

STRICTLY CONFIDENTIAL

EMBARGOED UNTIL 7.30AM ON MONDAY 27th. JANUARY, 2003

**NETCALL PLC
("Netcall" or "the Company")**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

Netcall sells products and services to contact centres. Its innovative flagship product, QueueBuster™, manages call queuing, reduces costs and enhances customer service. Netcall announces today interim results for the six months ended 31 December 2002.

HIGHLIGHTS

- 89% increase in turnover to £0.83m (2001: £0.44m).
- 83% increase in gross margin to £0.64m (2001: £0.35m).
- 69% decrease in loss per ordinary share to 0.92p (2001: 2.94p).
- Significant new sales of QueueBuster since the start of the year to BT, Royal & Sun Alliance, Cooperative Bank, Linklaters Alliance, United Utilities and Vertex.

Brian Gowers, Chairman of Netcall, said today:

"The six months ended 31st December 2002 has seen real progress made towards Netcall's goal of becoming a significant supplier of contact centre solutions. The company has now implemented our flagship product, QueueBuster in numerous major UK contact centre sites. Repeat business from customers and a steady increase in the number of blue chip companies now in our prospect pipeline are firm evidence of the impact that the product has on their customer satisfaction and productivity."

Operations

Following the year end June 2002, Netcall announced sales of QueueBuster to BT, Vertex Data Sciences, United Utilities and Linklaters Alliance. Further progress has been achieved since those announcements with sales to Royal & Sun Alliance and a second sale to Co-operative Bank. This firmly establishes our market position in the financial services sector. Successful implementation of all these orders has been achieved.

We continue to focus on customers with multiple contact centres in the Financial, Telecoms and Utilities sectors. Two trials are underway with major financial institutions and we are at an advanced stage of negotiations for two more trials and three purchase agreements for new and existing customers. Some of these installations are expected to be in Europe and will underline the international relevance of the product.

Our product development programme is now crystallising as the two sites running beta trials of our QueueBuster Service application report positive results that open up an opportunity to expand our market. We are also working on significant enhancements to the core technology platform which should see further new products emerge within six months.

Results and Balance Sheet

The results for the six months to December 2002 show turnover of £0.83m (2001: £0.44m). This is consistent with market expectations despite a change in revenue recognition policy. A more conservative policy has been adopted by the board, whereby all maintenance, support and licence income is now spread over the life of the contract. This change of policy has decreased turnover by £0.17m, and this amount is now included in the balance sheet as deferred revenue, to be recognised over the next twelve months.

Strong cost control has enabled administration expense to be reduced by 27% on the prior year. The resulting net loss was reduced to £0.49m (2001: £1.07m). Loss per ordinary share has reduced to 0.92p (2001: 2.94p).

In August 2002, the company received £0.97m following a placing announced in July 2002.

Cash at the bank at 31st December 2002 was £0.81m.

People

As expected, the focus on QueueBuster has enabled the team at Netcall to improve productivity radically, whilst continuing to receive very positive customer feedback on the quality of our products and services. This is evidenced by reducing expenses, repeat orders and ISO 9002 accreditation.

Prospects

As the number of installations has increased we have been able to substantiate all of our claims for QueueBuster and back these up with hard data. The product is non-invasive, integrates seamlessly with existing contact centre technology and delivers productivity savings in the order of 10%, whilst radically improving customer satisfaction levels and reducing agent stress.

As the evidence has accumulated it has become apparent that the company must now start to address the international opportunities afforded to us. We believe we can move forward on this with some assurance but inevitably additional management emphasis will be needed to effect a satisfactory outcome. As a consequence, following the AGM I accepted the board's invitation to become executive chairman and look forward to developing the exciting prospects for this company.

27 January 2003

Enquiries:

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NETCALL PLC

Consolidated Profit and Loss Account

Six Months to Six Months to Year Ended

	31st Dec 2002 £	31st Dec 2001 £	30th June 2002 £
TURNOVER	829,409	435,099	861,231
	<hr/> 829,409	<hr/> 435,099	<hr/> 861,231
Cost of Sales	<u>(189,873)</u>	<u>(80,398)</u>	<u>(181,331)</u>
GROSS PROFIT	639,536	354,701	679,900
OPERATING COSTS			
Administration and other operating expenses	1,129,798	1,487,821	2,745,779
OPERATING LOSS	<hr/> (490,262)	<hr/> (1,133,120)	<hr/> (2,065,879)
LOSS BEFORE INTEREST	(490,262)	(1,133,120)	(2,065,879)
Interest receivable	2,794	66,998	74,183
Amounts written off investments	-	-	(350,000)
Finance costs	(3,422)	(47)	(531)
LOSS BEFORE TAXATION	<hr/> (490,890)	<hr/> (1,066,169)	<hr/> (2,342,227)
Taxation	-	-	92,110
NET LOSS	<hr/> (490,890)	<hr/> (1,066,169)	<hr/> (2,250,117)
Loss per ordinary share	(0.92p)	(2.94p)	(6.2p)

NETCALL PLC

Consolidated Balance Sheet

As at 31st Dec 2002	As at 31st Dec 2001	As at 30th June 2002
£	£	£

Fixed Assets			
Intangible assets	51,968	16,805	19,315
Tangible assets	184,567	227,080	193,742
Investments	-	350,000	-
	<u>236,535</u>	<u>593,885</u>	<u>213,057</u>
Current assets			
Stock	96,260	54,932	50,500
Debtors due within one year	480,578	438,823	335,492
Cash and bank and in hand	805,775	746,811	149,514
	<u>1,382,613</u>	<u>1,240,566</u>	<u>535,506</u>
Creditors: amounts falling due within one year			
Bank loans and overdrafts	-	39,260	34,031
Trade creditors	251,482	147,271	101,762
Deferred revenue	271,399	60,844	85,155
Other creditors including taxation and social security	302,683	105,210	215,322
	<u>825,564</u>	<u>352,585</u>	<u>436,270</u>
Net current assets	<u>557,049</u>	<u>887,981</u>	<u>99,236</u>
Total assets less current Liabilities			
	793,584	1,481,866	312,293
Creditors: amounts falling due after one year			
	-	(1,415)	(393)
	<u>793,584</u>	<u>1,480,451</u>	<u>311,900</u>
Capital and Reserves			
Called up share capital	2,836,514	1,814,513	1,814,513
Share premium account	14,458,444	14,518,380	14,516,680
Special and capital reserves	245,055	245,055	245,055
Profit and Loss Account	<u>(16,746,429)</u>	<u>(15,097,497)</u>	<u>(16,264,348)</u>
	<u>793,584</u>	<u>1,480,451</u>	<u>311,900</u>

NETCALL PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

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 2002, with the exception of turnover. The policy is now to spread all turnover relating to maintenance, support and licence income over the period of the contract. The previous policy allowed for first year maintenance, support and licence income to be recognised on delivery of system.
 - (b) statutory accounts in respect of the year to 30 June 2002 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 2001 and 31 December 2002 have not been delivered to the Registrar of Companies.
2. The Board has not declared an interim dividend to shareholders (2001: 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 53,323,601 ordinary shares in issue during the six months ended 31 December 2002 (31 December 2001: 36,290,267 and 30 June 2002: 36,290,267).
 4. Administration and other operating expenses includes £106,518 relating to reorganisation costs (31 December 2001: £136,536 and 30 June 2002: £35,571).
 5. Copies of this interim report are being sent to all shareholders on the Register of Members on or before 7th. February 2003. 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.