



05 November 2002

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 June 2002

NETCALL PLC

("Netcall" or "the Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 June 2002

Netcall specialises in software and systems that add intelligence to telephony making it more effective and less time-consuming. Netcall today announces preliminary results for the year ended 30 June 2002.

KEY POINTS

- A 32% increase in turnover on continuing operations to £0.86m (2001: £0.65m)
- A 61% increase in gross margin on continuing operations to £0.68m (2001: £0.42m)
- A 44% decrease in adjusted loss per ordinary share to 5.14p (2001: 9.16p)
- Significant new sales of QueueBuster to Dwr Cyru Welsh Water, Npower (Innogy) and Co-operative Bank during the year
- Sales to Vertex Data Sciences, United Utilities and Linklaters since the year end
- Initial order received from BT for multiple QueueBuster systems in November

Brian Gowers, Chairman of Netcall, said today:

"Vertex captured the power of our proposition when they told us 'We can imagine life without QueueBuster, but would prefer not to'".

David Rothschild, CEO of Netcall, said today:

"CEO's know that call centre performance is crucial to the success of their business and we know that QueueBuster hits all their hot buttons".

NETCALL PLC

("Netcall" or "the Company")

STATEMENT ACCOMPANYING THE PRELIMINARY RESULTS

FOR THE YEAR ENDED 30 JUNE 2002

OPERATIONS

The strategy implemented last year to focus the company on its QueueBuster™ product is generating significantly improving performance.

A modest increase in turnover of 32% over the prior year masks the underlying strength of the business, as evidenced by the momentum of our sales pipeline in our chosen market sectors of utilities, finance and telecoms. We are engaged in the sales process with over twenty-five major companies who have recognised the substantial benefits that QueueBuster brings to the quality of customer service and call centre productivity.

During the year, we had success in the utility sector with orders from Dwr Cymru (Welsh Water) and Npower Yorkshire (Innogy) and made our first sale in the financial services sector to the Co-operative Bank. Since the year-end, we have underpinned our position in both of these sectors with orders from Vertex Data Sciences, United Utilities and Linklaters. Significantly, we have made further progress into the telecoms sector with initial orders from BT.

In July, we signed a Memorandum of Understanding with Committed Capital Pty, an Australian-based international executive capital company, specialising in the development and execution of business strategy. This arrangement should facilitate the securing of a global distribution partner for QueueBuster.

RESULTS AND THE BALANCE SHEET

The results for the year to 2002 show turnover on continuing activities of £0.86m (2001: £0.65m).

Our emphasis on value creation for our customers and the impact of post-sales recurring software licence and maintenance fees have together resulted in a gross margin percentage on sales of 79%, compared to 65% last year. Administration cost reduction has achieved an annual level which is 27% lower than the prior year. The resulting adjusted net loss on ongoing activities before exceptionals was £ 1.86m (2001: £3.04m). Adjusted loss per ordinary share has been reduced to 5.14p (2001:9.16p).

In July 2002, the Company arranged a placing to raise £970,000 (net of expenses). The shares were issued and funds received in August.

The directors made a decision to value any minority shareholdings in unquoted companies at zero and accordingly, at the end of the financial year we wrote down our investment in A114U.

PROSPECTS

I believe we now have in place all the elements to ensure the continued success of our strategy:

- QueueBuster, a product, which provides tangible and quantifiable benefits to our customers
- A core of Blue Chip, early adopting customers
- Global sales potential
- An efficient, well-focused organisation with the skills and drive to execute the strategy
- A sound, well-managed financial base.

I look forward with optimism.

Brain Gowers, Chairman

5th November 2002

Consolidated Profit and Loss Account

Year ended 30th June 2002

	Notes	2002	2001
		£	£
Turnover - continuing operations		861,231	652,888
- discontinued operations		-	23,000
		-----	-----
	1	861,231	675,888
Cost of sales		(181,331)	(252,546)
		-----	-----
Gross profit		679,900	423,342
		-----	-----
Administration expenses		(2,745,779)	(3,749,551)
Other operating income		-	15,000
		-----	-----
Operating loss – continuing operations		(2,065,879)	(3, 297,712)

– discontinued operations		-	(13,497)
		_____	_____
Loss on ordinary activities before interest		(2,065,879)	(3,311,209)
Interest receivable		74,183	68,699
Amounts written off investments		(350,000)	(4,500,000)
Interest payable		(531)	(25,677)
		_____	_____
Loss on ordinary activities before taxation		(2,342,227)	(7,768,187)
Tax on loss on ordinary activities	2	92,110	40,699
		_____	_____
Loss for the financial year		(2,250,117)	(7,727,488)
		=====	=====
Loss per ordinary share	3	(6.20p)	(23.26p)
		=====	=====
Diluted loss per ordinary share	3	(6.20p)	(23.63p)
		=====	=====

Consolidated Balance Sheet

30th June 2002

	2002		2001	
	£	£	£	£
Fixed assets				
Intangible assets		19,315		14,743
Tangible assets		193,742		263,039
Investments		-		350,000
		_____		_____

		213,057	627,782
Current assets			
Stocks	50,500	-	
Debtors	335,492	503,049	
Cash at bank and in hand	149,514	1,916,985	
	<hr/>	<hr/>	
	535,506	2,420,034	
Creditors: amounts falling due within one year			
Bank loans and overdrafts	34,031	123,667	
Trade creditors	101,762	131,337	
Other creditors including taxation and social security	300,477	243,901	
	<hr/>	<hr/>	
	436,270	498,905	
	<hr/>	<hr/>	
Net current assets		99,236	1,921,129
		<hr/>	<hr/>
Total assets less current liabilities		312,293	2,548,911
Creditors: amounts falling due after more than one year		(393)	(2,291)
		<hr/>	<hr/>
		311,900	2,546,620
		=====	=====

Capital and reserves

Called up share capital	1,814,513	1,814,513
Share premium account	14,516,680	14,518,380
Special and capital reserves	245,055	245,055
Profit and loss account	(16,264,348)	(14,031,328)
	<hr/>	<hr/>
Equity shareholders' funds	311,900	2,546,620
	=====	=====

Preliminary Results for the year ended 30 June 2002

Notes to the Accounts

1. Analysis of Turnover

	2002	2001
	£	£
Class of business:		
Installed solutions	432,649	348,515
Telephony services	427,018	294,034
Bespoke software development	-	7,500
Commission and sundry income	1,564	2,839
	<hr/>	<hr/>
	861,231	652,888
	<hr/>	<hr/>
Corporate finance fee income Q	-	23,000
	<hr/>	<hr/>
	861,231	675,888
	=====	=====

Q Discontinued operations

Geographical analysis by destination:	2002	2001
	£	£
United Kingdom	808,114	407,496
North America	36,290	44,400
Europe	13,959	27,451
Rest of the World	2,868	196,541
	-----	-----
	861,231	675,888
	=====	=====

2. Tax on loss on ordinary activities

The corporation tax receivable arises from the availability of a tax credit on NetCall Telecom Ltd's expenditure on research and development activities.

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.

	2002	2001
	£	£
Loss for the financial year	(2,250,117)	(7,727,488)
	-----	-----
Basic and diluted earnings attributable to ordinary shareholders	(2,250,117)	(7,727,488)
	=====	=====

Weighted average number of ordinary shares	36,290,267	33,222,442
Effect of dilutive share options	-	(528,223)
	-----	-----
Adjusted weighted average number of ordinary shares	36,290,267	32,694,219
	=====	=====
Loss per ordinary share	(6.20p)	(23.26p)
	=====	=====
Diluted loss per ordinary share	(6.20p)	(23.63p)
	=====	=====
Loss for the financial year	(2,250,117)	(7,727,488)
Exceptional reorganisation costs	35,571	186,025
Exceptional write off of investment	350,000	4,500,000
	=====	=====
Adjusted loss	(1,864,546)	(3,041,463)
Adjusted loss per ordinary share	(5.14p)	(9.16p)

4. On 8th August 2002 the Company raised £970,000, net of placing expenses, through a placing of 20,240,000 new ordinary shares at 5p per share.
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 2001 or 2002, but is derived from those accounts. Statutory accounts for 2001 have been delivered to the Registrar of Companies and those for 2002 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 for further information.