



## INTERIM REPORT Q3 1999/2000 .....

- Adjusted earnings per share up by 78% (UK GAAP)
- Adjusted operating profit up by 49% (UK GAAP)
- Sales up by 18% (24% including acquisitions)
- Secondary listing on Neuer Markt successful
- Kofax acquisition completed
- Disposal of Government Solution Division

## PRESS RELEASE

### DICOM GROUP PLC ANNOUNCES THIRD QUARTER RESULTS 1999/2000

#### Nine Months to 31 March 2000

#### PTP up 34%; EPS up 78%; Strong sales in Core Division; Disposal of Loss-making Division; Confident Outlook

DICOM GROUP plc ("DICOM"), a global leader in products and services to the electronic Data and Document Capture industry, with a growing digital and internet security products division, announces record results for the nine months to 31 March 2000.

DICOM acquired the NASDAQ listed US Company, Kofax Image Products Inc., 1 February 2000, for \$70.5m financed by a secondary placing on the Neuer Markt and a placing in the UK. DICOM today operates in 22 countries in Europe, the United States, South East Asia and Australia

DICOM is quoted on the Official List in London and the Neuer Markt in Frankfurt and is a member of the techMARK Index and Nemax all share index. Its Neuer Markt listing made DICOM the first company to be quoted on both exchanges.

#### HIGHLIGHTS OF THE THIRD QUARTER 2000 RESULTS IN UK GAAP, EXTRACTS FROM THE CHAIRMAN STATEMENT:

- Group sales up 10% to £71.5m (1999 : £65.1m)
- Sales growth in continuing business in local currency terms up 18%;
- Acquisitions contributed an additional 6% growth in sales
- Adjusted operating profits, adjusted for strength of sterling on like for like basis, up 49% to £2.61m (1999 : £1.75m)
- Pre-tax profits up 34% to £2.24m (1999 : £1.67m)
- Earnings per share up 78% at 19.9p (1999 : 11.2p), adjusted for amortisation of goodwill and results of discontinued activities
- Major contributor to profitability core Electronic Data and Document Capture Division ("EDC")
- Good Growth in EDC across Europe, improved performance in all major markets
- Kofax sales up 8% at US\$30.5m (USGAAP 1999 : US \$28.1m)
- Increased business focus on the EDC market by disposal of loss-making Government Solution Division (for £2.1m) to management
- January / February sales slowdown in Kofax IP hardware products in line with industry, gradual upturn in sales since March
- Group ungeared with net funds of £9.1m (£1.0m at 30 June 1999)

- Group continues to seek quality acquisition opportunities in complementary areas to strengthen market position.

#### REGARDING PROSPECTS, OTTO SCHMID, CHAIRMAN AND CHIEF EXECUTIVE OF DICOM SAID:

"We are continuing to experience good levels of growth in our core markets, especially in worldwide sales of electronic data capture software and related services. The listing on the Neuer Markt and the associated fund-raising have given the Group the opportunity to expand our leading position in EDC more quickly. The integration of Kofax into the Group is progressing well.

At Kofax, despite excellent growth in the Ascent Software business, the pick up in sales of the Image Processing hardware products business had a setback in the January-March period and is improving slowly. We do not expect sales in Q4 to offset this setback.

Sales in our Ascent software line are forecast to continue to grow very strongly and we have recently secured new orders, particularly in the financial services sector. Kofax Ascent, which includes Internet based distributed capture, continues to enjoy great market acceptance.

Apart from the short term slow down in Image Processing products sales, we are on track with Group sales in core products and services, which contribute almost two-thirds of Group turnover. This provides the Board with confidence to view the medium term outlook with optimism."

#### BACKGROUND ABOUT DICOM GROUP PLC

DICOM is a global leader in the area of Electronic Data and Document Capture (EDC), a fast growing segment of the Electronic Document and Content Management market. EDC technology is used at the important phase at the beginning of the workflow and document management value chain and closes the gap between non-digital information and data which can be further processed e.g. by ERP or E-Commerce applications.

DICOM's core competence is consulting, development and distribution of EDC components and services. Founded in 1991 DICOM today operates in 22 countries in Europe, US, Asia and Australia. US based Kofax Image Products acquired in January 2000 operates as its centre for product development. Its product family comprises products, which enable the capture of large volumes of documents at speeds of up to 200 pages per minute. The Kofax Ascent software components allow the multidimensional electronic use of scanned-in text, data and images. Components which facilitate to work on documents independent of location via the Internet are an integral part of



the product offering.

Its Digital Security Division offers components for business-to-business applications to authenticate and protect data and document transfer against manipulation and unauthorised external access.

Its Local Division includes the sole distribution of Samsung's high performance screens and Web Access devices in Switzerland and Austria.

**DICOM is listed on the London Stock Exchange since April 1996 and on the Neuer Markt in Frankfurt since January 2000. On a combined basis DICOM achieved revenues of £ 108.8 million / EUR 159.7 million in the financial year 1998/99 and employed 540 employees. The increasing demand for comprehensive international solutions and the relevant project management is seen by DICOM as a confirmation of its strategic direction.**

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## CHAIRMAN'S STATEMENT

### RESULTS

**UK GAAP:** The Group reports sales for the nine months to 31 March 2000 up 10% of £71.5m (1999: £65.1m). Sales growth of continuing business in local currency terms was 18%, after adjustment for some commodity business now taken on a commission basis. Acquisitions contributed an additional 6% growth in sales. Operating profits £2,277,000 (1999: £1,749,000) were up 30%. Operating profits, adjusted for the strength of sterling on a like by like basis, would have been £2,611,000, up 49% (1999: £1,749,000). Profit before tax was £2,239,000 (1999: £1,672,000), up 34%. After tax and minority interests basic earnings per share is calculated at 11.7p (1999: 10.0p). Adjusted earnings per share, earnings being adjusted for goodwill amortisation and results of discontinuing business is 19.9p (1999: 11.2p), up 78%.

**IAS:** The Group reports sales for the nine months to 31 March 2000 up 19% at EUR 112.6m (1999: EUR 94.3m). Sales growth of continuing business in local currency terms is calculated at 18%, after adjustment for some commodity business now taken on a commission basis. Acquisitions contributed an additional 6% growth in sales. Operating profits EUR 2,926,000 (1999: EUR 1,910,000) are up 53%. Profit before tax is reported at EUR 2,867,000 (1999: EUR 1,799,000), up 59%. After tax and minority interests earnings per share is calculated at EUR 0.14 (1999: EUR 0.10). Adjusted earnings per share, earnings being adjusted for goodwill amortisation and results of discontinuing business is calculated at EUR 0.31 (1999: EUR 0.16), up 94%.

The major contributor to the strong improvement in profitability was the Group's principal division Electronic Data and Document Capture (EDC), which experienced good growth across Europe. In January and February 2000, postponements of major document management and data capture projects due to Year 2000 issues caused a slow down in results but this was in line with the industry's results in general and were partly offset by the results of the recently acquired Kofax Image Products, Inc. based in California.

The Government Solutions Division made a further loss during the period, due principally to the reluctance of customers to make commitments into the new millennium. The Board was pursuing its stra-

tegy to focus on the Group's core business and was able to successfully divest 80% of this division at book value to management for a maximum consideration of £2.1m. The results of this division are disclosed as discontinued and a residual 20% is carried forward as a trade investment.

The Group performed in line with its working capital model and ended the period with net funds of £9.1m (£1.0m at 30 June 1999) after raising £40.3m and financing organic sales growth and spending £32.8m in cash on investments during the period.

The Group continues to seek quality opportunities for acquisitions where the business would be complementary to DICOM's core competence and further strengthen its leading position.

### OPERATING REVIEW

Electronic Data and Document Capture Division (EDC) is the Group's largest division, providing components, consulting and integration services and distribution of key related products to worldwide Electronic Document Management (e-DM) system integrators. EDC achieved sales growth in local currency terms of 31% (19% excluding acquisitions) and accounted for 56% of the Group's sales in the nine months to 31 March 2000 (62% on a pro forma combined basis including Kofax for the full year).

It achieved solid growth across Europe and improved performance in all major territories, despite the postponement of some major document management and data capture projects due to customers' Year 2000 concerns. It is pleasing to report that the continuing emphasis on the provision of consulting and other services has greatly improved the quality and quantity of its service revenues. Service income is up by 72% compared to the same period of last year. The increased level of end-user project involvement, sometimes cross-border, is continuing to raise the Group's profile and bring a wider range of larger project opportunities.

The Digital Security Division offers hardware and software products as well as services that address Internet and data security issues. Recent market analysis shows a rapidly growing need for security products and services in Electronic Data- and Document Capture. The group is in an excellent position to capitalise on its market capabilities in security together with the product expertise of Kofax.

The Group's Samsung General Agency Division (SGA) is the official and sole representative of Samsung Electronics in Switzerland and Austria. Until recently, the Samsung product range offered by the Group has been limited to computer display monitors. The division

SGA achieved sales growth in local currency terms of 18% in the nine months to 31 March 2000. Due to the wide range of products sold, the division has seen a slight erosion of its margin.

#### ACQUISITION OF KOFAX

The acquisition of Kofax was successfully completed at the end of January 2000. The combination with Kofax has established the enlarged group as a major international player in the imaging, workflow and document management market. DICOM and Kofax together is now the only true global supplier of products and services to the document technologies market, with special focus on the growing EDC segment. It has provided us with a broadened product mix towards software and services and there are significant cross-selling opportunities.

The new version of our Data Capture software, version4, due to ship in May, and including a new XML backbone and custom module capability, was received enthusiastically at the AIIM show in New York in April. This allows users to write custom modules using a standard protocol and gives Ascent a unique position in the market. Kofax is now adding additional Internet functionality to Ascent.

Kofax reports sales for the nine months to 31 March 2000 up 8% at US\$30.5m (US GAAP, 1999: US\$28.1m). This increase was due primarily to a 59% increase in sales of Ascent Capture within the ASBU (Business Unit Ascent Software), its application software which provides document capture, data capture and internet based distribution in one application.

The IPBU (Business Unit Image Processing) produces boards and software to enhance the performance and accuracy of the scanning process with industrial scanning applications. This business, related closely to the sale of scanners, suffered a slow down in sales in January and February, after achieving record sales in December 1999. A similar slow down was reported by leading manufacturers of scanners for this quarter as well. Since March, there has been a gradual improvement each month in sales of the IP products.

#### ADDITIONAL LISTING ON THE NEUER MARKT AND INCLUSION IN THE TECHMARK INDEX

On 26 January 2000, the Group issued 6,000,000 new ordinary shares at EUR 12.50 per share (equivalent to 761p), to raise estimated net proceeds of EUR 67m (equivalent to £40 million) pursuant to a Neuer Markt listing.

Since February 2000 DICOM has been a member of the techMARK index. With its listing on the Neuer Markt, DICOM is the only com-

pany which is a member of both the Nemax all share index and techMARK. As a UK incorporated company, DICOM reports its results in UK GAAP (London Stock Exchange requirement) and in IAS (Neuer Markt requirement), and has institutional and private investors primarily in the UK and in Germany. We look forward to the merger of the two stock exchanges bringing improvements and unified reporting procedures and corporate governance between London and Frankfurt.

#### REGARDING PROSPECTS, OTTO SCHMID, CHAIRMAN AND CHIEF EXECUTIVE OF DICOM SAID:

"We are continuing to experience good levels of growth in our core markets, especially in worldwide sales of electronic data capture software and related services. The listing on the Neuer Markt and the associated fund-raising have given the Group the opportunity to expand our leading position in EDC more quickly. The integration of Kofax into the Group is progressing well.

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Apart from the short term slow down in Image Processing products sales, we are on track with Group sales in core products and services, which contribute almost two-thirds of Group turnover. This provides the Board with confidence to view the medium term outlook with optimism."

OTTO SCHMID  
CHAIRMAN AND CHIEF EXECUTIVE  
22 MAY 2000

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (UK GAAP)

NOTE	9 MONTHS TO 31 MARCH 2000 UNAUDITED £'000	9 MONTHS TO 31 MARCH 1999 UNAUDITED £'000	YEAR TO 30 JUNE 1999 AUDITED £'000
<b>TURNOVER</b>			
<b>Continuing activities</b>	<b>65,761</b>	61,542	83,759
<b>Acquisitions</b>	<b>3,882</b>	–	–
<b>Discontinued activities</b>	<b>1,837</b>	3,521	4,104
<b>TOTAL</b>	<b>71,480</b>	65,063	87,863
Cost of sales	<b>(51,747)</b>	(48,667)	(65,514)
<b>GROSS PROFIT</b>	<b>19,733</b>	16,396	22,349
Operating expenses	<b>(17,138)</b>	(14,625)	(19,534)
Amortisation of goodwill	<b>(318)</b>	(22)	(42)
<b>OPERATING PROFIT</b>			
<b>Continuing activities</b>	<b>2,537</b>	1,889	3,202
<b>Acquisitions</b>	<b>627</b>	–	–
<b>Discontinued activities</b>	<b>(887)</b>	(140)	(429)
<b>TOTAL</b>	<b>2,277</b>	1,749	2,773
Share of results of associated undertakings	<b>(52)</b>	51	21
Exceptional item	–	–	541
Net interest receivable/(payable) and similar charges	<b>14</b>	(128)	(202)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2,239</b>	1,672	3,133
Taxation	<b>(672)</b>	(418)	(689)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>1,567</b>	1,254	2,444
Minority interests	<b>166</b>	50	61
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>1,733</b>	1,304	2,505
Dividends – equity	<b>(206)</b>	(122)	(370)
<b>RETAINED PROFIT</b>	<b>1,527</b>	1,182	2,135
<b>EARNINGS PER ORDINARY SHARE</b>			
	2		
– basic	<b>11.7p</b>	10.0p	19.1p
– adjusted	<b>19.9p</b>	11.2p	22.7p
– diluted	<b>11.5p</b>	10.0p	19.1p
<b>DIVIDEND PER ORDINARY SHARE</b>	<b>1.06p</b>	–	2.76p

## CONSOLIDATED BALANCE SHEET (UK GAAP)

NOTE	AT 31 MARCH 2000 UNAUDITED £'000	AT 31 MARCH 1999 UNAUDITED £'000	AT 30 JUNE 1999 AUDITED £'000
<b>FIXED ASSETS</b>			
Intangible assets	32,930	842	1,291
Tangible assets	2,992	2,390	2,382
Investments	674	717	84
	<b>36,596</b>	<b>3,949</b>	<b>3,757</b>
<b>CURRENT ASSETS</b>			
Stocks	7,816	5,866	5,632
Debtors <sup>1)</sup>	22,051	16,460	14,810
Investments	147	132	159
Cash at bank and in hand	10,695	2,192	2,938
	<b>40,709</b>	<b>24,650</b>	<b>23,539</b>
<b>CURRENT LIABILITIES</b>			
Bank loans and overdrafts	(1,416)	(5,022)	(1,600)
Creditors	(19,906)	(11,769)	(13,153)
Tax and dividends	(2,420)	(535)	(812)
	<b>(23,742)</b>	<b>(17,326)</b>	<b>(15,565)</b>
<b>NET CURRENT ASSETS <sup>1)</sup></b>	<b>16,967</b>	<b>7,324</b>	<b>7,974</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>53,563</b>	<b>11,273</b>	<b>11,731</b>
<b>LONG-TERM LIABILITIES</b>			
Bank loans	(116)	(216)	(178)
Other creditors	(698)	(1,008)	(425)
	<b>(814)</b>	<b>(1,224)</b>	<b>(603)</b>
<b>NET ASSETS</b>	<b>52,749</b>	<b>10,049</b>	<b>11,128</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	1,940	1,328	1,336
Share premium account	46,421	6,509	6,687
Merger reserve	527	527	527
Profit and loss account	3,708	1,798	2,611
<b>SHAREHOLDERS' FUNDS – EQUITY</b>	<b>52,596</b>	<b>10,162</b>	<b>11,161</b>
<b>MINORITY INTERESTS – EQUITY</b>	<b>153</b>	<b>(113)</b>	<b>(33)</b>
	<b>52,749</b>	<b>10,049</b>	<b>11,128</b>

<sup>1)</sup> Debtors and net current assets of the Company include amounts recoverable after one year of £350,000 (1999: Nil)

## CONSOLIDATED CASH FLOW STATEMENT (UK GAAP)

	9 MONTHS TO 31 MARCH 2000 UNAUDITED £'000	9 MONTHS TO 31 MARCH 1999 UNAUDITED £'000	YEAR TO 30 JUNE 1999 AUDITED £'000
<b>CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>2,640</b>	<b>(1,882)</b>	<b>1,988</b>
Returns on investments and servicing of finance	(420)	(123)	(201)
Taxation paid	(531)	(406)	(582)
Capital expenditure and financial investment	(888)	(1,334)	(530)
Acquisitions and disposals	(13,029)	(397)	(645)
Equity dividends paid	(246)	(192)	(316)
<b>CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>	<b>(12,474)</b>	<b>(4,334)</b>	<b>(286)</b>
Management of liquid resources	(7,740)	2,649	2,680
Financing			
Issue of Ordinary Shares	40,337	156	342
Decrease in debt	(20,637)	(662)	(1,241)
<b>(DECREASE)/INCREASE IN CASH IN THE PERIOD</b>	<b>(514)</b>	<b>(2,191)</b>	<b>1,495</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
(Decrease)/Increase in cash in the period	(514)	(2,191)	1,495
Cash outflow from decrease in debt and lease financing	20,637	662	1,241
Cash outflow/(inflow) from increase/(decrease) in liquid resources	7,740	(2,649)	(2,680)
Change in net funds resulting from cash flows	27,863	(4,178)	56
Loans and finance leases acquired with subsidiaries	(19,610)	–	–
New finance leases	(39)	(136)	(115)
Exchange difference	(68)	76	56
<b>MOVEMENTS IN NET FUNDS IN THE PERIOD</b>	<b>8,146</b>	<b>(4,238)</b>	<b>(3)</b>
Net funds at start of period	969	–	972
<b>NET FUNDS AT END OF PERIOD</b>	<b>9,115</b>	<b>(4,238)</b>	<b>969</b>

**NOTES (UK GAAP)****1. BASIS OF PREPARATION**

The interim financial statements in accordance with UK GAAP have been prepared in accordance with the accounting policies set out in, and are consistent with, the Group's 1999 financial statements 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 which 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.

**2. EARNINGS PER SHARE**

The earnings per share calculation is based upon Financial Reporting Standard 14. Basic earnings per share 11.7p (10.0p) for the nine months to 31 March 2000 has been calculated based on the profit attributable to shareholders of £1,733,000 (£1,304,000) using the weighted average number of Ordinary Shares in issue 14,788,262 (13,033,246) during the period.

Adjusted Earnings per share 19.9p (11.2p) for the nine months to 31 March 2000 is based on profit of £2,938,000 (£1,466,000), being adjusted by the amortisation of goodwill of £318,000 (£22,000) and the results of the discontinued activities of £887,000 (£140,000) using the weighted average number of Ordinary Shares in issue 14,788,262 (13,033,246) during the period.

Diluted earnings per share 11.5p (10.0p) for the nine months to 31 March 2000 is based on 15,125,883 (13,056,379), 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.

**3. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UK GAAP)**

	9 MONTHS TO 31 MARCH 2000 UNAUDITED £'000	9 MONTHS TO 31 MARCH 1999 UNAUDITED £'000	YEAR TO 30 JUNE 1999 AUDITED £'000
Opening shareholders' funds	11,161	8,589	8,589
Retained profit for the period	1,527	1,182	2,135
Profit/(Loss) on currency translation	(429)	235	95
New share capital issued	40,337	156	342
Closing shareholders' funds	52,596	10,162	11,161

## CONSOLIDATED INCOME STATEMENT (IAS)

	NOTE	9 MONTHS TO 31 MARCH 2000 UNAUDITED EUR '000	9 MONTHS TO 31 MARCH 1999 UNAUDITED EUR '000	YEAR TO 30 JUNE 1999 UNAUDITED EUR '000
<b>SALES</b>		<b>112,637</b>	94,345	128,960
Cost of materials		<b>(81,542)</b>	(70,570)	(96,157)
<b>GROSS PROFIT</b>		<b>31,095</b>	23,775	32,803
Personnel expenses		<b>(18,183)</b>	(13,370)	(17,777)
Depreciation		<b>(2,324)</b>	(1,521)	(2,087)
Other operating expenses		<b>(7,662)</b>	(6,974)	(8,920)
<b>OPERATING RESULT</b>		<b>2,926</b>	1,910	4,019
Net interest		<b>23</b>	(185)	(296)
Share of results in associated undertakings		<b>(82)</b>	74	30
<b>PROFIT BEFORE TAX</b>		<b>2,867</b>	1,799	3,753
Taxes on income		<b>(1,058)</b>	(606)	(1,220)
<b>NET INCOME FOR THE GROUP</b>	3	<b>1,809</b>	1,193	2,533
Minority interests		<b>262</b>	72	90
<b>NET INCOME FOR THE YEAR</b>		<b>2,071</b>	1,265	2,623
<b>EARNINGS PER SHARE (EUR)</b>	2			
– basic		<b>0.14</b>	0.10	0.20
– adjusted		<b>0.31</b>	0.16	0.32
– diluted		<b>0.14</b>	0.10	0.20
<b>DIVIDEND PER SHARE (PENCE)</b>				2.76

**CONSOLIDATED BALANCE SHEET (IAS)**

NOTE	AT 31 MARCH 2000 UNAUDITED EUR '000	AT 31 MARCH 1999 UNAUDITED EUR '000	AT 30 JUNE 1999 UNAUDITED EUR '000
Intangible assets	70,740	16,402	17,118
Tangible assets	4,988	3,589	3,632
Financial assets	970	939	(24)
<b>FIXED ASSETS</b>	<b>76,698</b>	<b>20,930</b>	<b>20,726</b>
Inventories	13,030	8,809	8,588
Accounts receivable	24,282	17,645	15,206
Accounts due from other Group companies	2,226	1,267	1,331
Other assets	8,214	3,788	2,575
Liquid assets	17,829	3,292	4,480
<b>CURRENT ASSETS</b>	<b>65,581</b>	<b>34,801</b>	<b>32,180</b>
<b>PREPAID AND DEFERRED ITEMS</b>	<b>4,486</b>	<b>2,528</b>	<b>3,811</b>
<b>ASSETS</b>	<b>146,765</b>	<b>58,259</b>	<b>56,717</b>
Capital subscribed	(2,655)	(1,691)	(1,703)
Capital reserve	(87,564)	(22,591)	(22,855)
Currency translation reserve	(8,806)	(2,429)	(2,720)
Treasury stock	147	133	147
Profit brought forward	(4,976)	(2,896)	(2,896)
Retained net income for the year	(1,726)	(1,087)	(2,080)
<b>SHAREHOLDERS' EQUITY</b>	<b>(105,580)</b>	<b>(30,561)</b>	<b>(32,107)</b>
Minority interests	(249)	160	44
<b>CAPITAL AND ACCRUALS</b>	<b>(105,829)</b>	<b>(30,401)</b>	<b>(32,063)</b>
Accruals for taxes	(4,054)	(1,258)	(1,223)
Other accruals	(754)	(697)	(142)
<b>ACCRUALS</b>	<b>(4,808)</b>	<b>(1,955)</b>	<b>(1,365)</b>
Liabilities to banks	(2,554)	(7,866)	(2,711)
Trade payables	(14,715)	(10,587)	(11,912)
Other liabilities	(4,501)	(3,176)	(3,675)
<b>LIABILITIES</b>	<b>(21,770)</b>	<b>(21,629)</b>	<b>(18,298)</b>
<b>PREPAID AND DEFERRED ITEMS</b>	<b>(14,358)</b>	<b>(4,274)</b>	<b>(4,991)</b>
<b>LIABILITIES</b>	<b>(146,765)</b>	<b>(58,259)</b>	<b>(56,717)</b>

**CONSOLIDATED CASH FLOW STATEMENT (IAS)**

	9 MONTHS TO 31 MARCH 2000 UNAUDITED EUR '000	9 MONTHS TO 31 MARCH 1999 UNAUDITED EUR '000	YEAR TO 30 JUNE 1999 UNAUDITED EUR '000
Net income for the Group	1,809	1,193	2,533
Depreciation and amortisation	2,324	1,521	2,087
Increase in long-term accruals	430	911	58
<b>CASH FLOW FOR THE PERIOD</b>	<b>4,563</b>	<b>3,625</b>	<b>4,678</b>
Increase in short-term accruals	354	584	280
Increase in inventories, accounts receivable and other assets	(9,902)	(6,856)	(3,804)
De-/Increase in liabilities (excluding liabilities to banks and other liabilities)	4,735	(1,618)	1,366
<b>CASH IN-/OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(250)</b>	<b>(4,265)</b>	<b>2,520</b>
Proceeds from the disposal of fixed assets	76	13	2,132
Payments for investments in fixed assets	(1,535)	(2,066)	(3,586)
Investments in acquisitions	(51,432)	(576)	(984)
<b>CASH IN-/OUTFLOW FOR INVESTMENT ACTIVITIES</b>	<b>(52,892)</b>	<b>(2,629)</b>	<b>(2,438)</b>
Income from capital increases	66,997	226	270
Repayments/Payments of liabilities to banks	(388)	1946	(3,297)
Dividend payments	(388)	(278)	(482)
Repurchase of own shares	–	(133)	(147)
<b>CASH IN-/OUTFLOW FROM FINANCING ACTIVITIES</b>	<b>66,222</b>	<b>1,761</b>	<b>(3,656)</b>
<b>CHANGES IN FUNDS TO COMPANIES INCLUDED IN THE CONSOLIDATION</b>	<b>3,244</b>	<b>50</b>	<b>124</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS EFFECTED BY PAYMENTS</b>	<b>16,324</b>	<b>(5,083)</b>	<b>(3,450)</b>
Exchange-rate-related change in cash and cash equivalents	2,975	(727)	(282)
Cash and cash equivalents at the beginning of the period	4,480	7,648	7,648
Cash and cash equivalents at the end of the period	17,829	3,292	4,480
<b>OVERALL CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>16,324</b>	<b>(5,083)</b>	<b>(3,450)</b>

**NOTES (IAS)****1. BASIS OF PREPARATION**

The interim financial statement in accordance with International Accounting Standards (IAS) has been prepared in accordance with the accounting policies set out in the Group's offering prospectus dated 27 January 2000 and are consistent with those except that the taxation charge for the period is based on the estimated charge for the year to 30 June 2000.

**2. EARNINGS PER SHARE**

Basic Earnings per share EUR 0.14 (EUR 0.10) for the nine months to 31 March 2000 has been calculated based on the profit attributable to shareholders of EUR 2,071,000 (EUR 1,265,000) using the weighted average number of Ordinary Shares in issue 14,788,262 (13,033,246) during the period.

Adjusted Earnings per share EUR 0.31 (EUR 0.16) for the nine months to 31 March 2000 is based on profit of EUR 4,650,000 (1999: EUR 2,126,000), being adjusted by the amortisation of goodwill of EUR 1,181,000 (EUR 658,000) and the results of the discontinued activities of EUR 1,398,000 (EUR 203,000) using the weighted average number of Ordinary Shares in issue 14,788,262 (13,033,246) during the period.

Diluted Earnings per share EUR 0.14 (EUR 0.10) for the nine months to 31 March 2000 is based on 15,125,883 (13,056,379), 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.

**3. RECONCILIATION FROM IAS TO UK GAAP**

	As at 31 MARCH 2000	As at 31 MARCH 1999
Shareholders' fund in accordance with IAS (EUR '000)	<b>105,580</b>	30,561
Converted to Sterling (£'000)	<b>63,330</b>	20,356
Differences arising from goodwill on acquisition (£'000)	<b>(9,504)</b>	(10,080)
Differences relating to the recognition of deferred tax assets (£'000)	<b>(1,322)</b>	(206)
Differences relating to the treatment of treasury stock (£'000)	<b>92</b>	92
Shareholders' funds in accordance with UK GAAP (£'000)	<b>52,596</b>	10,162
Exchange rate applied	<b>1.67</b>	1.50

	9 MONTHS TO 31 MARCH 2000	9 MONTHS TO 31 MARCH 1999
Profit after taxation in accordance with IAS (EUR '000)	<b>1,809</b>	1,193
Converted to Sterling (£'000)	<b>1,147</b>	822
Differences relating to the treatment of goodwill on acquisitions (£'000)	<b>420</b>	432
Profit after taxation in accordance with UK GAAP (£'000)	<b>1,567</b>	1,254
Exchange rate applied	<b>1.58</b>	1.45



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