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Netcall plc
Annual Report and Accounts 2009

Welcome to Netcall

We are the leading specialist in callback, auto-messaging and contact solutions.

We design and supply a wide range of innovative communication solutions to organisations of all sizes.

Our solutions enhance our clients' businesses in the following ways:

- Improved operational efficiency
- Enhanced customer experience
- Increased sales and productivity
- Improved employee morale

Our Intelligent Communications Platform™ runs either on hardware at a client's location or as a supported service, hosted remotely.

Deployment is low-cost, low-risk, quick and easy.

Our flagship product, QueueBuster®, eliminates the need for customers to be kept waiting on hold by call centres.

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Highlights

Financial

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

* Before share-based charges.

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

Operational

- 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.’

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: £3.60 million), 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: £0.51 million).

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
16 September 2009

Henrik Bang
CEO

Officers and Professional Advisers

Chairman

Michael Jackson*^ (58) joined the Board in March 2009. He 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 companies quoted and unquoted sector. Michael has been Chairman of two FTSE 100 companies and from 1997 until August 2006 was Chairman of The Sage Group plc.

Chief Executive Officer

Henrik Bang (51) joined Netcall in January 2004. Previously he was Vice-President in GN Netcom 1999–2004, part of the Danish OMX listed GN Great Nordic Group. Before that he held a number of international management positions in IBM and AP Moller-Maersk Line.

Non-executive Director

Roger Allsop*^ (66) joined the Board in 1987. He is non-executive Director of Tricorn Group plc, Chairman of Malvair Properties Ltd and was also formerly Managing Director of Westwood Dawes plc.

* Denotes membership of the Audit sub-committee of the Board.

^ Denotes membership of the Remuneration sub-committee of the Board.

Company registration number:

1812912

Registered office:

10 Harding Way
St Ives
Cambridgeshire
PE27 3WR

Directors:

R Allsop
H Bang
M Jackson

Secretary:

M Greensmith

Bankers:

National Westminster Bank PLC
Cambridge

Nominated advisers:

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

Registrars:

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
B63 3BR

Solicitors:

Taylor Vinters
Cambridge

Orme & Slade
Ledbury

Auditors:

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Cambridge

Report of the Directors

The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2009.

Principal activity

Netcall plc (the 'Company') is the parent company of a group of companies (the 'Group') which design, develop and market advanced technologies that enable businesses to integrate and manage telephony efficiently.

Business review

Details of the Group's performance are given in the consolidated income statement on page 10. The position of the Group and the Company at the end of the year is set out in the balance sheets on pages 11 and 31. A review of the Group's performance for the year ended 30 June 2009 and future developments is contained in the Chairman's and Chief Executive's Statement.

The Directors monitor the key progress against the overall Group strategy using the following key performance indicators which are measured against budget and forecasts by reference to certain financial key performance indicators.

	2009	2008	2007
Revenues from services (1)	53%	49%	49%
Revenues through distribution partners (2)	58%	52%	46%
Recurring revenues (3)	79%	78%	73%
Gross profit margin (4)	90%	89%	87%
Operating costs before share option charges £'000 (5)	2,693	2,643	2,765
Adjusted operating profits (6)	25%	20%	22%
Operating cash flow £'000 (7)	1,721	573	729
Total equity £'000 (8)	4,489	3,947	2,678

- (1) Revenues from services as % of total revenues.
- (2) Revenues through distribution partners as % total revenues.
- (3) Revenues from services and product support and maintenance as a % of total revenues.
- (4) Gross profit as % of revenues.
- (5) Operating expenses before share option charges.
- (6) Operating profits after interest before share-based charges and taxation as % of revenues.
- (7) Cash flow and interest generated from operations.
- (8) Share capital and reserves.

Over the year the Group performed well and ahead of market expectations. The results reflect increased revenues, gross and operating margins, cash and net assets.

Future prospects

The Group anticipates future growth to derive from the growth in sales of its products and services through increased activity from its key partners.

The Board believes that hosted services and product support recurring revenue continues to enhance the robustness in the Group's revenue streams across a broader customer base. This, coupled with its tight control of costs and healthy cash balance, underpins the Group's strength in current market conditions.

Dividends

The Directors do not recommend the payment of a dividend (2008: nil).

Research and development

The Group continues an active programme of research and development to continually enhance its product offerings.

Supplier payment policy

The Group undertakes to make payments to suppliers for goods and services supplied within the normal credit periods agreed with those suppliers. It does not follow a specific code, or apply a standard payment practice. The proportion of trade payables at the year end to amounts supplied during the year gives an average payment term of 29 days (2008: 33 days).

Political and charitable contributions

There were no political or charitable donations in the year (2008: nil).

Directors and their interests

The Directors who held office at 30 June 2009 had the following beneficial interests in the Company's shares at 30 June 2009 and 1 July 2008:

	Ordinary Shares of 5p each	
	At 30 June 2009 Number	At 1 July 2008 Number
R Allsop	1,250,000	1,100,000
M Jackson	800,000	—
H Bang	930,000	330,000

In accordance with the Company's Articles of Association, H Bang retires by rotation and offers himself for re-election.

Report of the Directors continued

Directors who held office at 30 June 2009 had the following interests in share options over ordinary shares of 5p each:

	At 1 July 2008	Granted	Exercised	Lapsed/ cancelled	At 30 June 2009	Exercise price	Exercisable
R Allsop	100,000	—	—	—	100,000	20p	Before 15.02.12
	100,000	—	—	—	100,000	10p	Before 19.12.12 ⁽¹⁾
H Bang	400,000	—	—	—	400,000	25p	Before 26.02.14
	300,000	—	300,000	—	—	5p	Before 05.03.16
	720,000	—	—	720,000	—	5p	Before 05.03.16
	350,000	—	—	350,000	—	5p	Before 05.03.16
	550,000	—	—	550,000	—	5p	Before 05.03.16
	250,000	—	—	250,000	—	5p	Before 05.03.16
	1,500,000	—	—	1,500,000	—	5p	Before 23.05.10
	—	3,370,000	—	—	3,370,000	5p	Before 30.01.15 ⁽²⁾

(1) Option shall not be exercisable until the earlier of the day immediately following the 10th consecutive trading day on which the mid-market closing price on the Alternative Investment Market of the London Stock Exchange of a fully paid ordinary share of 5 pence in the capital of the Company has reached 30 pence or a sale of the business.

(2) Option shall not be exercisable after the publication on a regulatory information service of the financial statements for the period ending 30 June 2014.

The market price of the Company's shares at 30 June 2009 was 14.25p and the range during the year ended 30 June 2009 was 7.55p to 17.95p.

Substantial interests

At 16 September 2009 the following interests of 3% or more in the issued ordinary share capital, other than Directors, had been notified to the Company:

	Number of shares	% of issued
Gartmore Investment Management	12,777,176	20.4%
J Patoff	4,149,411	6.6%
Portside Holdings	3,500,000	5.6%
J Rubins	2,970,000	4.7%
Edenfield Investments Limited	2,841,362	4.5%

Directors' and officers' liability insurance

The Company maintains insurance cover for the Directors and key personnel against liabilities which may be incurred by them while carrying out their duties.

Financial risk management objectives and policies

The main purpose of the Group's financial instruments is to raise finance for its operations. It is not the Group's policy to trade in financial instruments, although strategic acquisitions may be made where it is considered that they will further the Group's objectives.

(a) Liquidity and interest rate risk

The Group finances its operations primarily through the issue of share capital. Funds from the issue of share capital are on deposit to maximise the interest obtained from them whilst providing sufficiently flexible access to the funds to meet the Group's requirements. The deposits are on floating interest rates based on bank base rates.

(b) Foreign currency risk

Overseas sales to customers are priced in sterling but invoiced in the currencies of the customers involved. Any exchange gains or losses arising from the settlement of these transactions are dealt with in the Income Statement.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable IFRSs have been followed for the Group and UK Accounting Standards have been followed for the Company, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company is listed on AIM and is therefore not required to comply with the provisions of the Financial Reporting Council 2008 Combined Code. Nevertheless, the Board is committed to high standards of Corporate Governance incorporating best practice for a Group of this size.

- The Board meets a minimum of eleven times a year; it comprises one executive Director and two non-executive Directors (one of whom is the Chairman); it is responsible for setting and monitoring strategy, reviewing trading performance, ensuring adequate funding, formulating policy on key issues and reporting to Shareholders. The Board has access to independent advice, the cost of which is borne by the Company.
- The Audit Committee meets at least twice a year; it consists of the Chairman and one non-executive Director; the executive Director attends the meetings by invitation only; it meets the external Auditor at least once a year. It reviews the half year and annual accounts prior to submission to the Board for consideration, and monitors the Company's controls ensuring integrity of the financial information reported to Shareholders.

Report of the Directors continued

- The Remuneration Committee consists of the Chairman and one non-executive Director and meets at least twice annually. Its principal functions are to determine the Company policy for executive remuneration and reward and the granting of share options to employees.
- Internal control is maintained by a system of financial controls designed to meet the particular needs of a Group of this size to provide appropriate assurance against misstatement or loss. The Board does not consider it appropriate to set up an internal audit function given the size and nature of the business at this time.

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the Shareholders and is committed to following current best practice. The Group operates within a competitive environment; performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation. The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing Shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary and reflects the Directors' responsibilities. A separate remuneration committee has been established, chaired by Roger Allsop comprising the two non-executive Directors.

Auditor

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Grant Thornton UK LLP have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Director

16 September 2009

Report of the Independent Auditor

to the members of Netcall plc

We have audited the financial statements of Netcall plc for the year ended 30 June 2009 which comprise the consolidated income statement, the consolidated and parent Company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement, notes 1 to 30 for the Group and notes 1 to 13 for the parent Company. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

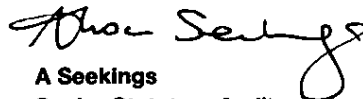
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



A Seekings Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
16 September 2009

Consolidated Income Statement

Year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
Revenue	5	3,931.1	3,600.5
Cost of sales		(405.2)	(386.6)
Gross profit		3,525.9	3,213.9
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Administrative charges before share-based charges		(2,693.4)	(2,643.1)
Share-based charges		(221.0)	(200.0)
Total administrative expenses		(2,914.4)	(2,843.1)
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Profit before share-based charges		832.5	570.8
Share-based charges	7	(221.0)	(200.0)
Profit before interest and tax	6	611.5	370.8
Finance income receivable	8	143.2	138.6
Finance costs payable	8	—	—
Profit for the year before taxation		754.7	509.4
Taxation	9	—	560.0
Net profit for the year		754.7	1,069.4
Attributable to Shareholders of Netcall plc		754.7	1,069.4
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Earnings per share			
Basic	11	1.18p	1.62p
Diluted	11	1.17p	1.61p

All of the activities of the Group in the current year are classed as continuing.

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Balance Sheet

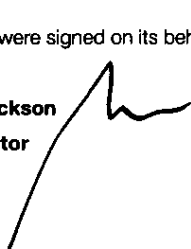
As at 30 June 2009

	Notes	2009 £'000	2008 £'000
Assets			
<i>Non-current assets</i>			
Intangible assets	13	33.2	37.9
Property, plant and equipment	14	62.6	69.7
Deferred tax asset	19	560.0	560.0
		655.8	667.6
<i>Current assets</i>			
Inventories	15	28.8	77.6
Trade and other receivables	16	1,056.5	1,534.1
Cash and cash equivalents	17	4,162.8	2,915.3
		5,248.1	4,527.0
Total assets		5,903.9	5,194.6
<i>Equity</i>			
Share capital	20	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
Total equity		4,489.3	3,947.3
<i>Current liabilities</i>			
Trade and other payables	18	1,414.6	1,247.3
Total equity and liabilities		5,903.9	5,194.6

These financial statements were approved by the Board of Directors and authorised for issue on 16 September 2009.

They were signed on its behalf by:

M Jackson
Director



H Bang
Director



The accompanying accounting policies and notes form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 30 June 2009

Equity attributable to Shareholders of Netcall plc:

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Employee share schemes reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 July 2007	3,302.5	2.4	—	290.9	(917.9)	2,677.9
Profit for the year and total recognised income and expenditure for the year	—	—	—	—	1,069.4	1,069.4
Allotment of shares	—	—	—	—	—	—
Increase in equity reserve in relation to options issued	—	—	—	200.0	—	200.0
Reclassification following lapse of options	—	—	—	(49.9)	49.9	—
Balance at 30 June 2008	3,302.5	2.4	—	441.0	201.4	3,947.3
Profit for the year and total recognised income and expenditure for the year	—	—	—	—	754.7	754.7
Allotment of shares	15.0	—	—	—	—	15.0
Cancellation of shares	(187.5)	—	187.5	—	(448.7)	(448.7)
Increase in equity reserve in relation to options issued	—	—	—	221.0	—	221.0
Reclassification following lapse of options	—	—	—	(435.0)	435.0	—
Balance at 30 June 2009	3,130.0	2.4	187.5	227.0	942.4	4,489.3

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Cash Flow Statement

As at 30 June 2009

	Notes	2009 £'000	2008 £'000
Net cash generated from operations	22	1,578.7	434.7
Investing activities			
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
Cash inflow from investing activities		102.5	120.1
Financing activities			
Proceeds from share issues		15.0	—
Purchase of own shares		(448.7)	—
Cash outflow from financing activities		(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
Cash and cash equivalents, end of year		4,162.8	2,915.3

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

Year ended 30 June 2009

1 Nature of operations and general information

Netcall plc and its subsidiaries are a group of companies ('Group') 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 ('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.

The Company's shares are listed on the AIM market of the London Stock Exchange. 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 Standards and interpretations currently in issue but not yet effective

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

Standard or Interpretation	Effective for reporting periods starting on or after
IFRIC 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 October 2008
IFRIC 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2009
IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2009
IFRIC 18 <i>Transfers of Assets from Customer</i>	1 July 2009
IAS 1 <i>Presentation of Financial Statements (revised 2007)</i>	1 January 2009
Improvements to IFRSs	1 January 2009 other than certain amendments effective 1 July 2009
IAS 23 <i>Borrowing Costs (revised 2007)</i>	1 January 2009
Amendment to IAS 32 <i>Financial Instruments: presentation</i> and IAS 1 <i>presentation of Financial statements — Puttable Financial Instruments and obligations arising on Liquidation</i>	1 January 2009
Amendment to IFRS 2 <i>Share-based payment — Vesting Conditions and Cancellations</i>	1 January 2009
IFRS 8 <i>Operating Segments</i>	1 January 2009
Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> and IAS 27 <i>Consolidated and Separate Financial Statements — Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2009
IFRS 3 <i>Business Combinations (revised 2008)</i>	1 July 2009
Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>	1 July 2009
IAS 27 <i>Consolidated and Separate Financial Statements (revised 2008)</i>	1 July 2009

Based on the Group's current business model and accounting policies, management does not expect material impacts on the consolidated financial statements when the Standards and Interpretations become effective, except the amendment to IAS 1 and IFRS 8 that will impact on the presentation of the financial statements. The Group does not intend to apply any of these pronouncements early.

3 Principal accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU).

These financial statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these financial statements. The principal accounting policies for the Group are set out below:

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings using the purchase method of accounting. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. Where subsidiary companies are acquired during the year, the profit or loss attributable to Shareholders includes the profits or losses from the date of acquisition. Where subsidiary companies are disposed of during the year, the profit or loss attributable to Shareholders includes the profits or losses to the date of disposal.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to date of transition.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and carried at cost less accumulated impairment losses.

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no reinstatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Product

Product revenue is recognised upon delivery and acceptance by the customer and where costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Financial Statements

Year ended 30 June 2009

3 Principal accounting policies continued

Support and maintenance

Support and maintenance revenues are recognised on a straight-line basis over the support and maintenance period.

Service

Service revenues are recognised on a straight-line basis over the periods defined in the service agreements and where appropriate at time of delivery.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Intangible assets

Domain names, trademarks, patents and software are measured initially at cost and are amortised on a straight-line basis over their estimated useful life. Carrying amounts are reduced by provisions for impairment where necessary.

Amortisation is provided on a straight-line basis at rates of 20%–33% per annum, in order to write off the cost, less estimated residual value, of each asset, over its expected useful economic life.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives. The rates generally applicable are 15%–33% per annum for the fixtures and fittings and equipment.

Material residual value estimates are updated as required, but at least annually.

Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development is only recognised as an intangible asset if each of the following conditions has been met:

- It is reasonably expected that the asset is likely to generate net future economic benefit;
- Development costs in relation to the asset can be reliably measured;
- Completion of the intangible asset is technically feasible;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use the asset or sell it; and
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Impairment testing of intangible assets and property, plant and equipment

The carrying values of intangibles and property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that their carrying value may not be recoverable. Any impairment in the value of intangibles and property, plant and equipment is charged to the income statement.

3 Principal accounting policies continued

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned using the first in, first out basis.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets and are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax liabilities are provided in full, with no discounting.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement.

Financial assets

Trade receivables and other debtors are classified as loans and receivables. Loans and receivables are initially recognised at fair value and are measured subsequently at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement.

A financial liability is derecognised only when the obligation is extinguished.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available on demand deposits.

Notes to the Financial Statements

Year ended 30 June 2009

3 Principal accounting policies continued

Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares;
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- 'Capital reserves' represents amounts set aside following a capital reduction scheme;
- 'Employee share schemes reserve' represents equity-settled share-based employee remuneration until such share options are exercised; and
- 'Profit and loss reserve' represents retained profits.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

The Company's functional currency is sterling.

Employee benefits

Share-based payments

The Group operates a number of employee share schemes under which it makes equity-settled share-based payments to certain employees. In accordance with the exemptions available under IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as at 1 July 2006.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is assessed at the grant date, using the Black-Scholes method, and excludes the impact of non-market vesting conditions.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. On cancellation of share options, any remaining charge associated with those options which has not yet been charged is recognised immediately.

4 Critical accounting judgements and key sources of estimation and uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of share-based payments

In order to determine the valuation of share-based payments, management is required to make an estimation of the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is determined by calculating the historical volatility of the Company's share price over the previous three years. The list of inputs used in the Black-Scholes model to calculate the fair values are provided in note 21. Where share options have a market condition a Binomial model is used to calculate the fair values.

4 Critical accounting judgements and key sources of estimation and uncertainty continued

Recognition of deferred tax

Management have recognised a deferred tax asset based on the considered future economic benefit of the Group's past trading losses. Based on expected profitability, a tax asset of £560,000 has been recognised at 30 June 2009 (2008: £560,000).

Revenue recognition

Judgement is applied to determine the point and basis of revenue recognition based on the nature of any licence or service agreement and assessment regarding the transfer of risks and rewards. Licensing arrangements which carry no performance obligation for Netcall are recognised as product sales.

5 Segmental analysis

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

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

6 Profit before taxation

The profit before taxation for the Group is stated after charging:

	2009 £'000	2008 £'000
Rentals under operating leases		
— Other operating leases	40.0	40.0
— Plant and machinery	1.7	3.1
Depreciation and amortisation		
— Intangible assets	20.6	25.3
— Plant and equipment, owned	31.9	51.5
Share-based payments expense (see note 7)	221.0	200.0
Auditor's professional fees		
— Group	32.2	39.0

Analysis of Auditor's fees		
Audit of the Company's annual accounts	10.0	10.0
Non-audit services		
— Audit of the Company's subsidiaries	10.0	10.0
— Tax services	3.0	3.0
— Other services	8.2	16.0
Total non-audit fees	21.2	29.0

Notes to the Financial Statements

Year ended 30 June 2009

7 Directors and employees

The Group staff costs, including Directors, during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	1,811.5	1,601.1
Social security costs	180.0	185.8
	1,991.5	1,786.9

The average number of employees in the Group, including all Directors, during the year was as follows:

	2009 Number	2008 Number
Sales and marketing	10	10
Customer services and development	7	10
Administration	6	6
	23	26

Remuneration in respect of Directors

	2009 £'000	2008 £'000
Emoluments	397.8	255.0
Highest paid Director		
Emoluments	330.6	195.0

No Director was a member of a pension scheme to which the Group contributes in either the current or prior year.

Share-based charges

The number of ordinary shares for which Group employees hold options and the period for which the options are exercisable are as follows:

Date of grant	Scheme Type	Period when exercisable	Price in pence	2009 Number
19.12.02	EMI	19.12.03-19.12.12	7.25	81,667
19.12.02	EMI	19.12.04-19.12.12	7.25	81,667
19.12.02	EMI	19.12.05-19.12.12	7.25	81,666
26.02.04	EMI	26.02.04-26.02.14	25.0	400,000
23.05.07	EMI	23.05.07-23.05.10	5.0	350,000
08.01.07	EMI	08.01.07-08.01.17	5.0	625,000
27.01.03	Unapproved	27.01.03-19.12.12	10.0	100,000
15.02.03	Unapproved	15.02.04-15.02.12	20.0	100,000
08.01.07	Unapproved	08.01.07-08.01.17	5.0	500,000
02.06.09	Unapproved	02.06.09-30.09.14	5.0	3,370,000

The share-based charges recognised in the consolidated income statement include £221,000 (2008: £200,400) which includes £157,400 (2008: £164,000) in respect of Directors.

Key management

Key management of the Group is considered to be the Directors of the Company.

Details of their remuneration are set out above in this note 7 and details of their interest in shares of the Company are set out in the Directors' Report.

8 Finance income and costs

	2009 £'000	2008 £'000
Finance income — bank deposits	143.2	138.6
	143.2	138.6

9 Taxation**Analysis of taxation in the year**

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax based on the results for the year at 28.0% (2008: 29.5%)	—	—
Deferred tax:		
Origination and reversal of temporary differences (note 19)	—	(560.0)

The relationship between the expected tax expense based on the effective tax rate of the Group at 28.0% (2008: 29.5%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2009 £'000	2008 £'000
Result for the year before taxation	754.7	509.4
Tax rate	28.0%	29.5%
Expected tax expense	211.3	150.3
Expenses not deductible for tax purposes	63.7	61.5
Differences between capital allowances and depreciation	(2.8)	4.5
Utilisation of unrecognised tax losses	(273.4)	(243.6)
Other short-term temporary differences	1.2	0.3
Unrecognised tax losses	—	27.0
Provision in respect of tax losses	—	(560.0)
Actual tax (credit)/expense, net	—	(560.0)

10 Dividends

No dividends have been proposed after the year end (2008: £nil).

Notes to the Financial Statements

Year ended 30 June 2009

11 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. The adjusted basic earnings per share is based on profits before the tax credit arising from the initial recognition of the deferred tax asset.

	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 calculation of the diluted 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, as adjusted for dilutive share options. All earnings per share calculations relate to continuing operations of the Group.

	Dilutive options	Anti-dilutive options	Diluted earnings per share amount in pence	Adjusted diluted earnings per share amount in pence
Year ended 30 June 2009	486,111	5,203,889	1.17	1.17
Year ended 30 June 2008	412,985	5,827,015	1.61	0.76

The reconciliation of average number of ordinary shares used for basic and diluted earnings per share is as below:

	2009	2008
Weighted average number of ordinary shares used for basic earnings per share	63,924,700	66,050,937
Weighted average number of ordinary shares under option	486,111	412,985
Weighted average number of ordinary shares used for diluted earnings per share	64,410,811	66,463,922

12 Long-term financial assets

The amounts recognised in the balance sheet relate to the following investment types:

	Long-term available-for-sale financial assets	
	2009 £'000	2008 £'000
Cost		
At 1 July 2008 and 30 June 2009	350.0	350.0
Provision		
At 1 July 2008 and 30 June 2009	350.0	350.0
Net book value		
At 30 June 2008 and 30 June 2009	—	—

There is no known value in the long-term financial asset (an investment in a company); accordingly, it has been valued at cost and fully provided for.

The Company has investments in a number of subsidiary undertakings; those which principally affect the results and financial position of the Group are tabled below:

	Nature of business
Netcall Telecom Limited	Development and marketing of commercial applications derived from the Group's technology.

To avoid a statement of excessive length, details of the subsidiaries which do not significantly affect the results and financial position of the Group have been omitted. All subsidiary undertakings are wholly owned and registered in England, except Netcall Telecom Inc., which is incorporated in the USA.

13 Intangible assets

Domain names, patents, trademarks and software

	2009 £'000	2008 £'000
Cost		
At 1 July	180.8	168.5
Additions	15.9	12.3
At 30 June	196.7	180.8
Amortisation		
At 1 July	142.9	117.6
Provided in the year	20.6	25.3
At 30 June	163.5	142.9
Net book amount		
At 30 June	33.2	37.9

Notes to the Financial Statements

Year ended 30 June 2009

14 Property, plant and equipment Fixtures, fittings and equipment

	2009 £'000	2008 £'000
Cost		
At 1 July	268.8	271.8
Additions	25.0	6.2
Disposals	(14.5)	(9.2)
At 30 June	279.3	268.8
Depreciation		
At 1 July	199.1	156.8
Provided in the year	31.9	51.5
Eliminated on disposals	(14.3)	(9.2)
At 30 June	216.7	199.1
Net book amount		
At 30 June	62.6	69.7

15 Inventories

	2009 £'000	2008 £'000
Finished goods and goods for resale	28.8	77.6

In 2009 a total of £10,700 (2008: £101,600) inventories was included in the income statement as an expense. This includes an amount of £nil (2008: £nil) resulting from the write-down of inventories.

No reversal of previous write-downs was recognised in 2009 or 2008. None of the inventories are pledged as securities for liabilities.

16 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	892.4	1,405.5
Other receivables	2.9	11.3
Prepayments and accrued income	161.2	117.3
	1,056.5	1,534.1

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £7,200 (2008: £9,300) has been recorded accordingly in the financial statements.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2009 £'000	2008 £'000
Not more than 1 month	236.4	378.3
More than one month but not more than 3 months	50.9	44.0
More than 3 months	—	—
	287.3	422.3

17 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2009 £'000	2008 £'000
Cash at bank and in hand	4,162.8	2,915.3

18 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	149.2	135.1
Social security and other taxes	211.7	255.7
Accruals and deferred income	1,053.7	856.5
	1,414.6	1,247.3

19 Deferred tax

Deferred taxes arising from temporary differences and unused tax losses for the Group for 2009 and 2008 have been calculated at a rate of 28% and are summarised as follows:

	2009		2008	
	Deferred tax assets £'000	Deferred tax liabilities £'000	Deferred tax assets £'000	Deferred tax liabilities £'000
Unused tax losses	560.0	—	560.0	—

At 30 June 2009 the Group had unused tax losses of £7.3 million (2008: £8.4 million).

No temporary differences resulting from investments in subsidiaries qualified for recognition as deferred tax assets or liabilities.

20 Equity

The share capital of Netcall plc consists only of ordinary shares with a par value of 5p. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Netcall plc.

Share capital

	2009 Number	2008 Number	2009 £'000	2008 £'000
Shares allotted, called up and fully paid				
Beginning of the year	66,050,937	66,050,937	3,302.5	3,302.5
Issued during the year	300,000	—	15.0	—
Cancelled in the year	(3,750,206)	—	(187.5)	—
Shares issued and fully paid	62,600,731	66,050,937	3,130.0	3,302.5
Authorised				
Ordinary shares of 5p each	80,000,000	80,000,000	4,000.0	4,000.0

During 2009 the Company acquired 3,750,206 of its shares and subsequently applied for cancellation of those shares.

Notes to the Financial Statements

Year ended 30 June 2009

21 Share-based payments

The Company has share option schemes for certain employees. Options are exercisable at prices determined at the date of grant. The vesting periods are between one and 120 months. If the options remain unexercised after the vesting period, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009		2008	
	Weighted average exercise price per share in pence	Options number	Weighted average exercise price per share in pence	Options number
Outstanding at 1 July	7.5	6,240,000	7.7	6,315,000
Granted	5.0	3,370,000	—	—
Forfeited or cancelled	6.3	(3,620,000)	—	—
Lapsed	—	—	15.0	(75,000)
Exercised	5.0	(300,000)	—	—
Outstanding at 30 June	6.9	5,690,000	7.5	6,240,000
Exercisable at 30 June	18.5	745,000	19.9	1,295,000

At 30 June Netcall plc had the following outstanding options and exercise prices:

	2009			2008		
	Average exercise price per share in pence	Options number	Weighted average remaining contractual life in months	Average exercise price per share in pence	Options number	Weighted average remaining contractual life in months
Expiry dates						
2010	5.00	350,000	0.7	5.00	1,850,000	22.7
2012	7.25	245,000	41.4	7.25	245,000	53.6
2012	10.00	100,000	41.4	10.00	100,000	53.6
2012	20.00	100,000	41.3	20.00	100,000	53.5
2014	—	—	—	24.00	250,000	70.8
2014	25.00	400,000	55.9	25.00	400,000	67.9
2014	5.00	3,370,000	63.0	—	—	—
2016	—	—	—	5.00	2,170,000	92.2
2017	5.00	1,125,000	90.3	5.00	1,125,000	102.3
At 30 June	6.85	5,690,000	63.6	7.70	6,240,000	68.8

The options outstanding at 30 June 2009 had a weighted average exercise price of 6.9 pence, and a weighted average remaining contractual life of 5.3 years. In 2009, options over 3,370,000 shares were granted. In 2008, no options were granted.

21 Share-based payments continued

The inputs into the Black-Scholes option pricing model are as follows:

	2009	2008
Weighted average share price	19.3p	19.3p
Weighted average exercise price	6.45p	7.45p
Expected volatility	40%	40%
Expected life	3-10 years	3-10 years
Risk-free rate	3.08%-5.38%	4.08%-5.38%
Expected dividends	—	—

Expected volatility is based on the historical volatility of the Group's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £221,000 (2008: £200,000) related to equity-settled share-based payment transactions.

22 Notes to the cash flow statement

Cash flows from operating activities

	2009 £'000	2008 £'000
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	1,578.7	434.7

23 Leases

The Group's minimum operating lease payments are as follows:

	Within 1 year £'000	Between 1 and 5 years £'000	Total £'000
30 June 2009	41.7	75.1	113.3
30 June 2008	41.7	113.3	155.0

Lease payments recognised as an expense during the year amount to £41,750 (2008: £43,100).

The Group leases its offices; the lease expires on 12 April 2012 and the annual rent through to expiry is £40,000.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing.

Notes to the Financial Statements

Year ended 30 June 2009

24 Related party transactions and controlling related party

The Group's related parties comprise its Board of Directors. Unless otherwise stated, none of the transactions incorporate special terms and conditions.

The Directors are the Group's controlling and ultimate controlling related parties by virtue of their shareholdings and directorships in Netcall plc.

25 Contingent liabilities

There are no material contingent liabilities subsisting at 30 June 2009 or 30 June 2008.

26 Capital commitments

The Group had no capital commitments at 30 June 2009 or 30 June 2008.

27 Risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash and bank deposits, trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to market risk for the changes in interest rates relates primarily to the Group's bank deposits. The exposure to interest rate fluctuations on its deposits is managed by placing these at fixed rates of interest with varying maturity dates.

The aggregate amount of cash deposits on fixed interest terms as at 30 June 2009 was £4,088,000 (2008: £2,750,000). The weighted average fixed interest rate on the cash deposits was 2.17% (2008: 4.8%) and the weighted average period for which the rate is fixed is 2.8 months (2008: 1 month). The aggregate amount of cash deposits on variable interest terms as at 30 June 2009 was £73,000 (2008: £85,000). For cash deposits held with the Group's clearing bankers, the variable rate is indexed to National Westminster Bank PLC's base rate.

A fluctuation in the interest rates of +1% and -1% through the year would not materially impact on the Group's results.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

As at 30 June, the Group's financial liabilities have contractual maturities as summarised below:

	Current	
	Within 6 months £'000	Between 6 and 12 months £'000
2009		
Trade and other payables	453.5	36.3
2008		
Trade and other payables	270.6	28.8

27 Risk management objectives and policies continued

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2009 £'000	2008 £'000
Available-for-sale financial assets	—	—
Cash and cash equivalents	4,162.8	2,915.3
Trade and other receivables	895.3	1,416.8
	5,058.1	4,332.1

The Group's management considers that all the above financial assets that are not impaired for each of the balance sheet dates under review are of good credit quality, including those that are past due. See note 16 for more information on financial assets that are past due.

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency risk

The Group is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are managed through the use of bank accounts held in foreign currencies as summarised below:

	Total £'000	USD £'000	EUR £'000	CHF £'000
Trade and other receivables	43.9	9.6	—	34.3
Cash and cash equivalents	56.9	11.3	45.6	—
	100.8	20.9	45.6	34.3

A +/-5% change of the pound sterling to US dollar exchange rate and a +/-5% change of the pound sterling to euro exchange rate would not have a material impact on the Group's results in financial years 2009 or 2008.

Notes to the Financial Statements

Year ended 30 June 2009

28 Summary of financial assets and liabilities by category

The carrying amounts of the assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	2009 £'000	2008 £'000
Loans and receivables		
Trade and other receivables	895.3	1,416.8
Cash at bank	4,162.8	2,915.3
	5,058.1	4,332.1
Financial liabilities		
Trade payables	149.2	135.1
Accruals	340.6	164.3
	489.8	299.4
Net short-term liquidity	4,568.3	4,032.7

29 Capital management and objectives

The Group's capital management objectives are to ensure that the Group has sufficient liquidity to meet its foreseeable requirements and to invest its cash with mainstream banks. The Directors regularly review forecasts prepared which take into consideration current performance and the potential effect of future market trends.

30 Authorisation of financial statements

No adjusting or significant non-adjusting events have occurred between the balance sheet date and the date of authorisation on 16 September 2009 by the Board.

Company Balance Sheet

As at 30 June 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	5	21.4	12.4
Investments	6	10,953.7	10,953.7
		10,975.1	10,966.7
Current assets			
Debtors	7	70.3	25.7
Cash at bank and in hand		4,110.8	2,765.3
		4,181.1	2,791.0
Creditors: amount falling due within one year	8	(1,625.0)	(685.4)
Net current assets		2,556.1	2,105.6
Total assets less current liabilities being net assets		13,531.2	13,071.7
Capital and reserves			
Called up share capital	9	3,130.0	3,302.5
Share premium account	10	2.4	2.4
Capital reserve	10	187.5	—
Merger reserve	10	403.3	403.3
Employee share schemes reserve	10	66.6	344.2
Profit and loss account	10	9,741.4	9,019.3
Shareholders' funds		13,531.2	13,071.7

Notes to the Company Financial Statements

Year ended 30 June 2009

1 Principal accounting policies

Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is commission received by the Company. It is recognised on a receipts basis.

Intangible fixed assets

Intangible fixed assets are stated at cost net of amortisation and any provision for impairment. Amortisation is provided on cost in equal annual amounts over the estimated useful lives of the assets.

The rates of depreciation are as follows:

Domain names, patents and trademarks — 20% per annum.

Investments

Investments are stated at cost less provision for any impairment.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

Translation differences arising are dealt with in the profit and loss account.

Financial instruments

The Company does not enter into derivative contracts for hedging or speculative purposes.

Share-based compensation

The Company issues share options to certain employees, including employees of its subsidiary undertakings. The fair value of such options granted is calculated using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

The vesting conditions are reviewed using the Binomial model. The expense is spread over the period from the date of grant to the date the options vest and are exercisable, based on the best estimate of the number of shares that will eventually vest.

2 Employee remuneration

The Directors are the only employees of the Company. Directors' remuneration has been disclosed within the Directors' report and note 7 of the Group financial statements.

3 Auditor's remuneration

Auditor's remuneration attributable to the Company is as follows:

	2009 £'000	2008 £'000
Audit fees — statutory audit	10.0	10.0
Tax services	1.0	1.0
Other services	8.2	16.0

4 Profit for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements and is reporting under UK GAAP. The profit for the financial year was £287,100 (2008: £746,300).

5 Intangible assets

Domain names, patents and trademarks

	2009 £'000	2008 £'000
Cost		
At 1 July	98.4	84.9
Additions	14.3	13.5
At 30 June	112.7	98.4
Amortisation		
At 1 July	86.0	76.9
Provided in the year	5.3	9.1
At 30 June	91.3	86.0
Net book amount		
At 30 June 2009	21.4	12.4

Notes to the Company Financial Statements

Year ended 30 June 2009

6 Investments

The amounts recognised in the Company's balance sheet relate to the following:

	Subsidiary undertakings £'000	Other £'000	Total £'000
Cost			
At 1 July 2008 and at 30 June 2009	10,989.7	350.0	11,339.7
Amortisation			
At 1 July 2008 and at 30 June 2009	36.0	350.0	386.0
Net book amount			
At 30 June 2008 and at 30 June 2009	10,953.7	—	10,953.7

Subsidiary	Country of registration	Class of share capital held	Proportion held by the Company	Nature of business
Netcall Telecom Limited	England	Ordinary shares	100%	Development and marketing of the Group's technology

To avoid a statement of excessive length, details of the non-trading subsidiaries have been omitted.

7 Debtors

	2009 £'000	2008 £'000
Other debtors	0.9	3.0
Prepayments and accrued income	69.4	22.7
	70.3	25.7

All debtors fall due within one year of the balance sheet date.

8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to subsidiary undertakings	1,451.9	621.7
Trade creditors	—	1.5
Social security and other taxes	10.1	10.8
Accruals and deferred income	163.0	51.4
	1,625.0	685.4

9 Called up share capital

	2009 £'000	2008 £'000
Authorised		
80,000,000 ordinary shares of 5p each	4,000.0	4,000.0
	Number	Number
Allotted, called up and fully paid ordinary shares of 5p each		
At 1 July	66,050,937	66,050,937
Issued in year	300,000	—
Cancelled in year	(3,750,206)	—
At 30 June	62,600,731	66,050,937

During the year the Company purchased 3,750,206 ordinary 5p shares Netcall plc shares; these were cancelled in the year.

Share options outstanding at 30 June 2009 were as reported for the Group in note 21 to the Group accounts.

10 Reconciliation of movements in Shareholders' funds

	Share capital £'000	Share premium account £'000	Capital reserves £'000	Merger reserve £'000	Employee share schemes reserve £'000	Profit and loss account £'000
At 1 July 2007	3,302.5	2.4	—	403.3	260.5	8,192.5
Profit for the year	—	—	—	—	—	746.3
FRS 20 Employee Share Schemes	—	—	—	—	164.2	—
Reclassification of reserves	—	—	—	—	(80.5)	80.5
At 30 June 2008	3,302.5	2.4	—	403.3	344.2	9,019.3
At 1 July 2008	3,302.5	2.4	—	403.3	344.2	9,019.3
Profit for the year	—	—	—	—	—	287.1
Issue of shares	15.0	—	—	—	—	—
Cancellation of shares	(187.5)	—	187.5	—	—	—
FRS 20 Employee Share Schemes	—	—	—	—	157.4	—
Reclassification of reserves	—	—	—	—	(435.0)	435.0
At 30 June 2009	3,130.0	2.4	187.5	403.3	66.6	9,741.4

11 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3c of FRS 8 not to disclose transactions with other Group companies.

12 Contingent liabilities

There are no material contingent liabilities subsisting at 30 June 2009 or 30 June 2008.

13 Financial commitments

The Company had no financial commitments at 30 June 2009 or 30 June 2008.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Netcall plc (the 'Company') will be held at 10 Harding Way, St Ives, Cambridgeshire, PE27 3WR, on Thursday 19 November 2009 at 11 a.m., the business of which will be:

Ordinary Business:

1. To receive and consider the accounts for the financial year ended 30 June 2009, together with the reports of the Directors and Auditor.
2. That Henrik Peter Bang (who retires by rotation) be re-elected as a Director of the Company.
3. That Michael Edward Wilson Jackson be elected as a Director of the Company.
4. To resolve as an ordinary resolution that Grant Thornton UK LLP be and are hereby re-appointed as Auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit committee of the Company to determine their remuneration.

Special Business:

5. To resolve as a special resolution:
'That: (a) the Company's articles of association be hereby amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006 (the 'Act') are to be treated as provisions of the Company's articles of association; and (b) the articles of association produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be adopted as the articles of association in substitution for, and to the exclusion of, the existing articles of association.'
6. To resolve as an ordinary resolution:
'That:
 - (i) for the purposes of section 551 of the Act the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to a maximum aggregate nominal amount of £1,069,854 (being approximately one-third of the current issued share capital) provided that such authority, unless reviewed, shall expire at the conclusion of the next Annual General Meeting following the date of this meeting (or, if sooner, 15 months from the date of the passing of this resolution) but be capable of previous revocation or variation from time to time by the Company in general meeting;
 - (ii) the Company may make any offer or agreement before the expiry of this authority that would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement as if this authority had not expired;
 - (iii) the authority conferred by this resolution shall revoke and supersede any and all previous authorities to allot relevant securities given to the Directors to the extent the same have not previously been utilised or revoked and have not expired.'
7. To resolve as a special resolution:
'That:
 - (i) the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 in this notice and sell pursuant to section 573 of the Act equity securities held by the Company as treasury shares (as defined by section 724 of the Act) for cash as if section 561 of the Act did not apply to any such allotment or sale provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares:
 - (a) in connection with an offer by way of rights, open offer or other pre-emptive offer in favour of the holders of ordinary shares in the Company where the equity securities respectively attributable to the interests of all the holders of ordinary shares in the Company are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the Directors may deem fit, necessary or expedient in relation to the fractional entitlements or legal or practical problems arising in respect of the laws of or the requirements of any recognised regulatory body or any stock exchange otherwise in any overseas territory; and

- (b) otherwise than pursuant to sub-paragraph (a) of this resolution up to an aggregate nominal amount of £320,988 (being approximately 10% of current issued share capital);
- (ii) the power hereby conferred shall expire on the conclusion of the next Annual General Meeting following the date of this resolution (or, if sooner, 15 months from the date of the passing of this resolution) but may be previously revoked or varied by special resolution; and
- (iii) the power hereby conferred shall enable the Company to make any offer or agreement before the expiry of that power that would or might require equity securities to be allotted or treasury shares to be sold after such power expires and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement subject to the limits prescribed by paragraph (i) of this resolution as if the power hereby conferred had not expired.'
8. To resolve as a special resolution:
'That the Company be authorised generally and unconditionally, for the purposes of section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares provided that:
- (a) the maximum number of ordinary shares that may be acquired is 6,419,769 being 10% of the Company's issued share capital as at 27 October 2009;
- (b) the minimum price per share that may be paid for any such shares is £0.05; and
- (c) the maximum price that may be paid for any such shares is not more than the higher of (i) an amount equal to 105% of the average market value for an ordinary share, as derived from the London Stock Exchange Business List, for the five business days prior to the day on which the purchase is made; or (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003; and (iii) such authority shall expire at the earlier of the close of the next Annual General Meeting or 18 February 2011 except that the Company shall be entitled, at any time prior to the expiry of this authority, to make a contract of purchase which would or might be executed wholly or partly after such expiry and to purchase shares in accordance with such contract as if the authority conferred had not expired.'
9. To resolve as a special resolution:
'That the Directors be authorised, in accordance with the articles of association, to call a general meeting of the Company, other than an Annual General Meeting, on 14 clear days' notice.'

The Directors believe that the proposals set out in Resolutions 1 to 9 are in the best interests of shareholders as a whole and they unanimously recommend that shareholders vote in favour of each of these resolutions as they intend to do in respect of their own holdings.

Registered Office:
10 Harding Way
St Ives
Cambridgeshire
PE27 3WR
Registered Number 1888629
Dated 27 October 2009

By Order of the Board

Michael Greensmith
Secretary

Notice of Annual General Meeting continued

Notes:

- (1) A member of the Company may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A Proxy of a member need not also be a member.
- (2) The instrument appointing a Proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited with the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, not less than 48 hours before the time for holding the meeting. A Form of Proxy accompanies this document for use by members.
- (3) Completion of the Form of Proxy will not preclude a member from attending and voting in person.
- (4) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'nominated person') does not have the right to appoint a Proxy. However, a nominated person may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or have someone else appointed) as a Proxy. If a nominated person has no such Proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the person holding the shares as to the exercise of voting rights.
- (5) Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.
- (6) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those shareholders registered in the Register of Members of the Company as at 11 a.m. on 17 November 2009 (the 'Specified Time') shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register of members (the 'Register') for certificated or uncertificated shares of the Company after the Specified Time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. Should the Annual General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. Should the Annual General Meeting be adjourned for a longer period, to be so entitled, shareholders must have been entered on the Register at the time which is 48 hours before the time fixed for the adjourned Annual General Meeting or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in the Notice.
- (7) There are no Directors' service contracts of more than one year's duration.
- (8) Copies of Contracts of Service and letters of appointment (including indemnities) between any Director and the Company or its subsidiaries are available for inspection at the registered office of the Company during normal business hours and will also be available for inspection at the place of the Annual General Meeting until the conclusion of the Annual General Meeting.
- (9) CREST members who wish to appoint a Proxy or Proxies through the CREST electronic Proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a Proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCO's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a Proxy or an instruction to a previously appointed Proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA11) no later than 11 a.m. on 17 November 2009. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (10) As at the date of this Notice there were 64,197,689 ordinary shares in issue, each with equal voting rights. Holders of ordinary shares are entitled to attend, speak and vote, either in person or by Proxy, at general meetings of the Company. For further details relating to voting or participation rights of shareholders, please refer to the Company's articles of association, copies of which are available on our web site at <http://www.netcall.com>.

Netcall plc Form of Proxy

Proxy for use at Annual General Meeting

Please insert I/We
 full name (Please use block letters)
 and address of

being member(s) of Netcall plc (the 'Company'), hereby appoint the Chairman of the Meeting
 or (see note 1)
 as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at
 11 a.m. on 19 November 2009 at 10 Harding Way, St Ives, Cambridgeshire, PE27 3WR and at any adjournment thereof.

I/We request such Proxy to vote on the following resolutions as mentioned below (see note 2).

	For	Against	Vote Withheld
ORDINARY BUSINESS Resolutions			
1 To receive and adopt the accounts for the year ended 30 June 2009.			
2 To re-elect Henrik Peter Bang as a Director of the Company.			
3 To elect Michael Edward Wilson Jackson as a Director of the Company.			
4 To re-appoint Grant Thornton UK LLP as Auditor of the Company and authorise the Audit Committee to determine the Auditor's remuneration.			
SPECIAL BUSINESS Resolutions			
5 Adopt New Articles of Association.*			
6 Allot equity securities.†			
7 Disapply pre-emption rights.*			
8 Authorise market purchase of shares.*			
9 Authorise general meetings on 14 days' notice.*			

* Special Resolution
 † Ordinary Resolution

Signature (see note 3) Dated this day of 2009

Joint holders (if any) (see note 5)

Name Name
 Name Name

Notes:

- If you wish to appoint some other person as your Proxy please insert his/her name and address, initial and strike out the words 'the Chairman of the Meeting'. A Proxy need not be a member of the Company. Appointing a Proxy will not preclude you from personally attending and voting at the meeting (in substitution for your Proxy vote) if you subsequently decide to do so. If no name is entered, the return of this form, duly signed, will authorise the Chairman of the meeting to act as your Proxy.
- Please indicate with an X in the appropriate box how you wish your vote to be cast. Unless otherwise instructed the Proxy will exercise his/her discretion as to whether, and if so how he/she will vote. Unless instructed otherwise, the Proxy may also vote or abstain from voting as he or she thinks fit on any other business which may properly come before the meeting (including amendments to resolutions).
- This Form of Proxy must, in the case of an individual, be signed by the appointer or his/her attorney or, in the case of a corporation, be given under its common seal or signed on its behalf by an attorney or a duly authorised officer or, if it is subject to the Companies Act 2006 (as amended), in accordance with Section 44 thereof.
- To be valid this Form of Proxy and any power of attorney or other authority under which it is executed (or a duly notarised copy thereof) must be lodged with the Registrars of the Company, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, not later than 11 a.m. on 17 November 2009 or not less than 48 hours before the time appointed for the adjourned meeting at which it is to be used.
- In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by Proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the statutory register of members in respect of the share.
- Any alteration in this Form of Proxy must be initialled by the person in whose hand it is signed or executed.
- CREST members who wish to appoint a Proxy or Proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a Proxy or an amendment to the instructions given to a previously appointed Proxy, must be transmitted so as to be received by our agent Neville Registrars Limited (CREST ID: 7RA11) by 11 a.m. (UK time) on Tuesday 17 November 2009. See the notes to the notice of meeting for further information on Proxy appointment through CREST.
- As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of the Company at 11 a.m. on 17 November 2009 shall be entitled to attend and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.
- Shareholders are advised that unless otherwise provided, the telephone numbers and web site and e-mail addresses set out in this document or the Notice or the Explanatory Notes to the Notice are not to be used for the purpose of serving information or documents to the Company (including the service of documents or information relating to proceedings at the Company's AGM).
- The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and is not counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

Second fold

BUSINESS REPLY SERVICE
Licence No. BM3865

2



**THE REGISTRAR
NEVILLE REGISTRARS LIMITED
NEVILLE HOUSE
18 LAUREL LANE
HALESOWEN
WEST MIDLANDS
B63 3DA**

First fold

Third fold
and tuck in flap opposite

Users of Netcall Solutions:

Alliance and Leicester	National Australia Group
ATEC Ltd	National Grid Metering
ATOS Healthcare	Newcastle Building Society
Autoglass	Nildram
Barclays Stockbrokers	Npower
Belkin	Oracle
Birmingham City Council	Prudential
Bourne Leisure	RBS
British Gas Business	Royal & SunAlliance
Britannia Building Society	Skipton Building Society
BT	Southern Water
Bupa	STA Travel
Cable&Wireless	Teleperformance
Cheltenham & Gloucester	The One Account
Cheshire West and Chester	Travelsphere
Cigna	Ultralase
Coventry Building Society	Vertex
CPP	VHI
DAS	Welsh Water
Fortis Insurance	Yorkshire Building Society
Halifax	
Hillarys Blinds	
Interflora	Technical Partners
Invesco UK Ltd	Avaya
Kwik-Fit Insurance	BT
Lloyds TSB	Cisco
LVG	Dialogic
McAfee	Orange
More Than	Verizon

Netcall plc
10 Harding Way
St Ives
Cambridgeshire
PE27 3WR

t.01480 495300

www.netcall.com