



12 February 2002

Interim results for the six months ended 31 December 2001

NETCALL PLC

("Netcall" or "the Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2001

Netcall sells products and services to call and contact centres. Its innovative flagship product, QueueBuster™, enables call centres to manage call queuing, reduce costs and enhance customer service. Netcall announces today interim results for the six months ended 31 December 2001.

HIGHLIGHTS

- Turnover on continuing operations increased by 28% to £0.44m (2000: £0.34m)
- Gross margins improved to 81.5% (2000: 68.4%)
- Losses before tax reduced by 25% to £1.1m (2000: £1.4m), after charging £0.14m in reorganisation costs
- Sales of QueueBuster systems, totalling in excess of £0.22m, to NPower Yorkshire Limited and Dwr Cymru Welsh Water
- Eight QueueBuster trials in process with blue chip customers and 100% track record in converting trials into fully configured system sales
- Exceptional customer satisfaction survey results showing delivery of real benefits
- Successful first beta trials of QueueBuster service
- Business management system registered to ISO9001:2000 in December 2001

Brian Gowers, Chairman of Netcall, said today:

"The commercial effectiveness of QueueBuster is proven in the market as evidenced by orders from six customers and eight trials, compared with only one customer and one trial last year. These blue chip sales provide a significant base from which we can confidently address the £250 million market opportunity for QueueBuster in the UK."

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CHAIRMAN'S STATEMENT

The six months ended 31 December 2001 has seen further progress made towards Netcall's goal of becoming a leader in intelligent telephony solutions. All of the Company's activities are now directed towards servicing the large sales opportunity with the 3,000 call centres in the UK.

Trading Results

During the first half, Netcall announced sales of QueueBuster systems to NPower Yorkshire Limited and Dwr Cymru Welsh Water. These two new utility customer orders, totalling in excess of £220,000, have quickly followed Netcall's first sale in this sector to Thames Water Utilities in June 2001, and bring the number of blue chip customer reference sites for QueueBuster to six.

Netcall has been able to demonstrate a compelling return on investment business case for QueueBuster in sales, customer service and regulated environments. Customers see the benefits immediately, in the form of reduced lost calls, reduced talk times, reduced telephony costs and increased customer satisfaction ratings. Eight QueueBuster trials are in process with telecommunications, utility and professional services organisations. The Company is proud of its continued 100% track record of converting trials into fully configured system sales.

The sales cycle for QueueBuster has been longer than originally anticipated but evidence of growing market acceptance, excellent customer satisfaction, plus strong technical and quality validation are now enabling quicker sales. I now confidently expect the established pipeline to convert into strong sales momentum.

In the six months to 31 December 2001, turnover from continuing operations increased by 28 per cent. to £435,000 from £341,000 during the same period in 2000. The loss before taxation was £1.07 million (2000: £1.43 million) including some £137,000 in reorganisation costs. Cash in the bank at 31 December 2001 was £0.7m.

Customer Satisfaction

During November 2001, The Future Foundation conducted a customer satisfaction survey amongst 400 users of QueueBuster and 100 call center agents dealing with QueueBuster customers. The survey found extremely high customer and agent satisfaction ratings and improved overall perceptions of the companies offering QueueBuster to their customers.

Some 97% of callers agreed that it would be good if more call and contact centres offered the QueueBuster option. And 93% of agents believed that QueueBuster reduced the levels of angry and frustrated customers. Finally, 85% of respondents said it had improved their opinion of the companies providing the QueueBuster option.

The Future Foundation commented, that for a new technology, these customer satisfaction ratings were exceptionally high.

Compatibility, Resilience and Quality Systems

QueueBuster systems are compatible with all telephony switches (PBXs) and all automatic call distribution systems (ACDs) on the market. To date, Netcall has demonstrated this with telephony equipment from the following major manufacturers: Alcatel, Aspect, Avaya, Ericsson, Lucent, Nortel, Rockwell and Siemens, also with a range of DMS switches.

Netcall's core technology platform continues to be enhanced and developed to enable the Company to continue to innovate to meet, and exceed, customer requirements. In the first half, Netcall completed the relocation of its servers and telephony nodes, thereby making its infrastructure fully resilient and hosted. The Company's intelligent telephony service now runs from two Worldcom secure data and telephony centres in London.

The scope and depth of Netcall's service has been developed to target it more effectively at the SME market on a pay-as-you-go basis. Successful beta trials, of QueueBuster functionality delivered as a service, and a dial-through service for media and content owners, were undertaken in the first half. All sales of service-based offerings are now made via the indirect channel to over 4,500 customers.

In December 2001, NetCall Telecom's business management system was registered to ISO9001:2000 standard by Lloyd's Register Quality Assurance (LRQA). This, highly respected third party quality registration, will significantly assist Netcall in pursuing its chosen market of enterprise solutions sales to blue chip corporate customers.

Board Changes

There have been a number of changes in the Board in the first half, reflecting the Company's focus on sales into the enterprise systems and telecommunications markets.

In December 2001, I became non-executive Chairman replacing Peter Warry who resigned to pursue other business interests; John Burnett resigned as a non-executive director and Jim Sutherland joined the Board as sales director. Jim was previously director of business development at NetCall Telecom, the Company's principal operating subsidiary, and has been instrumental in building up the QueueBuster sales proposition. Jim joined the group in September 2000 and has 22 years experience in the enterprise systems market place.

Current Trading and Outlook

Netcall has established a blue chip customer reference base, achieved excellent customer satisfaction ratings, successfully undergone rigorous technical and quality systems testing and has assembled an experienced team to develop enterprise systems sales. We are targeting call centres in the finance, utility and telecoms vertical market sectors. A mix of direct sales and indirect channel sales will be used to accelerate penetration of the £250 million market opportunity for QueueBuster in the UK. I believe Netcall is well placed to build on the progress to date and to move to the next phase of its growth.

Brian Gowers

Chairman

12 February 2002

NETCALL PLC

Consolidated Profit and Loss Account

	Six Months to 31st Dec 2001	Six Months to 31st Dec 2000	Year Ended 30th June 2001
	£	£	£
TURNOVER			
Continuing operations	435,099	340,691	652,888
Discontinued operations		23,000	23,000
	435,099	363,691	675,888
Cost of Sales	(80,398)	(130,297)	(252,546)
GROSS PROFIT	354,701	233,394	423,342
OPERATING COSTS			
Administration and other operating expenses	1,487,821	1,657,591	3,749,551
Other operating income			15,000
OPERATING (LOSS)/PROFIT			
Continuing operations	(1,133,120)	(1,369,725)	(3,297,712)
Discontinued operations		(54,472)	(13,497)
(LOSS)/PROFIT BEFORE INTEREST	(1,133,120)	(1,424,197)	(3,311,209)
Interest receivable	66,998	16,077	68,699
Amounts written off investments			(4,500,000)
Interest payable	(47)	(22,853)	(25,677)
(LOSS)/PROFIT BEFORE TAXATION	(1,066,169)	(1,430,973)	(7,768,187)
Taxation			40,699
NET (LOSS)/PROFIT	(1,066,169)	(1,430,973)	(7,727,488)
Loss per ordinary share	(2.94p)	(4.74p)	(23.26p)

NETCALL PLC

Consolidated Balance Sheet

As at 31st Dec 2001	As at 31st Dec 2000	As at 30th June 2001
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	£	£	£
Fixed Assets			
Intangible assets	16,805	11,652	14,743
Tangible assets	227,080	269,408	263,039
Investments	350,000	4,650,000	350,000
	593,885	4,931,061	627,782
Current assets			
Stock	54,932		
Debtors due within one year	438,823	646,297	503,049
Debtors due after more than one year		34,778	-
Cash and bank and in hand	746,811	3,568,654	1,916,985
	1,240,566	4,249,729	2,420,034
Creditors: amounts falling due within one year			
Bank loans and overdrafts	39,260		123,667
Trade creditors	147,271	265,030	131,337
Other creditors including taxation and social security	166,054	263,211	243,901
	352,585	528,240	498,905
Net current assets	887,981	3,721,489	1,921,129
Total assets less current Liabilities			
Liabilities	1,481,866	8,652,550	2,548,911
Creditors: amounts falling due after one year	(1,415)	(3,500)	(2,291)
	1,480,451	8,649,050	2,546,620
Capital and Reserves			
Called up share capital	1,814,513	1,892,638	1,814,513
Share premium account	14,518,380	14,274,305	14,518,380
Special and capital reserves	245,055	245,055	245,055
Profit and Loss Account	(15,097,497)	(7,762,947)	(14,031,328)
	1,480,451	8,649,050	2,546,620

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2001

Notes to the Interim Statement

1. For the purposes of Section 240 of the Companies Act 1985:
 - (a) this Interim report does not constitute a set of statutory accounts. The interim financial information has been prepared on the basis of the accounting policies which were applied in preparation of the annual financial statements to 30 June 2001;
 - (b) statutory accounts in respect of the year to 30 June 2001 have been delivered to the Registrar of Companies and those accounts were subject to an unqualified report by the Auditors. Accounts for the six months periods ended 31 December 2000 and 31 December 2001 have not been delivered to the Registrar of Companies.
2. The Board has not declared an interim dividend to shareholders (2000: 0 pence per share).
3. The loss per ordinary share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of 36,290,267 ordinary shares in issue during the six months ended 31 December 2001 (31 December 2000: 30,214,549 and 30 June 2001: 33,222,442).
4. Administration and other operating expenses includes £136,536 relating to reorganisation costs (31 December 2000: Nil and 30 June 2001: £186,0250).
5. Copies of this interim report are being sent to all shareholders on the Register of Members on 12 February 2002. Further copies of the Interim Statement are available from the Registered Office of the Company: 10 Harding Way, St. Ives, Cambs. PE27 3WR and from the Company's web site: www.netcall.com.

Visit www.netcall.com for further information.