



**08 November 2000**

**Preliminary results for the year ended 30 June 2000**

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

**PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2000**

**AND**

**PLACING OF 6.7 MILLION SHARES TO RAISE £ 4.4 MILLION**

Netcall invests in, develops and manages advanced internet-based technologies that help businesses to achieve integration of telephony in a wide range of applications. Netcall today announces preliminary results for the year ended 30 June 2000, together with a successful placing of 6.7 million new shares raising £4.4 million.

**HIGHLIGHTS**

- Six-fold increase in turnover on core technology activities and gross margins of 70 per cent
- Loss before tax £2.49 million (1999: £1.79 million)
- Significant initial sales of QueueBuster™, a revolutionary new customer service solution for call and contact centre management
- NetCall Classified™ gaining rapid acceptance in the media and publishing environment through the alliance with All4U
- Strategic partnership with Freeserve, the UK's largest Internet service provider, giving access to Freeserve's 2.0 million members
- Three new senior appointments: CFO, Sales and Marketing Director and Director of Business Development
- The announcement today of a placing to raise £4.4 million (net of expenses) through the issue of 6.7 new ordinary shares at a price of 70p per share.

- Proceeds to be used to expand the sales and marketing programme, for technology and new product development and for working capital purposes.

Jeffrey Rubins, Chairman of Netcall, said today:

*"We are pleased to have achieved our financial and operational targets. Netcall will continue to invest in its customer response management technology and generate increasing revenues from licensing software and delivering intelligent telephony services. We see a significant opportunity to demonstrate the power and effectiveness of our solutions on a much broader scale, which we are determined to exploit. The funds we have just succeeded in raising should enable this ambition to become a reality."*

**8 November 2000**

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

**PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2000**

**CHAIRMAN'S STATEMENT**

The year ended 30 June 2000 has seen further significant progress made towards Netcall's goal of becoming a leading technology company providing telephony-based solutions at the customer response interface. Netcall has continued to achieve its financial and operational targets and has made significant new sales into the international call and contact centre market.

Trading Results

In the year ended 30 June 2000, turnover on core NetCall Telecom activities increased more than six-fold to £702,698 (1999: £112,554). Gross margins on these activities remain extremely healthy at approximately 70 per cent., reflecting the Company's position as a provider of technology. As at 30 June 2000, all non-core activities had been sold or discontinued.

The net loss for the year was £2.49 million, with only a marginal increase in the loss per share of 9.98p (1999: 9.72p). Net assets have increased to £5.6 million, principally due to Netcall's investment in Telepost Inc., an applications service provider based in Los Gatos, CA. This investment was made as part of Netcall's strategic partnership with Freeserve (see below).

#### Significant Events

In November 1999, Netcall successfully raised £2.6 million (net) through a placing of four million new shares. The proceeds have been used to accelerate the marketing and promotion of the Company's solutions.

In April 2000, Netcall received a major endorsement of its solutions from Freeserve, the UK's largest Internet service provider. Under the terms of the agreement with Freeserve, the latter acquired an 8.6 per cent shareholding in Netcall. The agreement also provided for Netcall's solutions to be actively marketed to Freeserve's customer base and business partners, giving Netcall significantly greater exposure in a larger marketplace.

#### The Market Opportunity

Netcall's solutions have gained a high level of acceptance from over 3,000 customers, including AutoTrader, American Express, Bupa, BSM, Carphone Warehouse, Citibank, Halifax, Intel-Dialogic, One.Tel, Regus, Thomas Cook, UUNET, and Virgin.

Netcall's underlying service business has continued to grow at a consistent 14 per cent. per month through existing relationships with systems integrators and indirect sales channels. The launch of QueueBuster™ presents significant new opportunities in the call and contact centre market.

#### Senior Appointments

In the last 15 months, Netcall has made three new senior appointments. Caroline Brown has been appointed director and Chief Financial Officer following a 14 year career in corporate finance in the City. Steve Corkin has been appointed Sales and Marketing director and Jim Sutherland has recently joined from Sema Group as Business Development director of NetCall Telecom.

#### Fund Raising

We have successfully completed a placing of new ordinary shares to raise £4.4 million (net). Further details of the placing are provided overleaf. The funds raised will provide us with the necessary resources to continue Netcall's development plan.

### **Current Trading and Outlook**

We believe that Netcall is exceptionally well placed to take advantage of the opportunities that present themselves. Netcall has the technology platform, the solutions portfolio and the corporate strength to significantly expand its business in the dynamically evolving customer response market.

**Jeffrey Rubins**

**Chairman**

**8 November 2000**

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

**PLACING OF NEW SHARES TO RAISE £ 4.4 MILLION (NET) TO  
CONTINUE NETCALL'S DEVELOPMENT PLAN**

The Board today announces proposals for a placing of new shares raising £4.7 million (before expenses) to provide Netcall with additional funds for the expansion of its sales and marketing programme, for technology and new product development and for working capital purposes. This is to be effected by means of a conditional placing by Brewin Dolphin Securities Limited of 6.7 million new ordinary shares of 5p each in the capital of the Company ("New Ordinary Shares") at an issue price of 70p per New Ordinary Share ("the Placing").

The Placing is conditional upon approval by the Company's shareholders. Application will be made to the London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc. It is expected that dealings in the New Ordinary Shares will commence on 5 December 2000. The New Ordinary Shares will rank *pari passu* with the existing ordinary shares in the Company. A resolution to enable the Placing to take place will be proposed at the EGM to be held on 4 December 2000.

**Background to and reasons for the Placing**

In November 1999, the Company raised approximately £2.6 million (net of expenses) of new equity capital from institutional and other investors to finance: additional sales and marketing; recruitment of distribution partners; Board reinforcement; full evaluation of its market potential; and development of an enhanced growth plan. The Company has achieved these objectives and has sought additional new equity capital to continue to develop the business.

Over the past year the Company has established a solid foundation upon which it can now build. Operationally, all of the Group's efforts have been focused on NetCall Telecom Ltd. ("NetCall Telecom"), its chief operating subsidiary that both develops and markets commercial applications derived from the Group's technology.

NetCall Telecom's business has seen steady growth over the last financial year with the number of customers up 220 per cent., number of accounts up 330 per cent. and daily telephony usage up 260 per cent. The NetCall Classified™ service continues to gain acceptance in the media and publishing world and is

now carried by 15 regional newspaper titles in the UK. Netcall has built a dealer and reseller channel in the UK and is in the process of developing a similar activity in the US. In April 2000, we announced a strategic partnership with Freeserve, the UK's largest Internet service provider, and a 19.9 per cent. investment in Telepost Inc. In June 2000, we announced significant initial sales of QueueBuster™, our new customer service solution for call and contact centre management. Finally, during the last 15 months, three new senior appointments have been made: Caroline Brown as director and Chief Financial Officer of the Company; Steve Corkin as Sales and Marketing director of the Company; and Jim Sutherland as the new director of Business Development of NetCall Telecom Limited.

## **Recent Developments**

Businesses are increasingly focusing on customer service through the use of sophisticated electronic Customer Relationship Management ("eCRM") systems aimed at winning, knowing and keeping profitable customers. Netcall focuses on the customer response interface and specifically addresses customer service environments that are enhanced by voice contact.

The focal point for supply of eCRM services is to call and contact centres, the 'hubs' of many businesses that manage and control the response to customers and the subsequent fulfilment of their expectations. According to Datamonitor, the European call centre market is growing at 30 per cent. per annum, and UBS Warburg is predicting that the market for eCRM software will exceed 40 per cent. per annum growth and forecasts the eCRM software market to be worth over US\$8bn per annum by 2003.

The Company's new customer service solution for call and contact centre management, QueueBuster™, manages call queuing, costs and missed calls. QueueBuster™ can be implemented immediately and remotely as a service, requiring no investment in equipment, or as an installed solution with the Company's systems co-located at a customer's premises.

The Company's sales and marketing efforts are focused on direct sales of QueueBuster™ into the call and contact centre market and on indirect sales of the NetCall800™, NetCall Classified™ and HotDesk™ services to systems integrators and media and content owners.

## **Strategic objectives**

The Directors' objective is to develop the Company into a leading technology solutions provider at the customer response interface. The Directors intend to achieve this by enhancing the flexibility and functionality of the Company's proprietary HyperPhone Link® technology and to develop relevant products, services and solutions for businesses. The Company intends to continue to invest in customer response management technology and seek to increase revenues from licensing software and delivering intelligent telephony services.

The Company's priority target market is users of sophisticated eCRM systems to manage their customer interface and customer service. These users are principally call and contact centres. The Company intends to form strategic alliances and partnerships with systems integrators, consulting firms, media and content owners, Application Service Providers ("ASPs"), eCRM and Original Equipment Manufacturers ("OEMs") which the Directors believe would broaden and accelerate the Company's access to its target end-user markets.

#### Use of funds

It is envisaged that the proposed fund raising of approximately £4.4 million after expenses (which are estimated to be £0.27 million) will be applied to three main areas:

### **1. *Investment in sales and marketing programme***

The Company intends to increase its direct sales force over the next 12 months. Sales and marketing activities will focus on the fastest expanding vertical markets that have the greatest need for voice interaction: financial services; travel and leisure; classified advertising; and utilities (including telecoms). Partnerships with, or purchases of, complementary fulfilment businesses that could broaden the Company's distribution and accelerate access to target markets, will also be considered.

### **2. *New technologies and new product development***

A proportion of the new funds raised will be applied to the Group's on-going research and development programme to add form and functionality to its proprietary HyperPhone Link® technology. There are a number of technologies that would integrate well with the Group's existing technology and range of products, and the use of proceeds may include the purchase of both rights to intellectual property and complementary technology businesses.

### **3. *Working capital***

A proportion of the new funds raised will be applied to the working capital requirements of the Company and its subsidiaries.

## **Current trading and prospects**

The Company has today reported in its preliminary announcement a loss before tax of £2.49 million in the year ended 30 June 2000.

The Directors believe that the Company is now well placed to take advantage of the opportunities that present themselves in the customer response management market. The Company's products and services have already gained a high level of acceptance from our 3,000 customers, including AutoTrader, American Express, Bupa, BSM, Carphone Warehouse, Citibank, Halifax, Intel-Dialogic, One.Tel, Regus, Thomas Cook, UUNET and Virgin.

The Directors believe that significant new sales of the Netcall's QueueBuster™ solution together with continued development of the service business will provide strong revenue growth in the next year.

# NETCALL PLC

## Consolidated Profit and Loss Account

Year Ended 30 June 2000

Years ended 30 June	Notes	2000	1999
		£	£
<b>Turnover</b>			
- continuing operations		705,494	115,132
- discontinued operations		110,681	424,436
	1	816,175	539,568
Cost of sales		(242,394)	(128,391)
<b>Gross profit</b>		573,781	411,177
Administration expenses		(3,040,138)	(2,172,574)
<b>Operating loss</b>			
- continuing operations		(2,334,134)	(1,754,022)
- discontinued operations		(132,223)	(7,375)
Loss on disposal of discontinued operations		(45,856)	-
<b>Loss on ordinary activities before interest</b>		(2,512,213)	(1,761,397)
Interest receivable		60,073	24,465
Interest payable		(39,663)	(52,234)
<b>Loss on ordinary activities before taxation</b>		(2,491,803)	(1,789,166)

Tax on loss on ordinary activities	2	-	-
<b>Loss for the financial year</b>		<b>(2,491,803)</b>	(1,789,166)
Loss per ordinary share	3	<b>(9.98p)</b>	(9.72p)
Diluted loss per ordinary share	3	<b>(9.46p)</b>	(8.96p)

# NETCALL PLC

## Consolidated Balance Sheet

30 June 2000

Years to 30 June	2000		1999	
	£	£	£	£
<b>Fixed assets</b>				
Intangible assets		7,513		-
Tangible assets		291,149		266,674
Investments		4,550,000		-
		4,848,662		266,674
<b>Current assets</b>				
Debtors due within one year	964,385		364,912	
Debtors due after more than one year	34,778		169,778	
Cash at bank and in hand	393,243		128,255	
	1,392,406		662,945	
<b>Creditors: amounts falling due</b>				
<b>within one year</b>				
Bank loans and overdrafts	-		10,153	
Trade creditors	423,136		204,277	
Other creditors including taxation and				

social security	210,300		434,274	
	633,436		648,704	
<b>Net current assets</b>		<b>758,970</b>		14,241
<b>Total assets less current liabilities</b>		<b>5,607,632</b>		280,915
<b>Creditors: amounts falling due after</b>				
more than one year		(3,784)		(7,558)
		<b>5,603,848</b>		273,357
<b>Capital and reserves</b>				
Called up share capital		<b>1,458,191</b>		1,079,920
Share premium account		<b>10,147,637</b>		2,732,612
Special and capital reserves		<b>245,055</b>		245,055
Profit and loss account		<b>(6,247,035)</b>		(3,784,230)
<b>Equity shareholder's funds</b>		<b>5,603,848</b>		273,357

## NETCALL PLC

### PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2000

#### Notes to the Accounts

#### 1. Analysis of turnover

	2000	1999
Analysis of turnover by class of business	£	£
Installed solutions	376,000	-
Internet related telephony services	244,127	106,241
Bespoke software development	82,571	6,313
Commission and sundry income	2,796	2,578
Supply and maintenance of computer software/hardware*	12,694	69,764
Customer support and response centre services*	49,179	121,422
Corporate finance fee income*	17,108	201,350
Management services*	31,700	31,900
	<b>816,175</b>	539,568
*Discontinued operations		
All of the turnover arose from activities carried out in the United Kingdom		

	2000	1999
Geographical analysis of turnover by destination	£	£
United Kingdom	532,338	480,591
North America	55,098	28,700
Europe	228,739	30,277
	816,175	539,568

Statement of Standard Accounting Practice Number 25, Segmental Accounting, requires detailed information in respect of trading activities within a group where these activities are diverse. The directors are of the opinion that the disclosure of the information required by this standard would be seriously prejudicial to the interests of the group and therefore the information has not been included within these financial statements.

## 2. Tax on loss on ordinary activities

There is no liability to United Kingdom corporation tax on the results for the year (1999 - £nil).

## 3. Loss per ordinary share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The company has only one category of dilutive potential ordinary shares, those share options granted where the exercise price is less than the average price of the company's ordinary shares during the year.

	2000	1999
	£	£
Loss for the financial year	(2,491,803)	(1,789,166)

Basic and diluted earnings attributable to ordinary shareholders	<b>(2,491,803)</b>	(1,789,166)
Weighted average number of ordinary shares	<b>24,960,313</b>	18,410,009
Dilutive share options	<b>1,375,030</b>	1,549,445
Adjusted weighted average number of ordinary shares	<b>26,335,343</b>	19,959,454
Loss per ordinary share	<b>(9.98p)</b>	(9.72p)
Diluted loss per ordinary share	<b>(9.46p)</b>	(8.96p)

4. The "cash burn" rate over the period was approximately £200,000 per month.

5. The Directors do not recommend payment of a dividend.

6. The financial information set out does not constitute the Company's statutory accounts for the years ended 30 June 1999 or 2000, but is derived from those accounts. Statutory accounts for 1999 have been delivered to the Registrar of Companies and those for 2000 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

7. Copies of the full statutory accounts will be despatched to shareholders in due course. Further copies will be available from the Registered Office of the Company at 10 Harding Way, St Ives, Cambs PE27 3WR.

Visit [www.netcall.com](http://www.netcall.com) for further information.