

MASPER

**County Contact Centres PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

Company registration number: 3869545

Registered office: Melford Court  
The Havens  
Ransomes Europark  
Ipswich  
Suffolk IP3 9SJ

Directors: Peter Michael Brown  
William Alexander Catchpole  
Geoffrey Forsyth  
Robert Stuart McWhinnie Gordon

Secretary: Robert Stuart McWhinnie Gordon BA FCMA

Bankers: Barclays Bank PLC

Solicitors: Stringer Saul

Auditors: Grant Thornton UK LLP

Nominated Advisers  
and Brokers: Brewin Dolphin Securities Limited

Registrars: Lloyds TSB Registrars



**County Contact Centres PLC**

**CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

	2005 £	2004 £
Turnover	<u>2,619,343</u>	<u>1,735,475</u>
Loss on ordinary activities before taxation	<u>(114,757)</u>	<u>(177,681)</u>

At December 2004 we reported a small profit for the first six months of this year as well as the opening of a call centre in Romania. However this opening coincided with a serious fall off in traffic, which started just before Christmas with a general business malaise in almost every sector that appeared likely to last for some time. This gave us a difficult decision whether to hold on and hope that traffic picked up or close the facility quickly. We decided that the prudent approach would be closure and the use of another Romanian call centre on an outsourced basis. This we managed to achieve with minimal disruption to the UK business, but with regrettable closure costs.

Annual turnover has increased by £884,000, year on year, and the business returned to profitability during the final quarter after the cessation of the Romanian operation. However this was not sufficient to recover the Romanian loss of £152,000.

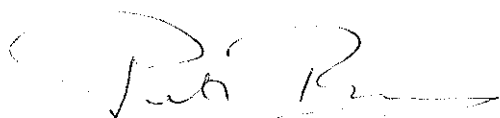
The Group's bank remains supportive and has agreed to increase our facilities should we have reason to need them in the future.

Our CallScripter software has had an encouraging year culminating in an integration deal with Interactive Intelligence Inc, a NASDAQ quoted US telephone switch manufacturer ("ININ"). This allows us to move forward into a stronger position in the market and we delivered our first joint project to a Swiss Media company, on the 16<sup>th</sup> March 2005. Since then we have made four presentations to potential clients who would not have considered our proposition on a stand-alone basis.

Having reviewed the options available to us, and concluded that the existing space, infrastructure and location were ideal for our foreseeable business requirements, we have concluded negotiations to remain at The Havens, Ipswich for a further five years.

Two senior managers have been appointed directors of the Ansaback subsidiary business. Sharon Ball becomes the Director of Call Centre Operations and Toni Vincent becomes Sales Director. Their areas of responsibility will be for maintaining the growth trend and managing the efficient running of the bureau business.

We have invited Philip Dayer to join the board as a non-executive director on 1st October 2005. Philip is a qualified chartered accountant with a wealth of experience having worked for over 30 years in the corporate advisory divisions of a number of investment banks. He retired from Hoare Govett Limited in 2004 and will add relevant experience to the board.



**Peter M Brown**  
**Chairman**  
**8<sup>th</sup> August 2005**

## County Contact Centres PLC

### BUSINESS REVIEW

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

Overall the Directors are pleased with the core performance of both arms of the business. Sales have increased by 51% on the previous year and our propositions, both in terms of call centre services and software, have been well received in the market.

#### **Ansaback**

The current scale and diversity of the Ansaback client base now provides a degree of stability. Seasonality and weather conditions may affect some call centre's traffic patterns but although order lines are busy in the run up to Christmas and then dip in January, another sector such as boiler call out work increases through the early months of the year and it is only major public interest events such as Wimbledon or European Football which may have a significant impact on the pattern of traffic built up over the past three years.

Annual call centre traffic has grown by 47% in the year, although this could have been significantly greater if we had not suffered a dip in the third quarter telephony traffic, when activity across all sectors was suppressed.

No single area of commerce dominates our client base although Ansaback remains particularly active in the Direct Response TV arena where our in-house CallScripter software provides commercial advantages. This looks likely to be an area that will continue improving with the service being further developed to ensure that we remain first choice for our clients.

Our success as "the Call Centre's Call Centre", where other call centres overflow to Ansaback either when they are closed or when they have staffing problems, has seen annual sales double, which has been a key factor in our turnover rise. This impacts our staffing rotas by providing extra workload at the weekends and evenings. We continuously monitor and review key performance indicators to ensure that the correct call centre staffing levels are available around the clock. We anticipate further growth in this overflow business during the next 12 months.

CallScripter's rapid functionality enables us to add value to specific sectors, such as immediate online credit card validation. This reduces lost opportunities for our clients in trying to process invalid cards and then failing to reach the caller to get a valid credit card and this ability to dynamically link with other third party agencies looks likely to grow.

#### **CallScripter**

CallScripter had a much better year, with sales up 69% on the previous year, and it looks likely that this will continue into the current year.

This division sells our award winning software to other call centres and we believe that this product, written in the latest code, compares favourably with other telephony solutions in the market place because of its simplified functionality.

Following our attendance in September 2004 at the Call Centre Expo, the principal showcase for suppliers to the international call centre trade, we gained a number of new business opportunities and we have re-booked for the next show in September 2005.

**County Contact Centres PLC**

**BUSINESS REVIEW (continued)**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

In March 2005 we concluded a commercial contract with ININ. This deal offers CallScripter to over 1,000 existing clients and all new prospective clients, and under the terms of the deal, Interactive Intelligence's award winning Customer Interaction Center ® (CIC) contact centre software is now available with a connector to the CallScripter ® software tool, which *interactively scripts conversations for agents.*

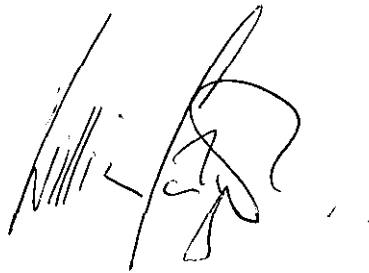
"This worldwide initiative is the company's first OEM deal driven from outside the U.S., reflecting our growing strength throughout Europe, the Middle East and Africa," said Dr. Donald E. Brown, President and Chief Executive Officer for Interactive Intelligence.

"The deal fits well with our ethos of ensuring customer choice. Rigorous testing and development of the connector mean that resellers can confidently offer faster implementation and integration with CallScripter, ensuring minimum disruption for the customer."

MediaLine, a tele-services operation based in Switzerland that supplies both outbound and inbound multi-lingual call centre services, has become the first customer to take advantage of the OEM deal. When it placed an order for a 25-seat installation of Interactive Intelligence's Customer Interaction Center ® (CIC) software, installed in 2005, CallScripter was included in the functions it selected delivering scripts to agents in four different European languages.

While the current year's figures were adversely affected by the closure of the Romanian office giving a somewhat disappointing final result, the Directors remain confident that the outlook for our call centre services and software remains very positive.

**William A Catchpole**  
**8<sup>th</sup> August 2005**



## County Contact Centres PLC

### DIRECTORS' REPORT

The directors present their report together with the financial statements for the year to 30<sup>th</sup> June 2005.

#### 1. Principal activity

The company operates principally as a holding company. The main subsidiary is engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

#### 2. Results, dividends and future prospects

The trading results of the group are set out in the annexed accounts and are summarised as follows:

	2005 £	2004 £
Turnover	<u>2,619,343</u>	<u>1,735,475</u>
Loss on ordinary activities before taxation	<u>(114,757)</u>	<u>(177,681)</u>

The Chairman's Statement and Managing Director's Business Review contain a full explanation of developments during the year and the group's future prospects.

The directors do not recommend payment of a dividend (2004: £nil).

#### 3. Directors

The present membership of the Board who served through the year is set out below.

The beneficial and other interests of the directors and their families in the shares of the company at 30<sup>th</sup> June 2005 and 1<sup>st</sup> July 2004, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	30 <sup>th</sup> June 2005	1 <sup>st</sup> July 2004
	Ordinary shares of 1p each	Ordinary shares of 1p each
W A Catchpole	1,384,989	1,384,989
P M Brown (non-executive)	1,408,351	1,358,351
R S M Gordon	406,802	406,802
G Forsyth	339,672	339,672

The above interests include 54,220 ordinary shares held by or on behalf of Mr Catchpole's wife and son.

County Contact Centres PLC

DIRECTORS' REPORT (CONTINUED)

3. Directors (continued)

On 12<sup>th</sup> September 2002 the directors were granted options to subscribe for ordinary shares in the company as follows:

	Number of Shares	Exercise Price (pence)
W A Catchpole	1,000,000	12.36
G Forsyth	1,000,000	12.36
R S M Gordon	1,000,000	12.36
P M Brown	200,000	12.36

These options can be realised on the following formula between three and ten years from their grant:

If the share price is at or above	Percentage of options realisable
25p	25%
40p	50%
65p	75%
100p	100%

During the year the share price fluctuated between 9.00 pence and 14.75 pence and closed at 9.00 pence on 30th June 2005.

4. Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

County Contact Centres PLC

DIRECTORS' REPORT (CONTINUED)

4. Directors' responsibilities for the financial statements (continued)

Going Concern

As set out in the accounting policies the directors have prepared forecasts, which reflect current performance and show that the group will continue to operate within its available resources for the foreseeable future. The directors therefore believe it is appropriate to prepare the financial statements on a going concern basis.

Web Site

The maintenance and integrity of the web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports differs from legislation in other jurisdictions.

5. Research and Development

The group continues to develop CallScripter, a web based workflow management software suite for modern contact centres.

6. Payment practice

It is the group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of the terms and to abide by them. Group trade creditors at the year-end amount to 50 days (2004: 61 days) of average supplies for the year.

7. Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

Melford Court  
The Havens  
Ransomes Europark  
Ipswich, Suffolk  
IP3 9SJ

BY ORDER OF THE BOARD

R S M Gordon  
Secretary  
8<sup>th</sup> August 2005



## County Contact Centres PLC

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COUNTY CONTACT CENTRES PLC

We have audited the financial statements of County Contact Centres PLC for the year ended 30<sup>th</sup> June 2005, which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement and the business review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

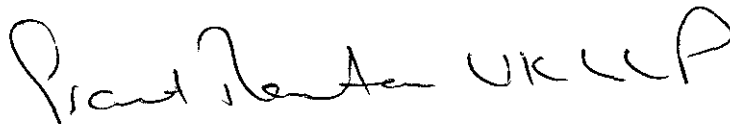
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**County Contact Centres PLC**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
COUNTY CONTACT CENTRES PLC (CONTINUED)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30<sup>th</sup> June 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**IPSWICH**

**8<sup>th</sup> August 2005**

**County Contact Centres PLC**  
**PRINCIPAL ACCOUNTING POLICIES**

**1. Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the group are set out below, and are unchanged from the previous year.

**Going Concern**

The group reported a small profit in the six months to December 2004, but this was eroded by the difficulties encountered within the Romanian operation, which was closed in March 2005. In the three months after the closure the group achieved another small profit. The group has an arranged overdraft facility of £50,000 and on the basis of forecasts prepared which reflect current performance the Directors are confident that providing this level of activity continues then the group has sufficient working capital for the foreseeable future.

Therefore the Directors have continued to adopt the going concern basis in preparing the financial statements.

**2. Basis of consolidation**

The group financial statements consolidate those of the company and its subsidiary undertakings (see note 9) drawn up to 30<sup>th</sup> June 2005. Profits and losses on intra-group transactions are eliminated in full.

The company is entitled to merger relief offered by Section 131 of the Companies Act 1985, and the shares issued when the subsidiary undertaking, County Contact Centres (UK) Limited, was acquired are shown at their nominal value. The results of County Contact Centres (UK) Limited are consolidated using merger accounting principles. All other subsidiaries are accounted for using the acquisition method.

The group has taken advantage of the exemption in FRS 8 and not disclosed intra-group transactions which are eliminated on consolidation.

**3. Turnover**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. Ansaback call centre revenue is generally recognised on a monthly basis, in accordance with the services provided during the month. Software maintenance contracts and annual licences are recognised over the period to which they relate.

**4. Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	33%
Fixtures and fittings	20% to 50%
Computer equipment	50% to 100%

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

**5. Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**6. Contribution to defined contribution pension schemes**

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

**7. Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

**8. Share options**

In accordance with UITF 17, any excess of the market value of shares over the exercise price at the date of grant of options is charged to the profit and loss account.

Employer's national insurance contributions that would be payable if all options were exercised at the period end are accrued based on the market value of the shares at the period end.

**9. Financial instruments**

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

**10. Research and development**

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

**11. Foreign currencies**

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

County Contact Centres PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

	Note	2005 £	2004 £ (restated)
<b>Turnover</b>	1	<b>2,619,343</b>	<b>1,735,475</b>
Cost of sales	1	(1,635,366)	(1,037,720)
Gross profit		983,977	697,755
Administrative expenses		(1,098,070)	(867,650)
<b>Operating loss</b>		<b>(114,093)</b>	<b>(169,895)</b>
Other interest receivable and similar income	2	12,090	3,124
Interest payable and similar charges	3	(12,754)	(10,910)
<b>Loss on ordinary activities before taxation</b>	1	<b>(114,757)</b>	<b>(177,681)</b>
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation deducted from reserves</b>	15	<b>(114,757)</b>	<b>(177,681)</b>
<b>Basic loss per share</b>	6	<b>(0.4) p</b>	<b>(0.6) p</b>

All of the activities of the group are classed as continuing.

There were no recognised gains or losses for the year other than the loss disclosed above.

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

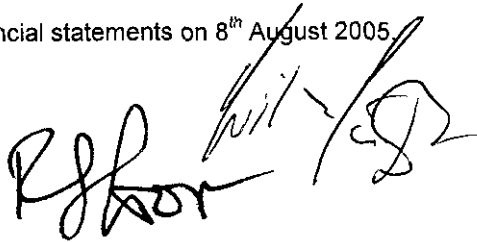
**County Contact Centres PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30<sup>th</sup> JUNE 2005**

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	8	23,756	49,147
		<u>23,756</u>	<u>49,147</u>
<b>Current assets</b>			
Debtors	10	482,955	455,526
Cash at bank and in hand		120,341	265,227
		<u>603,296</u>	<u>720,753</u>
Creditors: amounts falling due within one year	11	(427,685)	(405,776)
<b>Net current assets</b>		175,611	314,977
<b>Total assets less current liabilities</b>		199,367	364,124
Creditors: amounts falling due after more than one year	12	(111,667)	(161,667)
		<u>87,700</u>	<u>202,457</u>
<b>Capital and reserves</b>			
Share capital	14	297,908	297,908
Share premium account	15	6,045,563	6,045,563
Merger reserve	15	18,396	18,396
Profit and loss account	15	(6,274,167)	(6,159,410)
<b>Shareholders' funds</b>	16	<u>87,700</u>	<u>202,457</u>

The Board of Directors approved the financial statements on 8<sup>th</sup> August 2005

**W A Catchpole**                      Director

**R S M Gordon**                      Director



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

County Contact Centres PLC

COMPANY BALANCE SHEET

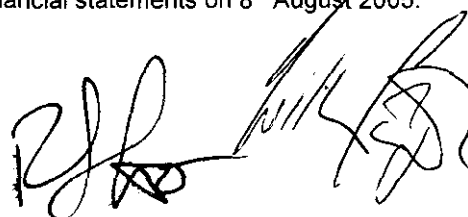
AS AT 30<sup>th</sup> JUNE 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Investments	9	201,608	201,608
		<u>201,608</u>	<u>201,608</u>
<b>Current assets</b>			
Debtors	10	233,248	361,120
		<u>233,248</u>	<u>361,120</u>
Creditors: amounts falling due within one year	11	(63,517)	(65,033)
		<u>169,731</u>	<u>296,087</u>
<b>Net current assets</b>		169,731	296,087
<b>Total assets less current liabilities</b>		371,339	497,695
Creditors: amounts falling due after more than one year	12	(111,667)	(161,667)
		<u>259,672</u>	<u>336,028</u>
<b>Capital and reserves</b>			
Share capital	14	297,908	297,908
Share premium account	15	6,045,563	6,045,563
Profit and loss account	15	(6,083,799)	(6,007,443)
		<u>259,672</u>	<u>336,028</u>
<b>Shareholders' funds</b>		<u>259,672</u>	<u>336,028</u>

The Board of Directors approved the financial statements on 8<sup>th</sup> August 2005.

W A Catchpole Director

R S M Gordon Director



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

County Contact Centres PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

	Note	2005 £	2004 £
<b>Net cash outflow from operating activities</b>	17	(35,646)	(176,173)
<b>Returns on investments and servicing of finance</b>			
Interest received	2	12,090	3,124
Interest paid	3	(12,754)	(10,910)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(664)	(7,786)
<b>Taxation</b>		-	51,499
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(63,166)	(9,256)
Proceeds from sale of tangible fixed assets		4,590	-
<b>Net cash outflow from capital expenditure and financial investment</b>		(58,576)	(9,256)
<b>Financing</b>			
Receipt of bank loan		-	150,000
Repayment of borrowings		(50,000)	(35,000)
<b>Net cash (outflow)/inflow from financing</b>		(50,000)	115,000
<b>Decrease in cash</b>	18	<b>(144,886)</b>	<b>(26,716)</b>

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

**County Contact Centres PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover derives principally from the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

Loss on ordinary activities is stated after:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Auditors' audit remuneration	11,075	11,000
Auditors' non-audit remuneration (taxation advice)	3,883	3,250
Depreciation and amortisation:		
Tangible fixed assets owned	86,116	48,430
Rents payable	125,721	75,000
	<u>          </u>	<u>          </u>

Cost of sales for the year ended 30<sup>th</sup> June 2004 has been increased by £84,089 in respect of expenses reclassified from Administrative expenses.

**2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	12,090	3,124
	<u>          </u>	<u>          </u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Interest on bank borrowings	12,754	10,910
	<u>          </u>	<u>          </u>

**4. DIRECTORS AND EMPLOYEES**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Staff costs of the group, including the directors, during the year were as follows:		
Wages and salaries	1,733,214	1,234,278
Social security costs	146,814	98,292
Other pension costs	22,502	26,519
	<u>          </u>	<u>          </u>
	1,902,530	1,359,089
	<u>          </u>	<u>          </u>
Average number of employees during the year was	138	106
	<u>          </u>	<u>          </u>

**County Contact Centres PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**4. DIRECTORS AND EMPLOYEES (continued)**

Remuneration in respect of directors was as follows:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	276,395	254,359
Pension contributions to money purchase pension schemes	20,150	24,451
	<u>296,545</u>	<u>278,810</u>

During the year 3 (2004: 4) directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	96,492	83,810
Pension contributions to money purchase pension schemes	7,950	7,370
	<u>104,442</u>	<u>91,180</u>

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

As illustrated below, there is no tax charge for the period due to the loss for the year. The losses carried forward of £2,125,000 (2004: £3,369,000) are disclosed as an unrecognised deferred tax asset (see note 13).

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<u>(114,757)</u>	<u>(177,681)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2004: 19%)	(21,804)	(33,759)
Effect of:		
Expenses not deductible for tax purposes	3,424	1,731
Depreciation in excess of capital allowances for the year	8,622	9,202
Losses carried forward	14,508	31,728
Losses utilised	-	(7,673)
Other	(4,750)	(1,229)
Current tax credit for the period	<u>-</u>	<u>-</u>

**County Contact Centres PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**6. BASIC LOSS PER SHARE**

The calculation of the basic loss per share is based on the loss of £114,757 (2004: £177,681) attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year of 29,790,743 (2004: 29,790,743). No diluted loss per share is shown because all options are anti-dilutive.

**7. LOSS FOR THE FINANCIAL YEAR**

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss for the company for the year was £76,356 (2004: £9,773).

**8. TANGIBLE FIXED ASSETS**

Group	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:				
At 1 <sup>st</sup> July 2004	15,700	236,346	311,517	563,563
Additions	-	11,672	51,494	63,166
Disposals	-	(5,234)	(12,498)	(17,732)
At 30 <sup>th</sup> June 2005	<u>15,700</u>	<u>242,784</u>	<u>350,513</u>	<u>608,997</u>
Depreciation:				
At 1 <sup>st</sup> July 2004	11,617	194,781	308,018	514,416
Charge in year	3,500	46,721	35,895	86,116
Disposals	-	(4,659)	(10,632)	(15,291)
At 30 <sup>th</sup> June 2005	<u>15,117</u>	<u>236,843</u>	<u>333,281</u>	<u>585,241</u>
Net book amount at 30 <sup>th</sup> June 2005	<u>583</u>	<u>5,941</u>	<u>17,232</u>	<u>23,756</u>
Net book amount at 30 <sup>th</sup> June 2004	<u>4,083</u>	<u>41,565</u>	<u>3,499</u>	<u>49,147</u>

**County Contact Centres PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**9. FIXED ASSETS - INVESTMENTS**

<b>Company</b>	<b>Subsidiary undertaking £</b>
Cost at 1 <sup>st</sup> July 2004	201,608
Cost at 30 <sup>th</sup> June 2005	<u>201,608</u>
Net book amount at 30 <sup>th</sup> June 2005	<u>201,608</u>
Net book amount at 30 <sup>th</sup> June 2004	<u>201,608</u>

At 30<sup>th</sup> June 2005 the company held 100% of the allotted share capital of the following subsidiary undertakings, which are included in the consolidated accounts:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Class of Share Capital held</b>	<b>Proportion held</b>	<b>Nature of business</b>
<b>County Contact Centres (UK) Limited</b>	England	Ordinary	100%	Out of hours and overflow telephony service and software company.
<b>Lots Of Jobs Limited</b>	England	Ordinary	100%	Dormant
<b>Ansaback Europe Limited</b>	England	Ordinary	100%	Dormant
<b>CallScripter Limited</b>	England	Ordinary	100%	Dormant

The group has incorporated two companies registered in England and Wales to protect the trading names in the United Kingdom. Each company is dormant and is owned by County Contact Nominees Limited. Mr W A Catchpole holds the whole of the issued share capital of County Contact Nominees Limited on behalf of the group.

**10. DEBTORS**

	<b>Group 2005 £</b>	<b>Group 2004 £</b>	<b>Company 2005 £</b>	<b>Company 2004 £</b>
Trade debtors	316,058	296,108	-	-
Other debtors	81,175	81,175	2,310	2,172
Amount owed by group undertaking	-	-	227,174	355,789
Prepayments and accrued income	85,722	78,243	3,764	3,159
	<u>482,955</u>	<u>455,526</u>	<u>233,248</u>	<u>361,120</u>

Group other debtors of £81,175 (2004: £81,175) relate to a rent deposit which falls due after more than one year.

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**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Bank loans (note 12)	50,000	50,000	50,000	50,000
Trade creditors	109,944	93,168	9,017	8,864
Social security and other taxes	113,995	119,450	-	-
Other creditors	11,005	12,016	-	-
Accruals and deferred income	132,691	129,792	4,500	6,169
Pension contributions	10,050	1,350	-	-
	<u>427,685</u>	<u>405,776</u>	<u>63,517</u>	<u>65,033</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Bank loans	<u>111,667</u>	<u>161,667</u>	<u>111,667</u>	<u>161,667</u>

**Borrowings**

Bank loans are repayable as follows:

Within one year	50,000	50,000	50,000	50,000
After one year and within two years	50,000	50,000	50,000	50,000
After two and within five years	61,667	111,667	61,667	111,667
	<u>161,667</u>	<u>211,667</u>	<u>161,667</u>	<u>211,667</u>

On 20<sup>th</sup> March 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a loan of £100,000 repayable over 5 years in equal monthly instalments of £1,667, secured by a Department of Trade and Industry Guarantee. Interest on the loan is payable at 2% above the bank base rate.

On 16<sup>th</sup> July 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a further loan of £150,000 repayable over 5 years in equal monthly instalments of £2,500, secured by a Department of Trade and Industry Guarantee. Interest on the loan is payable at 2% above the bank base rate.

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**13. DEFERRED TAXATION**

Unprovided deferred tax assets/(liabilities) are calculated at a rate of 19% (2004: 19%).

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Accelerated capital allowances	194,000	194,000	-	-
Trading losses	404,000	640,000	40,000	26,000
	<u>598,000</u>	<u>834,000</u>	<u>40,000</u>	<u>26,000</u>

The unprovided deferred tax asset attributable to losses is only reduced by the effect of claims for research and development tax credits when receipt of the credits is reasonably certain.

During the year the unprovided deferred tax asset attributable to trading losses has been reduced by the losses attributable to the business directory network, disposed of in the year ended 30 June 2002, which are unavailable to carry forward against future trading profits.

The unprovided deferred tax asset attributable to losses should be recoverable when the group achieves profitability.

**14. SHARE CAPITAL**

**Group and Company**

	2005 Number	2005 £	2004 Number	2004 £
Authorised:				
Ordinary shares of 1p each	100,000,000	1,000,000	100,000,000	1,000,000
Allotted called up and fully paid:				
Ordinary shares of 1p each	29,790,743	297,908	29,790,743	297,908

**Contingent rights to the allotment of shares**

The company has granted the following options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30<sup>th</sup> June 2005.

Date of grant	Number of shares	Exercise price	Period exercisable
30 <sup>th</sup> December 1999	50,000	50.00p	From 3 months to 10 years from grant
11 <sup>th</sup> September 2000	1,000	100.00p	From 3 months to 10 years from grant
12 <sup>th</sup> September 2002	3,526,000	12.36p	See below *
1 <sup>st</sup> February 2004	700,000	12.36p	See below *
1 <sup>st</sup> May 2005	900,000	12.36p	See below *

During the year the share price fluctuated between 9.00 pence and 14.75 pence and closed at 9.00 pence on 30th June 2005.

County Contact Centres PLC

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FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

14. SHARE CAPITAL (continued)

Contingent rights to the allotment of shares (continued)

\* These options can be realised on the following formula between three and ten years from their grant:

If the share price is at or above	Percentage of options realisable
25p	25%
40p	50%
65p	75%
100p	100%

15. RESERVES

Group	Share premium account £	Merger reserve £	Profit and loss account £
At 1 <sup>st</sup> July 2004	6,045,563	18,396	(6,159,410)
Loss for the year	-	-	(114,757)
At 30 <sup>th</sup> June 2005	<u>6,045,563</u>	<u>18,396</u>	<u>(6,274,167)</u>
Company		Share premium account £	Profit and loss account £
At 1 <sup>st</sup> July 2004		6,045,563	(6,007,443)
Loss for the year		-	(76,356)
At 30 <sup>th</sup> June 2005		<u>6,045,563</u>	<u>(6,083,799)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2005 £	2004 £
Shareholders' funds at 1 <sup>st</sup> July	202,457	380,138
Loss for the financial year	(114,757)	(177,681)
Shareholders' funds at 30 <sup>th</sup> June	<u>87,700</u>	<u>202,457</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

17. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating loss	(114,093)	(169,895)
Depreciation	86,116	48,430
Profit on disposal of fixed assets	(2,149)	-
Increase in debtors	(27,429)	(86,972)
Increase in creditors	21,909	32,264
	<u>(35,646)</u>	<u>(176,173)</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2005 £	2004 £
Decrease in cash in the year	(144,886)	(26,716)
Cash outflow/(inflow) from financing	50,000	(115,000)
	<u>(94,886)</u>	<u>(141,716)</u>
Net funds at 1 <sup>st</sup> July 2004	53,560	195,276
Movement in net funds in the year	(94,886)	(141,716)
Net (debt)/funds at 30 <sup>th</sup> June 2005	<u>(41,326)</u>	<u>53,560</u>

19. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 <sup>st</sup> July 2004 £	Movement £	At 30 <sup>th</sup> June 2005 £
Cash at bank and in hand	265,227	(144,886)	120,341
Debt	(211,667)	50,000	(161,667)
	<u>53,560</u>	<u>(94,886)</u>	<u>(41,326)</u>

County Contact Centres PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005

20. FINANCIAL INSTRUMENTS

The group uses financial instruments, comprising cash and various items such as Trade Creditors etc that arise directly from its operations. During the previous year a further loan of £150,000 was received under the government's Small Firms Loan Scheme. The total loan balance outstanding at 30th June 2005 is £161,667. Interest is payable at 2% above the bank's base rate (note 12). The group has an agreed overdraft of £50,000, which was unutilised.

During the year the group has operated in Romania, and as a result has expenses denominated in both Euros and Romanian Lei. The group has operated bank accounts in each of these currencies. During the year exchange differences of £3,154 have arisen and at the year end £3,223 was held in foreign currency bank accounts. It is the Group policy to hold limited amounts in foreign currency in order to reduce exposure to currency risk. The group does not sell or buy any currency forward or enter into any hedging contracts.

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The directors achieve this by regularly preparing and reviewing forecasts based on the trends shown in the monthly management accounts.

21. CAPITAL COMMITMENTS

The group had no capital commitments at 30<sup>th</sup> June 2005 and 30<sup>th</sup> June 2004.

22. CONTINGENT LIABILITIES

During the previous year the Inland Revenue raised a routine enquiry into certain aspects of the tax computation of the subsidiary, County Contact Centres (UK) Limited, for the year ended 30<sup>th</sup> June 2002, including the Research and Development tax credits of £51,499 received in respect of that year. The Directors are confident of the basis upon which the Research and Development tax credit claim was made, but should the Inland Revenue not accept this basis the amount of £51,499 may be repayable. There were no other contingent liabilities at 30<sup>th</sup> June 2005 or 30<sup>th</sup> June 2004.

23. LEASING COMMITMENTS

Operating lease payments amounting to £90,000 (2004: £69,000) are due within one year. The leases to which these amounts relate expire as follows:

	Group 2005 £	Group 2004 £
<b>Land and Buildings</b>		
In less than five years	90,000	-
In five years or more	-	69,000
	<u>90,000</u>	<u>69,000</u>

24. TRANSACTIONS WITH DIRECTORS

During the year, £6,000 (2004: £6,000) was paid to Synergy Holdings Limited, a company controlled by Peter Brown, a Director, in respect of rent for the use of his London office.

At 30<sup>th</sup> June 2005, £1,000 (2004: £1,000) was outstanding in respect of this agreement.