

GLOBAL IMAGING SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2006	2005	2006	2005
Revenues:				
Equipment and supplies sales .....	\$ 205,853	\$ 190,325	\$ 618,271	\$ 567,825
Service and rentals .....	71,625	66,519	209,927	194,159
Total revenues .....	<u>277,478</u>	<u>256,844</u>	<u>828,198</u>	<u>761,984</u>
Costs and operating expenses:				
Cost of equipment and supplies sales .....	130,848	119,889	396,894	361,650
Service and rental costs .....	38,127	34,909	110,227	101,334
Selling, general and administrative expenses ..	76,547	71,917	227,138	212,876
Intangible asset amortization .....	485	458	1,391	1,347
Total costs and operating expenses .....	<u>246,007</u>	<u>227,173</u>	<u>735,650</u>	<u>677,207</u>
Income from operations .....	31,471	29,671	92,548	84,777
Other income .....	-	-	1,194	-
Loss on early extinguishment of debt .....	-	-	(1,045)	-
Interest expense .....	<u>(3,046)</u>	<u>(3,631)</u>	<u>(9,509)</u>	<u>(10,402)</u>
Income before income taxes .....	28,425	26,040	83,188	74,375
Income taxes .....	<u>10,972</u>	<u>9,947</u>	<u>32,110</u>	<u>28,364</u>
Net income .....	<u>\$ 17,453</u>	<u>\$ 16,093</u>	<u>\$ 51,078</u>	<u>\$ 46,011</u>
Net income per common share:				
Basic .....	<u>\$ 0.35</u>	<u>\$ 0.35</u>	<u>\$ 1.02</u>	<u>\$ 1.00</u>
Diluted (a) .....	<u>\$ 0.34</u>	<u>\$ 0.32</u>	<u>\$ 0.99</u>	<u>\$ 0.91</u>
Weighted average number of shares outstanding:				
Basic .....	50,551	46,141	49,842	46,154
Diluted .....	51,599	51,935	51,981	51,943

(a) The calculation of diluted earnings per common share assumes the conversion of convertible notes issued in May 2003 resulting in 4,814 additional shares for the three months ended December 31, 2005, and 1,144 and 4,814 additional shares for the nine months ended December 31, 2006 and 2005, respectively. For purposes of diluted earnings per common share, net income for the three months ended December 31, 2005 includes the addback of \$442, representing interest and financing fee expense, net of taxes, associated with the convertible notes. For the nine months ended December 31, 2006 and 2005, net income includes the addback of \$219 and \$1,326, respectively. All previously outstanding convertible notes were converted to common stock as of June 9, 2006.

Reconciliation of Net Income to EBITDA  
and Adjusted EBITDA:

Net income .....	\$ 17,453	\$ 16,093	\$ 51,078	\$ 46,011
Income taxes .....	10,972	9,947	32,110	28,364
Interest expense .....	3,046	3,631	9,509	10,402
Amortization .....	485	458	1,391	1,347
Depreciation .....	4,226	4,163	12,475	12,254
EBITDA .....	<u>36,182</u>	<u>34,292</u>	<u>106,563</u>	<u>98,378</u>
Other income .....	-	-	(1,194)	-
Loss on early extinguishment of debt .....	-	-	1,045	-
Adjusted EBITDA .....	<u>\$ 36,182</u>	<u>\$ 34,292</u>	<u>\$106,414</u>	<u>\$ 98,378</u>

GLOBAL IMAGING SYSTEMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)  
(In thousands)

	December 31, 2006	March 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 9,386	\$ 51,610
Accounts receivable, net .....	141,859	131,497
Inventories .....	109,381	98,073
Other current assets.....	15,855	14,757
Total current assets.....	276,481	295,937
Rental equipment, net.....	17,401	15,687
Property and equipment, net .....	19,053	17,810
Goodwill and other assets .....	585,115	555,223
Total assets.....	<u>\$ 898,050</u>	<u>\$ 884,657</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities .....	\$ 90,576	\$ 102,500
Current maturities of long-term debt .....	22	2,133
Deferred revenue.....	28,172	27,159
Income taxes payable.....	5,887	7,711
Total current liabilities .....	124,657	139,503
Deferred income taxes.....	47,113	42,247
Long-term debt, less current maturities.....	205,060	260,713
Other long-term liabilities .....	—	976
Total liabilities .....	376,830	443,439
Total stockholders' equity .....	521,220	441,218
Total liabilities and stockholders' equity .....	<u>\$ 898,050</u>	<u>\$ 884,657</u>

GLOBAL IMAGING SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(In thousands)

	Nine Months Ended December 31,	
	2006	2005
<b>OPERATING ACTIVITIES:</b>		
Net income .....	\$ 51,078	\$ 46,011
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation .....	12,475	12,254
Amortization .....	1,391	1,347
Amortization of financing fees.....	490	823
Other income.....	(1,194)	-
Non-cash portion of loss on early extinguishment of debt .....	1,045	-
Tax benefit of stock option exercises and vested restricted stock.....	(3,866)	1,978
Deferred income tax expense .....	5,170	5,631
Stock-based compensation expense .....	2,494	1,261
Changes in operating assets and liabilities, net of amounts acquired in purchase business combinations:		
Accounts receivable .....	(7,451)	(9,822)
Inventories.....	(8,809)	(6,289)
Prepaid expenses and other current assets .....	(1,387)	(1,888)
Other assets .....	220	807
Accounts payable .....	(15,196)	(10,556)
Accrued liabilities, compensation and benefits and interest .....	(3,160)	(5,519)
Deferred revenue.....	(1,990)	(371)
Income taxes payable .....	2,042	5,320
Other long-term liabilities.....	-	976
Net cash provided by operating activities .....	33,352	41,963
<b>INVESTING ACTIVITIES:</b>		
Purchases of property, equipment and rental equipment ..	(14,537)	(14,761)
Proceeds from sale of technology training division assets	1,575	-
Purchases of businesses, net of cash acquired.....	(29,697)	(13,879)
Net cash used in investing activities .....	(42,659)	(28,640)
<b>FINANCING ACTIVITIES:</b>		
Payments on long-term debt.....	(285,389)	(33,419)
Proceeds from issuances of long-term debt.....	285,125	31,728
Financing fees paid .....	(2,143)	(19)
Purchases of treasury stock .....	(45,129)	(20,000)
Stock options exercised.....	10,753	4,294
Tax benefit of stock option exercises and vested restricted stock .....	3,866	-
Net cash used in financing activities .....	(32,917)	(17,416)
Net decrease in cash and cash equivalents .....	(42,224)	(4,093)
Cash and cash equivalents, beginning of period .....	51,610	25,365
Cash and cash equivalents, end of period .....	\$ 9,386	\$ 21,272
Non-cash financing activity:		
Conversion of convertible notes to common stock, net	\$ 56,081	\$ -
Treasury stock issued for business purchases .....	\$ 1,100	\$ 920

Note: Certain prior year amounts have been reclassified to conform to the current year presentation.

#####