



Results for the Nine Months to 31 March 2001

DICOM GROUP plc

Results for the Nine Months to 31 March 2001: Record Third Quarter Results with Turnover up 56%, Pre-Tax Profits up 252%, EPS up 51%, Optimistic Outlook.

DICOM GROUP plc ("DICOM"), a global leader in the Electronic Data and Document Capture (EDC) market announces record results for the nine months to 31 March 2001. DICOM is a product developer, sales and service provider for the Information Capture Sector and operates in 23 countries in Europe, the United States, South East Asia and Australia.

Highlights of Third Quarter 1 January to 31 March 2001 in UK GAAP:

- Turnover up 56% to £38.3m (2000 : £24.6m)
- Operating profits up 211% to £3.0m (2000 : £1.0m) before amortisation of goodwill
- Pre-tax profits up 252% to £2.4m (2000 : £0.7m)
- Earnings per share up 51% to 9.5p (2000 : 6.3p)
- Successful launch of new Kofax Ascent Capture release
- Ascent Capture installed base increased by 2,000 to 20,100 licenses
- Investment in Cardiff Software Inc. increased to 19%
- Strategic investment in e-mail management company Entelagent Software Corp.
- Best performing third quarter in DICOM's history.

Financial Highlights of Results Nine Months to 31 March 2001 in UK GAAP:

- Turnover up 48% to £105.9m (2000 : £71.5m) and growth in local currency terms of 53%
- Significant growth in proprietary products and services of 159%
- Operating profits up 191% to £7.6m (2000 : £2.6m), before amortisation of goodwill
- Pre-tax profits up 174% to £6.1m (2000 : £2.2m)
- Earnings per share up 26% at 25.0p (2000 : 19.9p), before amortisation of goodwill.

Regarding the results, current trading and prospects, Otto Schmid, Chairman and Chief Executive of DICOM said:

"The third quarter was highly successful. Strong growth of our software and services business reflect continuing high demand for IT solutions from customers seeking improved operating efficiencies. Increased market share was gained for Kofax Ascent Capture through our ongoing effort to encourage partners to integrate and remarket our components. A major release of our flagship product Ascent Capture was launched earlier than planned, targeting the fast growing market for hybrid information capture solutions.

The strategic investments in two US companies, Cardiff Software Inc. and Entelagent Software Corp., were successfully completed during the period under review, providing us with further technology ideally complementing our existing product offering. These equity stakes purchased for cash allow DICOM to benefit from future growth segments in the electronic forms and e-mail capture market.

The three months of trading in terms of turnover, operating profits, pre-tax profits and earnings per share have proved to be the best performing third quarter in DICOM's history. DICOM's strong trading performance has been achieved despite the significant slow down in the global economy generally and more particularly in IT expenditure in the E-commerce and Internet segment. The current position of our international sales and service operations and the strong market response to our latest product launches indicate good prospects for the remainder of our financial year and beyond. The directors view the outlook with optimism."

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**Interim Results Nine Months Ended 2000/2001
Chairman's Statement**

Results (UK GAAP)

I am pleased to report record results for the nine months to 31 March 2001. Group turnover of £105.9m (2000 : £71.5m) was up 48% . Turnover growth of continuing business in local currency terms was 31%. Acquisitions contributed an additional 22% growth in sales. Operating profits of £6.2m (2000 : £2.3m) were up 172%. Operating profits before goodwill amortisation increased to £7.6m, up 191% (2000 : £2.6m). Profit before tax and goodwill amortisation was £7.5m (2000 : £2.6m), up 194%. After tax and minority interests basic earnings per share is calculated at 18.4p (2000 : 11.7p), up 57%. Adjusted earnings per share, earnings being adjusted for goodwill amortisation and results of discontinuing business rose 26% to 25.0p (2000 : 19.9p). There is no dividend, as shareholders receive payments at the interim and final results, as per policy.

Following the strong first half year the third quarter has been very successful for the Group and the best performing third quarter in DICOM's history. The major contributor to the strong improvement in profitability has been the Group's core Electronic Data and Document Capture (EDC) division which experienced good growth across Europe and in the United States. All 23 country organisations were able to report project gains and increased their contribution to the Group's results. During the third quarter good progress was made in the development of new Kofax products both in the Ascent Capture Software, as well as in the IP (Image Processing) business unit, both of which had successful market launches.

The Group ended the period with net debt of £2.4m (net funds of £13.5m at 30 June 2000) after financing organic sales growth and spending £18.4m in cash on acquisitions and investments during the period.

The Group continues to seek opportunities for investments and acquisitions, to further improve DICOM's core competence and strengthen its leading position in the EDC market.

Operating review

Electronic Data and Document Capture Division (EDC) is the Group's largest division, developing products, providing consulting and integration services for the Information Capture market. Through its world-wide sales organisation it markets and services key related products to a substantial number of system integrators and general contractors. US based Kofax Image Products is the centre of product development of DICOM's proprietary products.

EDC achieved sales growth in local currency terms of 77% (25% excluding acquisitions) and accounted for 62% of the Group's sales in the nine months to 31 March 2001. Solid growth was achieved across Europe and in the United States, with an improved performance in all major territories.

The launch of the award winning Kofax Ascent Capture Software version 5 was announced on 19 March 2001. At the beginning of May 2001 it was presented to a wider audience in New York, at the AIIM show (Association for Information and Image Management), where it received very favourable market feedback. We are also pleased to report that the IP (Image Processing) business, the unit that develops scanner enhancement soft- and hardware, was able to increase its turnover significantly. IP could benefit from capitalising on our leading position in this segment by launching additional, derivative products such as "Software VRS" and new versions of our high speed document scanner enhancement engines "Adrenaline".

In the period under review we successfully completed strategic investments in two US companies. In January we acquired a 7 per cent shareholding in Entelagent Software Corp. for a total consideration of US\$1m. In March we purchased an additional 13 per cent of the total equity of Cardiff Software Inc. for US\$9.3m which increased our holding to 19 per cent. These equity stakes purchased for cash allow DICOM to benefit from future growth segments in the electronic forms and e-mail capture market and provide us with further technology ideally complementing our existing product offering.

The continuing emphasis on the provision of consultancy, integration and maintenance services has greatly improved the quality and quantity of service revenues. Service income generated in the nine months under review is up by 81% compared to the same period of last year.

The Group's **Samsung General Agency Division (SGA)** is the official and sole representative of Samsung Electronics in Switzerland and Austria, achieved sales growth in local currency terms of 37% in the nine months to 31 March 2001.

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Prospects

The three months of trading in terms of turnover, operating profits, pre-tax profits and earnings per share have proved to be the best performing third quarter in DICOM's history. DICOM's strong trading performance has been achieved despite the significant slow down in the global economy generally and more particularly in IT expenditure in the E-commerce and Internet segment. The current position of our international sales and service operations and the strong market response to our latest product launches indicate good prospects for the remainder of our financial year and beyond. The directors view the outlook with optimism.

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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 Data and Content Management market. EDC technology is used at the important phase at the beginning of the workflow and content management applications and converts non-digital and digital information into structured data streams. The implementation of EDC allows significant cost savings and benefits in Business to Business applications.

DICOM's core competence is consulting, development and provision of EDC components and services. Founded in 1991 DICOM today operates with 650 employees in 23 countries in Europe, the US, South East 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 manage the capture workflow of large volumes of content and documents. The Kofax Ascent 5 software components allow the multidimensional electronic use of scanned-in text, forms, data and images. Components, which allow users to manage the capture process independent of location via the Internet, are an integral part of the product offering. DICOM has invested significantly to expand its service and consulting network which responds to the increasing demand for comprehensive international solutions and the relevant project management.

Its other business is the Local Division, which includes the sole agency of Samsung's high performance screens and Web Access devices in Switzerland and Austria.

DICOM has been quoted at the London Stock Exchange since 1996 and on the Neuer Markt in Frankfurt since January 2000. It achieved turnover of £99.2m in the financial year ended 30 June 2000 (1999 : £87.8m).

DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated Profit and Loss Account (UK GAAP)

			9 MONTHS TO 31 MARCH 2001 UNAUDITED £'000	9 MONTHS TO 31 MARCH 2000 UNAUDITED £'000	YEAR TO 30 JUNE 2000 AUDITED £'000
	Continuing	Acquisitions			
Turnover	101,096	4,756	105,852	71,480	99,229
Cost of sales	(65,615)	(3,402)	(69,017)	(51,747)	(68,811)
Gross profit	35,481	1,354	36,835	19,733	30,418
Operating expenses					
Goodwill amortisation	(1,247)	(118)	(1,365)	(318)	(751)
Other	(28,388)	(892)	(29,280)	(17,138)	(25,684)
Total operating expenses	(29,635)	(1,010)	(30,645)	(17,456)	(26,435)
Operating profit before goodwill amortisation	7,093	462	7,555	2,595	4,734
Goodwill amortisation	(1,247)	(118)	(1,365)	(318)	(751)
Operating profit	5,846	344	6,190	2,277	3,983
Share of results of associated undertakings			(280)	(52)	(26)
Exceptional item			-	-	-
Net interest receivable/(payable) and similar charges			235	14	(97)
Profit on ordinary activities before taxation			6,145	2,239	3,860
Taxation			(2,252)	(672)	(1,188)
Profit on ordinary activities after taxation			3,893	1,567	2,672
Minority interests			(79)	166	384
Profit attributable to ordinary shareholders			3,814	1,733	3,056
Dividends – equity			(254)	(206)	(643)
Retained profit			3,560	1,527	2,413
Earnings per ordinary share ²					
- basic			18.4p	11.7p	19.1p
- adjusted			25.0p	19.9p	22.7p
- diluted			18.3p	11.5p	19.1p
Dividend per ordinary share			1.22p	1.06p	3.18p
Statement of total recognised gains and losses					
Profit for financial year			3,814	1,733	3,056
(Loss)/Gain on currency translation			27	(430)	1,235
Total recognized gains and losses relating to the year			3,841	1,303	4,291

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DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated Balance Sheet (UK GAAP)

	AT 31 MARCH 2001 UNAUDITED £'000	AT 31 MARCH 2000 UNAUDITED £'000	AT 31 JUNE 2000 AUDITED £'000
Fixed assets			
Intangible assets	35,180	32,930	31,809
Tangible assets	3,909	2,992	3,162
Investments	12,088	674	838
	51,177	36,596	35,809
Current assets			
Stocks	10,481	7,816	8,995
Debtors ¹	34,471	22,051	22,945
Investments	172	147	174
Cash at bank and in hand	4,746	10,695	14,098
	49,870	40,709	46,212
Creditors			
Amounts falling due within one year	(32,955)	(23,742)	(21,979)
Net current assets¹	16,915	16,967	24,233
Total assets less current liabilities	68,092	53,563	60,042
Creditors			
Amount falling due after more than one year	(3,312)	(596)	(828)
Provisions for liabilities and charges	(545)	(218)	(497)
Net assets	64,235	52,749	58,717
Capital and reserves			
Called up share capital	2,081	1,940	2,046
Share premium account	51,729	46,421	49,968
Merger reserve	527	527	527
Profit and loss account	9,846	3,708	6,259
Shareholders' funds – equity³	64,183	52,596	58,800
Minority interests – equity	52	153	(83)
	64,235	52,749	58,717

¹ Debtors and net current assets of the Group include amounts recoverable after more than one year of £2,050,000 (2000: £350,000)

DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated Cash Flow Statement (UK GAAP)

	9 MONTHS TO 31 MARCH 2001 UNAUDITED £'000	9 MONTHS TO 31 MARCH 2000 UNAUDITED £'000	YEAR TO 30 JUNE 2000 AUDITED £'000
Cash (outflow)/inflow from operating activities	5,485	2,640	4,458
Returns on investments and servicing of finance	145	(420)	(751)
Taxation paid	(1,219)	(531)	(511)
Capital expenditure and financial investment	(15,749)	(888)	(1,307)
Acquisitions and disposals	(3,917)	(13,029)	(13,218)
Equity dividends paid	(437)	(246)	(451)
Cash outflow before use of liquid resources and financing	(15,692)	(12,474)	(11,780)
Management of liquid resources	6,797	(7,740)	(6,584)
Financing			
Issue of Ordinary Shares	(272)	40,337	43,991
Increase/(Decrease) in debt	1,987	(20,637)	(20,552)
	1,715	19,700	23,439
(Decrease)/Increase in cash in the year	(7,180)	(514)	5,075
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year	(7,180)	(514)	5,075
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,987)	20,637	20,552
Cash (inflow)/outflow from (decrease)increase/ in liquid resources	(6,797)	7,740	6,584
Change in net funds resulting from cash flows	(15,964)	27,863	32,211
Loans and finance leases acquired with subsidiaries	(135)	(19,610)	(19,609)
Loans and finance leases disposed with subsidiaries	-	-	103
New finance leases	11	(39)	(119)
Exchange difference	193	(68)	(24)
Movement in net funds in the year	(15,895)	8,146	12,562
Net funds at 1 July 2000	13,531	969	969
Net funds at 31 March 2001	(2,364)	9,115	13,531

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**DICOM GROUP PLC
INTERIM REPORT Q3 2000/01
NOTES (UK GAAP)**

1. BASIS OF PREPARATION

The interim financial statement in accordance with UK GAAP has been prepared in accordance with the accounting policies set out in, and is consistent with, the Group's 2000 financial statement except that the taxation charge for the period is based on the estimated charge for the year to 30 June 2001.

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 2000 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 18.4p (11.7p) for the nine months to 31 March 2001 has been calculated based on the profit attributable to shareholders of £3,814,000 (£1,733,000) using the weighted average number of Ordinary Shares in issue 20,683,997 (14,788,262) during the period.

Adjusted Earnings per share 25.0p (19.9p) for the nine months to 31 March 2001 is based on profit of £5,179,000 (£2,938,000), being adjusted by the amortisation of goodwill of £1,365,000 (£318,000) using the weighted average number of Ordinary Shares in issue 20,683,997 (14,788,262) during the period. The results of the previous year were also adjusted for the results of the discontinued activities of £887,000.

Diluted Earnings per share 18.3p (11.5p) for the nine months to 31 March 2001 is based on 20,898,317 (15,125,883), 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 2001 £'000	9 MONTHS TO 31 March 2000 £'000	YEAR TO 30 JUNE 2000 £'000
Opening shareholders' funds	58,800	11,161	11,161
Retained profit for the period	3,560	1,527	2,413
(Loss)/Profit on currency translation	27	(429)	1,235
New share capital issued	1,796	40,337	48,936
Cost of issuing shares	-	-	(4,945)
Closing shareholders' funds	64,183	52,596	58,800

DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated income statement (IAS)

	9 MONTHS TO 31 MARCH 2001 Unaudited EUR '000	9 MONTHS TO 31 MARCH 2000 Unaudited EUR '000	YEAR TO 30 JUNE 2000 audited EUR '000
Consolidated Income Statement to IAS			
Sales	172,158	112,637	157,968
Cost of materials	<u>(112,249)</u>	(81,542)	(109,545)
Gross profit	59,909	31,095	48,423
Personnel expenses	(30,369)	(18,183)	(25,479)
Depreciation	(2,417)	(1,143)	(1,789)
Other operating expenses	<u>(14,836)</u>	(7,662)	(13,571)
Operating result (before goodwill amortisation)	12,287	4,107	7,584
Goodwill amortisation	<u>(2,830)</u>	(1,181)	(2,112)
Operating result	9,457	2,926	5,472
Net interest	382	23	(154)
Share of results in associated undertakings	<u>(455)</u>	(82)	(42)
Profit before tax	9,384	2,867	5,276
Taxes on income	(3,663)	(1,058)	(1,954)
Net income for the group	5,721	1,809	3,322
Minority interests	<u>(128)</u>	262	611
Net income for the year	5,593	2,071	3,933
Earnings per share (EUR)			
- basic	0.27	0.14	0.25
- adjusted	0.41	0.31	0.46
- diluted	0.27	0.14	0.24
Dividend per share (pence)	1.22p	1.06p	3.18p

DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated balance sheet (IAS)

	At 31 MARCH 2001 unaudited EUR '000	At 31 MARCH 2000 Unaudited EUR '000	At 30 JUNE 2000 audited EUR '000
Consolidated Balance Sheet to IAS			
Intangible assets	68,936	70,740	62,806
Tangible assets	6,319	4,988	4,997
Financial assets	18,758	970	1,168
Fixed assets	94,013	76,698	68,971
Inventories	16,941	13,030	14,214
Accounts receivable	35,842	24,282	24,760
Accounts due from other group companies	7,327	2,226	2,584
Other assets	7,847	8,214	7,255
Liquid assets	7,671	17,829	22,278
Current assets	75,628	65,581	71,091
Prepaid and deferred items	7,516	4,486	4,268
Assets	177,157	146,765	144,330
Capital subscribed	2,891	2,655	2,834
Capital reserve	94,621	87,564	91,756
Currency translation reserve	7,760	8,806	5,301
Treasury Stock	(771)	(147)	(147)
Profit brought forward	7,885	4,976	4,976
Retained net income for the year	5,181	1,726	2,909
Shareholders' equity	117,567	105,580	107,629
Minority interests	94	249	(124)
Capital and accruals	117,661	105,829	107,505
Accruals for taxes	4,251	4,054	2,637
Other accruals	1,288	754	1,046
Accruals	5,539	4,808	3,683
Liabilities to banks	11,315	2,554	697
Trade payables	18,285	14,715	14,130
Other liabilities	6,100	4,501	5,158
Liabilities	35,700	21,770	19,985
Prepaid and deferred items	18,257	14,358	13,157
Liabilities	177,157	146,765	144,330

DICOM GROUP plc
Preliminary Announcement of Unaudited Results
Consolidated cash flow statement (IAS)

	9 MONTHS TO 31 MARCH 2001 unaudited EUR '000	9 MONTHS TO 31 MARCH 2000 unaudited EUR '000	Year to 30 JUNE 2000 audited EUR '000
Consolidated Income Statement to IAS			
Net income for the group	5,721	1,809	3,323
Depreciation and Amortisation	5,247	2,324	3,901
Increase in long term accruals	292	430	1,178
Cash flow for the period	11,260	4,563	8,402
Increase in short-term accruals	1,032	354	2,139
Increase in inventories, accounts receivable and other assets	(11,614)	(9,902)	(13,686)
De-/Increase in liabilities (excluding liabilities to banks) and other liabilities	6,431	4,735	4,058
Cash in-/outflow from operating activities	7,109	(250)	913
Proceeds from the disposal of fixed assets	12	76	121
Payments for investments in fixed assets	(24,492)	(1,535)	(1,384)
Investment in acquisitions	(6,588)	(51,432)	(52,261)
Cash in-/outflow from investment activities	(31,068)	(52,891)	(53,524)
Increase from capital increases	-	66,997	73,065
Repayments/Payments of liabilities to banks	10,668	(388)	(2,128)
Dividend payments	(710)	(388)	(718)
Repurchase of own shares	(625)	-	-
Cash in-/outflow from financing activities	9,333	66,221	70,219
Changes in funds to companies included in the consolidation	(1,991)	3,244	1,224
Changes in cash and cash equivalents effected by payments	(16,617)	16,324	18,832
Exchange-rate-related change in cash and cash equivalents	(2,010)	2,975	1,034
Cash and cash equivalents at the beginning of the period	22,278	4,480	4,480
Cash and cash equivalents at the end of the period	7,671	17,829	22,278
Overall change in cash and cash equivalents	(16,617)	16,324	18,832

DICOM GROUP PLC
INTERIM REPORT Q3 2000/01
NOTES (IAS)

1. BASIS OF PREPARATION

The interim financial statement in accordance with IAS has been prepared in accordance with the accounting policies set out in, and is consistent with, the Group's 2000 financial statement ("Geschäftsbericht IAS") except that the taxation charge for the period is based on the estimated charge for the year to 30 June 2001.

2. RESULTS

The Group reports sales for the nine months to 31 March 2001 up 53% at EUR 172.2m (2000: EUR 112.6m). Operating profits before goodwill amortisation is EUR 12,287,000 (2000: EUR 4,107,000), up 199%. Profit before tax is reported at EUR 9,384,000 (2000: EUR 2,867,000), up 227%. After tax and minority interests earnings per share is reported at EUR 0.27 (2000: EUR 0.14), adjusted earnings per share is EUR 0.41 (EUR 0.31).

3. EARNINGS PER SHARE

Basic Earnings per share EUR 0.27 (EUR 0.14) for the nine months to 31 March 2001 has been calculated based on the profit attributable to shareholders of EUR 5,593,000 (EUR 2,071,000) using the weighted average number of Ordinary Shares in issue 20,683,997 (14,788,262) during the period.

Adjusted Earnings per share EUR 0.41 (EUR 0.31) for the nine months to 31 March 2001 is based on profit of EUR 8,423,000 (2000: EUR 4,650,000), being adjusted by the amortisation of goodwill of EUR 2,830,000 (EUR 1,181,000). The results of the previous year were also adjusted for the results of the discontinued activities of EUR 1,398,000.

Diluted Earnings per share EUR 0.27 (EUR 0.14) for the nine months to 31 March 2001 is based on 20,898,317 (15,125,883), 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.

4. RECONCILIATION FROM IAS TO UK GAAP

	As at 31 MARCH 2001	As at 31 MARCH 2000	As at 30 JUNE 2000
Shareholders' funds in accordance with IAS (EUR '000)	117,567	105,580	107,629
Converted to Sterling (£'000)	72,735	63,330	68,115
Differences arising from goodwill on acquisition (£'000)	(7,468)	(9,504)	(7,936)
Differences relating to the recognition of deferred tax assets (£'000)	(1,567)	(1,322)	(1,478)
Differences relating to the treatment of treasury stock (£'000)	483	92	99
Shareholders' funds in accordance with UK GAAP (£'000)	64,183	52,596	58,800
Exchange rate applied	1.62	1.67	1.58

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	9 MONTHS TO 31 MARCH 2001	9 MONTHS TO 31 MARCH 2000	YEAR TO 30 JUNE 2000
Profit after taxation in accordance with IAS (EUR '000)	5,721	1,809	3,322
Converted to Sterling (£'000)	3,518	1,147	2,087
Differences relating to the treatment of deferred taxes	-	-	9
Differences relating to the treatment of goodwill on acquisitions (£'000)	375	420	576
Profit after taxation in accordance with UK GAAP (£'000)	3,893	1,567	2,672
Exchange rate applied	1.63	1.58	1.59