECTS

We continue to believe that the expansion into the Business Process Automation market provides excellent opportunities for additional growth. Based on the strong Q3 performance, together with the growing sales pipeline, we expect adjusted operating profits for the full year to show an increase compared to last year.

Otto Schmid
Chairman



**DICOM Group plc
Announcement of Unaudited Results
Income Statement**

		9 months to 31 March 2006 unaudited	9 months to 31 March 2005 unaudited restated	Year to 30 June 2005 unaudited restated
	Note	£'000	£'000	£'000
Revenue	5	158,176	133,387	179,795
Cost of sales		<u>(90,658)</u>	<u>(77,553)</u>	<u>(102,318)</u>
Gross profit		67,518	55,834	77,477
Operating expenses		(60,435)	(45,842)	(66,180)
Adjusted Operating profit before:		11,518	11,236	14,653
Goodwill impairment		-	-	(1,408)
Amortisation of intangible assets		(1,756)	(729)	(1,262)
Restructuring costs		(2,200)	-	-
Share-based payment		(479)	(515)	(686)
Operating profit		7,083	9,992	11,297
Share of results of associated undertakings		(123)	189	159
Net interest receivable		380	357	414
Profit on ordinary activities before taxation		7,340	10,538	11,870
Taxation		(2,798)	(3,063)	(3,737)
Profit on ordinary activities after taxation		4,542	7,475	8,133
Attributable to:				
Equity holders of the parent	2	4,185	7,289	7,918
Minority interests		357	186	215
		<u>4,542</u>	<u>7,475</u>	<u>8,133</u>
Earnings per ordinary share				
- basic	3	4.9p	8.7p	9.4p
- diluted		4.5p	8.3p	9.1p
Statement of recognised income and expenses				
Net Profit for the period		4,542	7,475	8,133
Foreign exchange adjustments on consolidation		800	(372)	809
Actuarial losses		-	-	(245)
Recognised income/(expense) for the period		<u>5,342</u>	<u>7,103</u>	<u>8,697</u>
Attributable to:				
Equity holders of the parent		4,985	6,917	8,482
Minority interests		357	186	215
		<u>5,342</u>	<u>7,103</u>	<u>8,697</u>



DICOM Group plc
Announcement of Unaudited Results
Consolidated Balance Sheet

	At 31 March 2006 unaudited	At 31 March 2005 unaudited restated	At 30 June 2005 unaudited restated
Note	£'000	£'000	£'000
Non-current assets			
Intangible assets	71,731	68,995	69,181
Tangible assets	5,482	6,020	5,962
Deferred tax assets	1,174	751	1,042
Investments	412	567	703
	<u>78,799</u>	<u>76,333</u>	<u>76,888</u>
Current assets			
Inventories	11,609	12,645	11,558
Trade and other receivables	39,708	39,544	40,947
Investments	152	129	147
Cash and cash equivalents	32,179	16,155	20,669
	<u>83,648</u>	<u>68,473</u>	<u>73,321</u>
Total assets	<u>162,447</u>	<u>144,806</u>	<u>150,209</u>
Current liabilities			
Trade and other payables	(53,526)	(42,133)	(48,248)
Financial liabilities	(5,172)	(6,771)	(3,693)
Liabilities for current tax	(4,003)	(2,775)	(3,186)
	<u>(62,701)</u>	<u>(51,679)</u>	<u>(55,127)</u>
Non-current liabilities			
Other payables	(7,843)	(8,197)	(8,712)
Financial liabilities	(40)	(58)	(40)
Provision for pension fund deficit	(576)	(359)	(576)
Deferred tax liabilities	(4,278)	(4,239)	(4,558)
	<u>(12,737)</u>	<u>(12,853)</u>	<u>(13,886)</u>
Total liabilities	<u>(75,438)</u>	<u>(64,532)</u>	<u>(69,013)</u>
Net assets	<u>87,009</u>	<u>80,274</u>	<u>81,196</u>
Capital and reserves			
Called up share capital	2,173	2,142	2,154
Share premium account	56,724	54,502	55,253
Merger reserve	1,717	1,717	1,717
ESOP shares	(554)	(517)	(516)
Profit and loss account	26,674	21,493	22,609
Shareholders' equity	4 <u>86,734</u>	<u>79,337</u>	<u>81,217</u>
Minority interests	<u>275</u>	<u>937</u>	<u>(21)</u>
Total equity	2 <u>87,009</u>	<u>80,274</u>	<u>81,196</u>



DICOM Group plc
Announcement of Unaudited Results
Consolidated Cash Flow Statement

	9 months To 31 March 2006 unaudited	9 months to 31 March 2005 unaudited restated	Year to 30 June 2005 unaudited restated
Note	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	7,083	9,992	11,297
Depreciation and amortisation	3,863	2,594	5,197
Change in working capital	8,294	(2,094)	1,596
Other non-cash movements	777	586	637
Cash generated from operations	20,017	11,078	18,727
Interest paid	(174)	(62)	(223)
Tax paid	(2,869)	(1,820)	(2,120)
Net cash inflow from operating activities	16,974	9,196	16,384
Cash flows from investing activities			
Purchase of tangible assets, licences and similar rights	(1,529)	(2,051)	(2,653)
Disposal of tangible assets, licences and similar rights	104	35	89
Acquisition of subsidiaries	(6,946)	(20,419)	(20,515)
Purchase of non-current investments	(66)	-	-
Sale of non-current investments	529	795	795
Movement in current investments	246	(183)	60
Interest received	503	428	637
Net cash outflow from investing activities	(7,159)	(21,395)	(21,587)
Cash flows from financing activities			
Issue of share capital	1,011	1,287	1,879
Increase in short term borrowings	761	4,256	1,876
Decrease in long term borrowings	-	(243)	(243)
Dividends paid to shareholders	(920)	(778)	(1,226)
Dividends paid to minority interests	(55)	(110)	(110)
Capital element on finance lease payments	(156)	(170)	(205)
Net cash inflow from financing activities	641	4,242	1,971
Net increase/(decrease) in cash and cash equivalents in the period	10,456	(7,957)	(3,232)
Cash and cash equivalents at start of the period	20,064	23,122	23,122
Exchange rate effects	368	(303)	174
Cash and cash equivalents at the end of the period	30,888	14,862	20,064
Cash and cash equivalents consists of:			
Cash and cash equivalents	32,179	16,155	20,669
Overdrafts	(1,291)	(1,293)	(605)
	30,888	14,862	20,064



DICOM Group plc
Interim Report Q3 2005/2006
Notes (IFRS)

1 Basis of preparation

The results for the nine months ended 31 March 2006 include those for the holding company and all of its subsidiary undertakings, together with the Groups share of the results of its associated undertakings.

The Group previously reported its financial statements in accordance with UK GAAP. From 1 July 2005 the Group is preparing its financial statements in accordance with those International Accounting Standards, International Financial Reporting Standards, and Interpretations (collectively "IFRS") that are expected to be adopted in the Group's first full IFRS financial statements for the year ended 30 June 2006, and has restated its comparative figures accordingly. However, the IFRS are subject to ongoing review and endorsement by the European Commission and therefore may be subject to change.

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 June 2005 has been based upon the provisional reconciliation of the consolidated financial statements from UK GAAP to IFRS contained within the Group's statutory accounts for the year ended 30 June 2005. Those accounts have been filed with the Registrar of Companies. 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.

The accounting policies followed by the Group in this interim report are derived from those set out in the audited financial statements for the year ended 30 June 2005. These accounting policies have been amended for changes arising from the adoption of International Financial Reporting Standards (IFRS) as the basis of preparation of this interim report. Significant changes to the accounting policies which were disclosed in the audited financial statements for the year ended 30 June 2005 are outlined below.

Transitional arrangements upon first time adoption of IFRS (IFRS 1)

The rules for first time adoption of IFRS are set out in IFRS 1. In preparing the transition from UK GAAP to IFRS, the Group has utilised two exemptions available on first time adoption of IFRS, namely:

- DICOM Group has elected not to apply retrospectively the provisions of IFRS 3, Business Combinations, to acquisitions that occurred prior to DICOM Group's transition date of 1 July 2004; and
- DICOM Group has elected not to apply the provisions of IFRS 2, Share Based Payments, to share options granted on or before 7 November 2002.

Changes in accounting policies

The following notes explain the main differences between UK GAAP and IFRS effective to the Group's financial statements:

Goodwill (IAS 36) - under IFRS, goodwill has an indefinite life and is only written down when an impairment test suggests that the carrying value is overstated. Any previously reported goodwill amortisation charge under UK GAAP is reversed under IFRS subject to an impairment review.



Intangible assets (IFRS 3 and IAS 38) - intangible assets arising on business combinations are written off over their estimated useful life.

Software licenses were previously included as part of tangible assets. Under IFRS these assets are reclassified as part of intangible assets in the balance sheet, having no impact on total net assets or on total profit.

Holiday pay accruals (IAS 19) - accruing for holiday pay was not required under UK GAAP but is required under IFRS and charges have been made under IFRS relating to holidays that have accrued to staff but have not yet been taken.

Share based payments (IFRS 2 and IAS 19) - Options - Charges have been made in the IFRS income statement to spread the fair value of share options issued since November 2002 and still outstanding at 1 July 2004 and those issued until 31 March 2006 over the vesting period of those options. Share options have been valued on the basis of a Black-Scholes Model using the criteria below:

- Expected volatility of 40%
- Expected average life of the option of 3 ½ years

Research and development (IAS 38): Under IFRS, DICOM Group is required to capitalize and amortise the development element of R&D costs providing certain criteria (such as proof of technical and commercial feasibility) are met. Previously under UK GAAP all R&D expenditure has been expensed as incurred irrespective of the tests referred to above. The Board has carefully considered the stage of current product development and is currently of the opinion that no expenditure incurred would qualify for capitalisation under IFRS. Nonetheless, this is a sensitive area for the software and IT services sector and, as yet, no normal industry practice under IFRS has been established. The Board will monitor how practice evolves before finalising its accounting policy in this area.

No adjustment has been made for capitalisation or amortisation in the provisional IFRS reconciliations.

Taxation effect of IFRS adjustments (IAS 12) - under IAS 12 intangible assets arising on acquisition are not deductible for tax purposes and therefore the temporary difference arising results in the provision of a deferred tax liability. This deferred tax liability is reversed as the related intangible asset is amortised, impaired in value or disposed of.

The temporary difference between the recognition of the IFRS 2 charge for share-based payments and the Group's expected future tax deduction is established as a deferred tax asset under IFRS calculated by reference to the intrinsic value of all unvested share options at each balance sheet date. The resultant credit in the tax charge is restricted to the tax effect of the cumulative IFRS 2 charge with the difference credited directly to the IFRS profit and loss reserve.

Dividends (IAS 10) - dividends are not adjusting post-balance sheet events under IFRS and can only be accrued for at the date they have been formally approved.

Pension accounting (IAS 19) – The Group has taken the option to charge all actuarial gains and losses arising immediately through the statement of recognised income and expenses.

2 Transition from UK GAAP to IFRS

Profit for the period	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Profit for the period under UK GAAP as previously reported	4,785	5,960
Vacation accruals	(15)	(19)
Reversal of amortisation of goodwill	3,371	4,724
Goodwill impairment	-	(1,408)
Amortisation of intangible assets	(729)	(1,262)
Share-based payments charge	(515)	(686)
Adjustment to share of results of associated undertakings	34	42
Deferred tax effect of IFRS adjustments	358	567
Profit for the period under IFRS	7,289	7,918

Total equity	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Total equity under UK GAAP as previously reported	77,019	77,845
Vacation accruals	(349)	(353)
Reversal of amortisation of goodwill	3,371	4,724
Goodwill impairment	-	(1,408)
Amortisation of intangible assets	(729)	(1,262)
Share-based payments charge	-	-
Adjustment to share of results of associated undertakings	34	42
Dividends	448	920
Deferred tax effect of IFRS adjustments	480	688
Total equity under IFRS	80,274	81,196

3 Earnings per share

Basic earnings per share of 4.9p (8.7p) for the nine months to 31 March 2006 have been calculated based on the profit attributable to shareholders of £4,185,000 (£7,289,000) using the weighted average number of ordinary shares in issue totalling 85,833,028 (84,162,416) during the period. Basic earnings per share of 9.4p for the year to 30 June 2005 have been calculated based on the profit attributable to shareholders of £7,918,000 using the weighted average number of ordinary shares in issue totalling 84,444,060 during the period.

Adjusted earnings per share of 9.3p (9.7p) for the nine months to 31 March 2006 are based on profit of £8,003,000 (£8,176,000), being adjusted for the operating expenses as stated below using the weighted average number of ordinary shares in issue totalling 85,833,028 (84,162,416) during the period. Adjusted earnings per share of 12.7p for the year to 30 June 2005 are based on profit of £10,707,000 using the weighted average number of ordinary shares in issue totalling 84,444,060 during the period. The Board considers that adjusted EPS better reflects the underlying performance of the Group.

Reconciliation of adjusted profit	9 months to 31 March 2006 £'000	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Profit attributable to shareholders under IFRS	4,185	7,289	7,918
Goodwill impairment	-	-	1,408
Amortisation of intangible assets	1,756	729	1,262
Restructuring costs	2,200	-	-
Share-based payment	479	515	686
Tax effect of above	(617)	(358)	(567)
Adjusted profit	8,003	8,175	10,707

Diluted earnings per share of 4.5p (8.3p) for the nine months to 31 March 2006 have been calculated based on the profit attributable to shareholders of £4,185,000 (£7,289,000) using 91,993,027 (87,416,292) ordinary shares, the difference to the basic calculation representing the additional shares that would be issued on the conversion of all the dilutive potential Ordinary Shares. Diluted earnings per share of 9.1p for the year to 30 June 2005 have been calculated based on the profit attributable to shareholders of £7,918,000 using 87,379,636 ordinary shares.

4 Reconciliation of movements in shareholders' equity

	9 months to 31 March 2006 £'000	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Shareholder's equity	81,217	71,409	71,409
Net profit for the period excluding minority interests	4,185	7,289	7,918
Dividends	(920)	(776)	(1,226)
Foreign exchange adjustments on consolidation	800	(372)	809
Actuarial losses	-	-	(245)
Changes in ESOP shares	(38)	(14)	(13)
New share capital issued	1,011	1,287	1,879
Movement in share premium resulting from share-based payment	479	515	686
Closing shareholders' equity	86,734	79,338	81,217

5 Segmental Reporting

	9 months to 31 March 2006 £'000	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Sales by divisions			
ICC			
Own products	39,985	32,398	45,553
Services	36,341	28,866	40,026
3 rd party products	39,934	41,117	55,129
Total ICC	116,260	102,381	140,708
SGA	41,916	31,006	39,087
Group	158,176	133,387	179,795
Gross profit by divisions			
ICC	62,733	51,781	72,400
SGA	4,785	4,053	5,077
Group	67,518	55,834	77,477
Adjusted Operating profit by divisions			
ICC	10,115	10,119	13,361
SGA	1,403	1,117	1,292
Group	11,518	11,236	14,653



6 Analysis of Net Funds

	9 months to 31 March 2006 £'000	9 months to 31 March 2005 £'000	Year to 30 June 2005 £'000
Cash in hand, at bank	19,924	11,584	15,074
Overdrafts	(1,291)	(1,293)	(605)
Debt due within 1 year	(3,881)	(5,478)	(3,088)
Debt due after 1 year	(40)	(58)	(40)
Finance leases	(792)	(710)	(710)
Current asset investments	12,255	4,571	5,595
Net funds	26,175	8,616	16,226