

16<sup>th</sup> September 2009



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

**Final Results**

Netcall plc (AIM: NET), a leading provider of software solutions to the contact centre market, announces Final Results for the year ended 30 June 2009.

**Financial Highlights**

- Revenue increased 9% to £3.93m (2008: £3.60m)
- Gross profit margin increased to 90% (2008: 89%)
- Profit from operations improved by 46% to £0.83m (2008: £0.57m)
- Adjusted profit\* increased 38% to £0.98m (2008: £0.71m)
- Adjusted earnings per share increased 53% to 1.18p (adjusted 2008: EPS\*\*: 0.77p)
- Cash position improved by 43% to £4.16m (2008: £2.92m), after £0.45m invested in share buy-back programme during the year
- Net assets increased 14% to £4.49m (2008: £3.95m)

\* before share based charges

\*\*2008 earnings per shares adjusted for a tax credit arising from initial recognition of deferred tax asset

**Operational Highlights**

- Continued broadening of the customer base, with strong growth in non-Financial Services sectors
- Increased contribution to revenues through distribution partners such as Cable & Wireless and BT, providing 58% of total revenues (2008: 52%)
- Appointment of Michael Jackson as Chairman in March 2009

**Henrik Bang, CEO of Netcall**, commented: "Netcall has made very good progress this year, performing ahead of original expectations with the Company's strong operational foundation and market leading products delivering both revenue and profit growth. Combined with a strong cash position and healthy pipeline Netcall is well placed to move ahead with its development plans and deliver significant shareholder value in the future."

**For further enquiries, please contact:**

**Netcall plc**  
Henrik Bang, CEO

**Tel. +44 (0) 1480 495300**

**Evolution Securities**  
Robert Collins / Tim Redfern

**Tel. +44 (0) 20 7071 4300**

**ICIS Limited**  
Tom Moriarty / Caroline Evans-Jones

**Tel. +44 (0) 20 7651 8688**

**About Netcall**

Netcall is a U.K. company listed on the AIM market of the London Stock Exchange. Based near Cambridge, Netcall develops and supplies innovative communication solutions to organisations of all sizes, including many blue-chip companies with global contact centre operations. As a leading specialist in callback, auto-messaging and contact solutions, Netcall helps organisations globally to increase profits and productivity while improving customer satisfaction and employee morale.

Solutions are deployed either onsite or as hosted managed services using Netcall's Intelligent Communications Platform (ICP). The Company has more than a decade's experience owning and running a high-availability service platform co-located with international carriers. Netcall's customer list includes Anglian Water, Birmingham City Council, BT, BUPA, Cable & Wireless, First Direct, Halifax, Interflora, Lloyds TSB, McAfee, npower, Oracle, Prudential and RBS (The Royal Bank of Scotland Group).

Please visit [www.netcall.com](http://www.netcall.com) for more information.

## **Chairman's and Chief Executive's Statement**

Netcall made significant progress in the financial year. Against a backdrop of economic uncertainty, Netcall's market leading products, extensive customer base and focused operations have enabled the Company to deliver results ahead of expectations. The Group's fundamentals have continued to strengthen with an increasing cash balance, no debt and a high level of recurring revenues.

The Board therefore believes Netcall is well positioned for future growth, capitalising on the Company's financial strength, established reputation and broad customer base. We are confident that we have the team, the market position and strong fundamentals required to deliver upon our growth strategy in the years ahead generating increased value for our shareholders.

## **Financials**

Revenue for the year increased by 9% to £3.93 million (2008: £3.60m), with our Hosted Services offering showing strong growth of 17% to £2.08 million (2008: £1.78 million).

Sales coming through our distribution partners increased by 21% to 58% (2008: 52%) of total revenue. This included a growing contribution from the hosted platform integrated into the Cable & Wireless infrastructure.

The proportion of revenues generated in the year which are recurring in nature, being hosted services revenue and maintenance and support agreements, grew to 79% (2008: 78%) of total revenues, thereby providing visibility for the year ahead.

Our continued focus on cost control resulted in the gross profit margin increasing to 90% compared to 89% in 2008. Operating costs for the year remained steady at £2.69 million (2008: £2.64 million) with fixed costs decreasing by 9% to £2.32 million (2008: £2.55 million) and variable costs increasing to £0.37 million (2008: £0.09 million). As a result operating costs decreased from 73% to 69% of revenues.

The Group consequently generated a 46% growth in operating profit before interest and share based charges to £0.83 million (2008: £0.57 million) corresponding to an operating margin increase from 16% to 21%.

Profits including interest and before share based charges and tax grew by 38% to £0.98 million compared with £0.71 million the previous year, resulting in a margin improvement to 25% (2008: 20%). Profits after share based charges grew by 48% to £0.75 million (2008: £0.51million).

Adjusting for a one off tax credit in 2008 (arising from the credit created on the initial recognition of a deferred tax asset), underlying basic earnings per share increased 53% in the year from 0.77p in 2008 to 1.18p.

Netcall's cash position improved by 43% to £4.16 million at 30 June 2009 (2008: £2.92 million), reflecting the strongly cash-generative nature of the business. The underlying strength of the business also resulted in a 14% growth in net assets which increased to £4.49 million (2008: £3.95 million).

During the year, Netcall invested £0.45 million in a share buy-back programme resulting in the Group purchasing and applying for cancellation of 3,750,206 ordinary shares of 5p each purchased at a weighted average price of 11.77p.

## **Operations**

Our flagship product, QueueBuster, continues to be well received in its market. Together with the rest of the Company's portfolio of call centre offerings, Netcall continues to deliver strong performance metrics on both our customer premises and hosted platforms, enabling our customers to reduce costs and increase operational efficiencies whilst continuing to provide high levels of customer service and satisfaction.

Waiting to speak to a call centre agent remains one of the greatest causes for customer dissatisfaction among the public and during the year QueueBuster continued to handle millions of calls where callers, rather than waiting on the line, received a call back when an agent was free, resulting in improved call centre efficiencies and customer satisfaction while saving the public from hundreds of years of telephone queuing.

One of the key strengths of the Company continues to be its extensive, high calibre customer base. During the year we experienced growth across several sectors, with the addition of new key customers in the government and communication sectors in particular. In addition, there was an increase in international revenues which included new customer acquisitions in Europe and North America.

The development in customer mix resulted in an improved balance in sector revenue generation, with non-financial services sector revenue growing from 45% to 59% of total revenues. Additionally, a number of our existing customers continued to expand the use of Netcall's products and services rolling out our solutions to additional parts of their businesses. During the year, Netcall also renewed its Maintenance & Support agreement for installations used by BT for a further three years.

The revenue from our distribution partners continued to increase and in line with our strategy represents an increasing share of Netcall's total revenues, complementing our direct sales team. Our key distribution partners, BT and Cable & Wireless, secured several significant new customers during the year and we continued to build our third party network of call centre specialists which also had a positive effect on revenues.

On 23 March 2009, Netcall announced the appointment of Michael Jackson as non-executive Chairman and the reinstatement of Roger Allsop as non-executive Director following his time as transitional Chairman. Michael Jackson founded Elderstreet Investments Limited in 1990 and is its Executive Chairman. For the past 25 years, he has specialised in raising finance and investing in the smaller quoted and unquoted companies sector. Michael has been Chairman of two FTSE 100 companies and from 1997 until August 2006 was Chairman of The Sage Group plc.

### **Growth strategy**

Netcall has, over the last few years, been fundamentally transformed into a profitable and highly cash generative business which has created a solid financial platform for the Company. In addition, Netcall has established a strong position in its market niches within the call centre space. We are today considered a trusted partner by our broad customer base and are well positioned to offer additional products and capabilities to both existing and future customers. The Board therefore believes that the Company is well positioned to generate long-term growth and take advantage of any opportunities resulting from industry consolidation.

### **Outlook**

The Company has made very good progress this year, performing ahead of original expectations in a challenging market and we continue to see good opportunities across various sectors moving forward. The Board is encouraged by a healthy pipeline which, combined with Netcall's strong operational foundation and financial position, mean the Company is well placed to move ahead with its development plans. Whilst market conditions undoubtedly remain challenging, these factors give the Board confidence in Netcall's future performance and ability to deliver long term growth.

The Board would like to thank all the staff at Netcall and our partners for their continued hard work and support. It is their energy and commitment which form the foundations of Netcall's success.

**Michael Jackson**  
**Chairman**

**Henrik Bang**  
**CEO**

16 September 2009

## Consolidated Income Statement

	Notes	2009 £'000	2008 £'000
<b>Revenue</b>	2	<b>3,931.1</b>	3,600.5
Cost of sales		(405.2)	(386.6)
<b>Gross profit</b>		<b>3,525.9</b>	3,213.9
Administrative charges before share based charges		(2,693.4)	(2,643.1)
Share based charges		(221.0)	(200.0)
<b>Total administrative expenses</b>		<b>(2,914.4)</b>	(2,843.1)
<b>Profit before share based charges</b>		<b>832.5</b>	570.8
Share based charges		(221.0)	(200.0)
<b>Profit before interest and tax</b>		<b>611.5</b>	370.8
Finance income receivable		143.2	138.6
Finance costs payable		-	-
<b>Profit for the year before taxation</b>		<b>754.7</b>	509.4
Taxation		-	560.0
<b>Net profit for year</b>		<b>754.7</b>	1,069.4
Attributable to shareholders of Netcall plc		<b>754.7</b>	1,069.4
<b>Earnings per share</b>	3		
Basic		<b>1.18p</b>	1.62p
Diluted		<b>1.17p</b>	1.61p

All activities derive from continuing operations.

## Consolidated Balance Sheet

	2009	2008
	£'000	£'000
<b>Assets</b>		
<i>Non-current assets</i>		
Intangible assets	33.2	37.9
Property, plant and equipment	62.6	69.7
Deferred tax asset	560.0	560.0
	<u>655.8</u>	<u>667.6</u>
 <i>Current assets</i>		
Inventories	28.8	77.6
Trade and other receivables	1,056.5	1,534.1
Cash and cash equivalents	4,162.8	2,915.3
	<u>5,248.1</u>	<u>4,527.0</u>
 <b>Total assets</b>	<u><u>5,903.9</u></u>	<u><u>5,194.6</u></u>
 <i>Equity</i>		
Share capital	3,130.0	3,302.5
Share premium account	2.4	2.4
Capital reserve	187.5	-
Employee share schemes reserve	227.0	441.0
Profit and loss account	942.4	201.4
<b>Total Equity</b>	<u>4,489.3</u>	<u>3,947.3</u>
 <i>Current Liabilities</i>		
Trade and other payables	<u>1,414.6</u>	<u>1,247.3</u>
 <b>Total equity and liabilities</b>	<u><u>5,903.9</u></u>	<u><u>5,194.6</u></u>

## Consolidated Cash Flow Statement

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net cash generated from operations</b>	1,578.7	434.7
<b>Investing activities</b>		
Additions to property, plant and equipment	(25.0)	(6.2)
Purchase of intangible assets	(15.9)	(12.3)
Proceeds from disposal of tangible assets	0.2	-
Interest received	143.2	138.6
<b>Cash inflow from investing activities</b>	102.5	120.1
<b>Financing activities</b>		
Proceeds from share issues	15.0	-
Purchase of own shares	(448.7)	-
<b>Cash outflow from financing activities</b>	(433.7)	-
Net changes in cash and cash equivalents	1,247.5	554.8
Cash and cash equivalents, beginning of year	2,915.3	2,360.5
<b>Cash and cash equivalents, end of year</b>	<b>4,162.8</b>	<b>2,915.3</b>

## Cash generated from operating activities

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit after taxation	754.7	1,069.4
Adjustments for:		
Deferred tax	-	(560.0)
Depreciation and amortisation	52.5	76.8
Share based payment charge	221.0	200.0
Interest received	(143.2)	(138.6)
Decrease in trade and other receivables	477.6	81.3
Decrease /(increase) in inventories	48.8	(39.5)
Increase)/(decrease) in trade and other payables	167.3	(254.7)
Cash generated from operating activities	<b>1,578.7</b>	434.7

## Notes to the Financial Statements

### 1. Nature of operations and general information

Netcall plc and its subsidiaries are a group of companies which design, develop and market advanced technologies that enable businesses to integrate and manage telephony efficiently.

Netcall plc, a limited liability company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Netcall plc's registered office, is also its principal place of business.

The financial statements for the year ended 30 June 2009 were approved by the Board of Directors on 16 September 2009.

Netcall plc's shares are listed on the AIM market of the London Stock Exchange's (AIM). Netcall plc's consolidated full year financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

### 2. Segmental analysis

Management consider that there is one primary business segment being the management of telephony efficiency. Analysis of turnover in its primary business is summarised below:

	2009 £'000	2008 £'000
<b>Geographical analysis by destination</b>		
United Kingdom	3,426.5	3,329.1
Rest of the World	504.6	271.4
	<b>3,931.1</b>	<b>3,600.5</b>

### 3. Earnings per share

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Netcall plc divided by the weighted average number of shares in issue during the year. All earnings per share calculations relate to continuing operations of the Group.

	Profits attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence	Adjusted basic earnings per share amount in pence*
Year ended 30 June 2009	754.7	63,924,700	1.18	1.18
Year ended 30 June 2008	1,069.4	66,050,937	1.62	0.77

\* The adjusted basic earnings per share is computed on profits before a tax credit arising from the initial recognition of the deferred tax asset.

The diluted earnings per share take into account the potentially dilutive effect of share options, this is based on a diluted weighted average of 64,410,811 (2008: 66,463,922) shares.

### 4. Dividends

The dividends proposed after the year end £nil (2008: £nil).