RNS Number : 8751K
Netcall PLC
27 September 2016

**27 September 2016**

**NETCALL PLC**

**("Netcall", the "Company", or the "Group")**

**Final Results**
***For the Year Ended 30 June 2016***
***Record order inflow and growing mix of SaaS contracts***

Netcall plc (AIM: NET), a leading customer engagement software provider, today announces its audited results for the year ended 30 June 2016.

**Financial Highlights**

- Record order inflow in the year and trading in line with management expectations:
  - Significant double digit increase in total bookings
  - Growing share of sales mix from Software-as-a-Service (SaaS) contracts
  - Order book of contracted future minimum revenues increased by 22% to £15.0m (2015: £12.3m)
- Annualised recurring core revenues(1) increased by 9% to £10.9m (2015: £10.0m)
- Recognised revenue of £16.6m (2015: £17.2m) as a result of ongoing reduction in MovieLine business and the growing proportion of SaaS contracts
- Adjusted EBITDA(2) of £4.46m (2015: £5.16m) as a result of previously announced investments and MovieLine
- Profit before tax of £1.74m (2015: £2.35m)
- Diluted basic earnings per share of 1.32p (2015: 1.85p)
- Maintained strong cash conversion, with net cash generated from operations increased by 12% to £4.99m (2015: £4.44m)
- Total research and development expenditure increased by 23% to £2.20m (2015: £1.79m)
- Debt-free balance sheet with net cash funds of £14.1m (2015: £13.7m)
- Final ordinary dividend of 1.1p and enhanced dividend of 0.95p proposed, making the total dividend 3.0p for the year, up 36%

1) *annualised revenue from support and maintenance and hosted service contracts as at 30 June*
2) *profit before interest, taxation, depreciation, amortisation, acquisition and non-recurring transaction expenses and share-based charges*

**Operational Highlights**

- Strong trading period with record order inflow and increasing average order values
- Liberty platform gaining further traction: recent client wins include Danwood and 5 new public sector contracts awarded under the Crown Commercial Service Network Services agreement
- Awarded position on the Scotland Excel Framework for customer service platforms, enhancing ability to deliver cloud and premise-based solutions to the public sector
- Released a series of product upgrades with focus on deeper platform integration and new modules including mobile, web self-service, and workflow for the Customer Experience Manager solution
- Accelerated investment in cloud solutions with first version of omni-channel customer engagement platform available and in live use by customers

**Henrik Bang, CEO of Netcall**, commented,

"Netcall has enjoyed an excellent year of record sales order inflow. We are pleased to see that an increasing proportion of the new orders are multi-year SaaS-based contracts which enhance the Group's visibility of revenues by adding recurring revenue in future periods.

"We have started the current period in a better position than ever and trading in the first few months has been significantly ahead of last year. Netcall is a stronger, more resilient business, with higher levels of revenue visibility and an expanded product offering. As a profitable, highly cash generative business we will continue to invest in our Company to sustain our long-term financial performance. The Board is pleased with the development of the business and, with a strong sales pipeline, we believe Netcall is well positioned for the future."

**For further enquiries, please contact:**

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| **Netcall plc** | **Tel. +44 (0) 330 333 6100** |
| Henrik Bang, CEO<br>Michael Jackson, Chairman<br>James Ormondroyd, Group Finance Director | |
| **finnCap Limited** (Nominated Adviser and Broker)<br>Stuart Andrews / James Thompson, Corporate Finance<br>Tim Redfern, Corporate Broking | **Tel. +44 (0) 20 7220 0500** |
| **Alma PR** | **Tel. +44 (0) 20 8004 4218** |
| Caroline Forde / Hilary Buchanan / Robyn McConnachie | |

**About Netcall plc**
Netcall is a UK company quoted on the AIM market of the London Stock Exchange. Netcall's software product suite provides end-to-end customer engagement solutions, incorporating omni-channel contact centre, workforce optimisation and customer experience management. The Netcall software platform helps organisations meet the growing demands of their customers and prospects whilst improving internal efficiencies, thereby increasing profitability and customer satisfaction.

Netcall's customer base contains 700 organisations in both the private and public sectors. These include two thirds of the NHS Acute Health Trusts, major telecoms operators such as BT and leading organisations including Interflora, Lloyds Banking Group, Cineworld, Axa, and British Sugar.

For further information, please consult the Netcall website: www.netcall.com.

**Introduction**

Netcall had a strong trading period with record sales order inflow. This was a result of significant interest in our Liberty platform, leading to growing demand from our customers. We are pleased to see that an increasing proportion of the new orders are multi-year SaaS-based contracts which enhance the Group's financial visibility by adding recurring revenue in future periods.

The success of this on-going transition can be seen in the growth of our annualised run rate of core recurring revenue which increased from £10.0m at the start of the year under review to £10.9m as we enter the new financial year. Revenue of a recurring nature accounted for 64% of total revenue which underpins the Group's cash generation and profitability and provides visibility for the new financial year. In addition, looking forward the order book of contracted future minimum revenues increased by 22% to £15.0m(2015: £12.3m).

A year ago the Board stated its intention to accelerate investment in the business with a focus on enhancing the Company's cloud capabilities. The aim was to capitalise on the SaaS contact centre market opportunity, a key component of customer engagement solutions, which is rapidly gaining market share. This segment of the market is expected to grow at double digit rates in the coming years, doubling in size over the next 3-5 years, representing an estimated 20-25% of the UK contact centre market. We have been pleased with the results already being seen and will continue this higher level of investment in the year ahead.

The cash position increased to £14.1m at the period endfollowing payment during the year of the first enhanced dividend and ordinary dividend, comprising £3.05m in total, in line with the Board's dividend strategy. With a debt free balance sheet this provides an excellent opportunity to both invest in the market opportunity and also return cash to shareholders.

The Board is proposing a final ordinary dividend of 1.1p and enhanced dividend of 0.95p, making 3.0p for the year, up 36% year on year.

**Strategy**

Netcall's purpose is to help organisations transform their customer engagement activities enabling them to improve customer experiences while also reducing costs. The Group achieves this by creating innovative solutions which are easy to use, functional, smartly designed and delivered on our integrated customer engagement platform, Liberty. The Liberty platform provides a broad range of modular end-to-end solutions with a focus on omni-channel customer engagement centre, workforce optimisation and customer experience management. The modular nature of the platform enables customers to choose one or many applications while also offering a roadmap to support their future customer engagement strategies. The Board believes that an integrated suite of these solutions deliver a compelling proposition to our target customers who increasingly see improved customer experiences as a competitive parameter and differentiator.

The Company's aim is to build a strong business organically and through selective acquisitions by both developing its customer engagement Liberty platform and by acquiring businesses with complementary proprietary software and/or additional customers in our target markets.

The Group's key drivers for organic growth include taking advantage of the cloud opportunity while expanding the product suite. This enables the business to continue to unlock the huge potential from our large existing customer base with up- and cross-sales, which continues to account for the majority of new business, and growing by winning new customers.

**Business Review**

*Market*

The key market driver for Netcall's solutions are the ongoing changes in consumer demand and expectations when interacting with organisations. Today's consumers, whether using private or public services, are increasingly well informed and expect organisations to provide intuitive interfaces, around-the-clock availability, personalised treatment, first contact resolution and real-time fulfilment using multiple channels. In return an organisation can reap significant benefits from digitising and automating their operation including gaining a much better understanding of their customers, building important competitive advantages from providing 'best-in-class' customer experiences as well as improved efficiencies and reduced costs. As a result many businesses see the customer experience as a sustainable source of competitive differentiation.

The implementation of new technologies, such as mobile, social media and cloud computing, merged with changing business models creates substantial opportunities in assisting organisations transform their customer engagement strategies. The Liberty platform delivers this comprehensive functionality. This provides a flexible entry point and upgrade path for organisations, thereby giving them the level and quality of customer interaction they need as well as additional competitive advantages such as lower costs, improved operational controls and risk management.

Netcall's accelerated investment in the Liberty platform's cloud capabilities is aimed to take advantage of the growing SaaS contact centre market, a key component of our customer engagement solutions. This market is gaining share and is expected to grow at double digit rates in the coming years, doubling in size over the next three to five years representing an estimated 20-25% of the UK contact centre market.

*Customer wins*

Our existing customer base continues to provide the Group with a highly valuable source of new business, with up- and cross-sales to existing customers accounting for the majority of new business in the period.

The average order size has continued to grow as customers prioritise investment in technology to engage, automate and integrate systems in order to improve their customer engagement activities. Examples of organisations investing in Netcall's Liberty platform and roadmap for the future include:

- A new five-year SaaS contract worth a minimum of £1.4 million to provide Liberty omni-channel contact centre and unified communication solutions to a leading services organisation.
- A three-year contract worth a minimum of £300,000 was signed with a second University to provide a highly scalable hosted contact solution.
- A new five-year contract with a Local Authority worth £400,000, delivering our CXM solution integrated with their existing Liberty contact centre solution.

Netcall continues to receive high ratings in our overall service and this combined with our ongoing product development means we enjoy a position as a trusted technology partner to our customers.

*Product development*

Netcall has in the period further increased its investment in its product development teams by more than 20%. A key focus has been on enhancing our cloud capabilities. These investments, which have been in people, software and infrastructure, have resulted in the launch of the first version of our Liberty Cloud Customer Engagement Platform, which includes omni-channel contact centre technology, customer and case management. In addition, the solution includes, for the first time, an offering for cloud telephony services that is tightly integrated into the platform.

There has also been significant focus on further improving the user experience, through the rollout of the Liberty responsive user interface, and deeper integration between the platform's various modules. New features include support for outbound campaign management, improved omni-channel forecasting capabilities for workforce management, switchboard handling as well as a new mobile app for remote workers and self-service web portal. These new capabilities have led to our first deployment of the integrated Contact Centre and Customer Experience Management solution.

**Financial Review**

The Group reported revenue of £16.6m (2015: £17.2m) in line with management's expectations for the year. A record order inflow was contracted during the period of which an increased proportion of contracts were for SaaS based solutions with a recurring revenue stream. The revenue recognition profile for these new contracts is more weighted to future periods. As a result underlying growth of 1% in product, professional service, support and hosting revenues was recorded in the income statement which was offset by the ongoing reduction in the MovieLine service.

Revenue which is considered to be recurring in nature, derived from support and hosting contracts, increased 6% to £10.1m (2015: £9.57m) which equates to 63% (2015: 59%) of reported core revenues (excluding MovieLine). As at 30 June 2016, the annualised run rate of such revenues increased 9% to £10.9m (2015: £10.0m).

The aggregate value, at 30 June 2016, of contracted minimum income that is to be recognised as core revenue in future financial periods increased by 22% to £15.0m (2015: £12.3m).

Revenue from the non-core MovieLine service decreased to £0.44m (2015: £1.05m) in line with management's expectations and now accounts for approximately 3% of total revenue (2015: 6%), meaning its impact on the overall performance of the Group will from this point on be minimal.

The Group's gross profit margin was maintained at 91.2% (2015: 90.9%).

Administrative expenses, before depreciation, amortisation, non-recurring transaction costs and share-based charges, increased to £10.7m (2015: £10.4m), as a result of the planned investment in development and delivery capabilities.

Consequently, the Group recorded adjusted EBITDA of £4.46m (2015: £5.16m), a margin of 27% of revenue (2015: 30%). This movement comprises a reduction in MovieLine contribution of £0.40m to £0.07m (2015: £0.47m) and a core EBITDA contribution of £0.29m to £4.40m (2015: £4.69m). Profit before tax for the year was £1.74m (2015: £2.35m).

The Group reported a tax credit for the year of £0.15m (2015: £0.30m) principally as a result of tax relief available for research and development. The underlying effective rate excluding these adjustments is 11% (2015: 2%).

Reported diluted earnings per share was 1.32 pence (2015: 1.85 pence). Adjusted diluted earnings per share was 2.13 pence (2015: 2.59 pence). The movement comprises a reduction in the contribution from MovieLine of 0.28 pence to 0.03 pence per share (2015: 0.31 pence per share) and a reduction in core earnings per shares of 0.18 pence to 2.10 pence per share (2015: 2.28 pence per share).

Cash generated from operations before payment of non-recurring transaction costs increased by 17% to £5.10m (2015: £4.37m), representing 114% of adjusted EBITDA (2015: 85%) as a result of working capital timing differences.

Expenditure on research and development including capitalised expenditure increased by 23% to £2.20m (2015: £1.79m), capitalised software development expenditure was 65% higher at £1.16m (2015: £0.70m) due to investment in new product development in the year.

Total capital expenditure was £1.74m (2015: £0.88m); the balance after capitalised development being £0.58m (2015: £0.18m) relating primarily to investment in the Group's cloud computer hardware and software platform.

As a result of these factors, cash increased to £14.1m at 30 June 2016 (30 June 2015: £13.7m). The Group continues to maintain a debt-free balance sheet.

**Dividend**

The Directors continue to evaluate acquisition opportunities and believe that the Group should retain sufficient cash on its balance sheet to maintain its credibility as a buyer and also to be able to acquire businesses in an expedient manner. The Board believes it can achieve this objective whilst also being able to institute a partial return of cash to shareholders through the enhanced dividend policy, as previously announced. At 30 June 2016 the Group had cash balances of £14.1m and generated net cash flow before financing activities of £3.37m during the year.

It is the intention of the Directors that for this, and the next year, an enhanced dividend will be paid half yearly such that by 2018 the retained cash balance is approximately £10m. Payment of the enhanced dividend will remain subject to the Group's on-going cash generation, it not having found an appropriate acquisition opportunity and not having returned cash through another manner, including on market share buy backs.

In addition to recommending the payment of a final dividend of 1.1p per share (2015: 1.0p per share) which represents an increase of 10% on the prior year, the Directors are recommending the payment of a final enhanced dividend of 0.95p per share for the year ended 30 June 2016 which brings the total enhanced dividend for the year to 1.9p (2015: 1.2p). This will give a total dividend for the year of 3.0p per share.

**Outlook**

Netcall has enjoyed an excellent year of record sales order inflow. We are pleased to see that an increasing proportion of the new orders are multi-year SaaS-based contracts which enhance the Group's visibility of revenues by adding recurring revenue in future periods.

We have started the current period in a better position than ever and trading in the first few months has been significantly ahead of last year. Netcall is a stronger, more resilient business, with higher levels of revenue visibility and an expanded product offering. As a profitable, highly cash generative business we will continue to invest in our Company to sustain our long-term financial performance. The Board is pleased with the development of the business and, with a strong sales pipeline, we believe Netcall is well positioned for the future.

**Audited consolidated income statement for the year ended 30 June 2016**

| £'000 | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **Revenue** | **16,627** | **17,151** |
| Cost of sales | (1,463) | (1,564) |
| **Gross profit** | **15,164** | **15,587** |
| | | |
| Administrative costs | (13,571) | (13,349) |
| Other gains/ (losses) - net | 21 | 4 |
| | | |
| **Adjusted EBITDA** | **4,462** | **5,161** |

| | | |
|---|---|---|
| Non-recurring transaction costs | - | (290) |
| Share-based payments | (1,189) | (1,127) |
| Depreciation | (202) | (147) |
| Amortisation of acquired intangible assets | (880) | (918) |
| Amortisation of other intangible assets | (577) | (437) |
| **Operating profit** | **1,614** | **2,242** |
| Finance income | 127 | 114 |
| Finance expense | (4) | (5) |
| Finance income - net | **123** | **109** |
| **Profit before tax** | **1,737** | **2,351** |
| Tax | 149 | 304 |
| **Profit for the year** | **1,886** | **2,655** |
| **Earnings per share - pence** | | |
| Basic | 1.37 | 1.94 |
| Diluted | 1.32 | 1.85 |

All activities of the Group in the current and prior periods are classed as continuing. All of the profit for the period is attributable to the shareholders of Netcall plc.

**Audited consolidated statement of comprehensive income for the year ended 30 June 2016**

| £'000 | 30 June 2016 | 30 June 2015 |
|---|---|---|
| Profit for the period | 1,886 | 2,655 |
| **Total comprehensive income for the period** | **1,886** | **2,655** |

**Audited consolidated balance sheet at 30 June 2016**

| £'000 | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 565 | 323 |
| Intangible assets | 11,005 | 11,164 |
| Investments | 288 | 288 |
| Deferred tax | 791 | 919 |
| **Total non-current assets** | **12,649** | **12,694** |
| **Current assets** | | |
| Inventories | 226 | 229 |
| Trade and other receivables | 5,170 | 6,043 |
| Current income tax asset | 11 | 267 |
| Cash and cash equivalents | 14,122 | 13,726 |
| **Total current assets** | **19,529** | **20,265** |
| **Total assets** | **32,178** | **32,959** |
| **Equity** | | |
| Share capital | 7,027 | 6,945 |
| Share premium | 3,015 | 3,015 |
| Merger reserve | 2,509 | 2,509 |
| Capital reserve | 188 | 188 |
| Treasury shares | (419) | (419) |
| Employee share schemes reserve | 2,300 | 1,420 |
| Profit and loss account | 7,996 | 9,024 |
| **Total equity** | **22,616** | **22,682** |
| **Non-current liabilities** | | |
| Deferred tax | 376 | 520 |
| Provisions | 118 | 100 |
| **Total non-current liabilities** | **494** | **620** |
| **Current liabilities** | | |
| Trade and other payables | 2,876 | 3,443 |
| Current income tax liabilities | - | 84 |
| Deferred income | 6,192 | 6,130 |
| **Total current liabilities** | **9,068** | **9,657** |
| **Total liabilities** | **9,562** | **10,277** |
| **Total equity and liabilities** | **32,178** | **32,959** |

**Audited consolidated statement of cash flows for the year ended 30 June 2016**

| £'000 | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before income tax | 1,737 | 2,351 |
| Adjustments for: | | |
| Depreciation | 202 | 147 |
| Amortisation | 1,457 | 1,355 |
| Share-based payments | 1,189 | 1,127 |
| Net finance income | (123) | (109) |
| Changes in working capital (excluding the effects of acquisitions) | | |
| Inventories | 3 | (61) |

| | | |
|---|---|---|
| Trade and other receivables | 969 | (806) |
| Trade and other payables | (620) | 366 |
| Cash generated from operations | **4,814** | **4,370** |
| *Analysed as:* | | |
| **Cash generated from operations before payment of non-recurring transaction costs** | **5,104** | **4,370** |
| Non-recurring transaction costs payment | (290) | - |
| Interest paid | (4) | (5) |
| Income tax refunded | 183 | 76 |
| **Net cash generated from operating activities** | **4,993** | **4,441** |
| **Cash flows from investing activities** | | |
| Investment in Macranet | - | (100) |
| Purchases of property, plant and equipment | (444) | (163) |
| Development expenditure capitalised | (1,163) | (697) |
| Purchases of other intangible assets | (135) | (18) |
| Interest received | 114 | 114 |
| **Net cash used in investing activities** | **(1,628)** | **(864)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of ordinary shares | 82 | 5 |
| Dividends paid to Company shareholders | (3,051) | (1,233) |
| **Net cash used in financing activities** | **(2,969)** | **(1,228)** |
| **Net increase in cash and cash equivalents** | **396** | **2,349** |
| Cash and cash equivalents at beginning of period | 13,726 | 11,377 |
| **Cash and cash equivalents at end of period** | **14,122** | **13,726** |

**Audited consolidated statement of changes in equity at 30 June 2016**

| £'000 | Share capital | Share premium | Merger reserve | Capital reserve | Treasury shares | Employ-ee share scheme reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2014** | **6,940** | **3,015** | **2,509** | **188** | **(419)** | **394** | **7,560** | **20,187** |
| Increase in equity reserve in relation to options issued | - | - | - | - | - | 1,052 | - | 1,052 |
| Tax credit relating to share options | - | - | - | - | - | 16 | - | 16 |
| Reclassification following exercise and lapse of options | - | - | - | - | - | (42) | 42 | - |
| Proceeds from share issue | 5 | - | - | - | - | - | - | 5 |
| Dividends to equity holders of the company | - | - | - | - | - | - | (1,233) | (1,233) |
| **Transactions with owners** | **5** | **-** | **-** | **-** | **-** | **1,026** | **(1,191)** | **(160)** |
| Profit and total comprehensive income for the year | - | - | - | - | - | - | 2,655 | **2,655** |
| **Balance at 30 June 2015** | **6,945** | **3,015** | **2,509** | **188** | **(419)** | **1,420** | **9,024** | **22,682** |
| Increase in equity reserve in relation to options issued | - | - | - | - | - | 1,139 | - | 1,139 |
| Tax debit relating to share options | - | - | - | - | - | (122) | - | (122) |
| Reclassification following exercise and lapse of options | - | - | - | - | - | (137) | 137 | - |
| Proceeds from share issue | 82 | - | - | - | - | - | - | 82 |
| Dividends to equity holders of the company | - | - | - | - | - | - | (3,051) | (3,051) |
| **Transactions with owners** | **82** | **-** | **-** | **-** | **-** | **880** | **(2,914)** | **(1,952)** |
| Profit and total comprehensive income for the year | - | - | - | - | - | - | 1,886 | **1,886** |
| **Balance at 30 June 2016** | **7,027** | **3,015** | **2,509** | **188** | **(419)** | **2,300** | **7,996** | **22,616** |

## Notes to the financial information for the year ended 30 June 2016

**1. General information**

Netcall plc (AIM: "NET", "Netcall", or the "Company"), is a leading provider of customer engagement software, is a limited liability company and is quoted on AIM (a market of the London Stock Exchange). The Company's registered address is 3rd Floor, Hamilton House, 111 Marlowes, Hemel Hempstead, HP1 1BB and the Company's registered number is 01812912.

**2. Basis of preparation**
The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

The financial information set out in these preliminary results has been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by European Union. The accounting policies adopted in this results announcement have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the period ended 30 June 2016 as updated for new standards and interpretations effective from 1 July 2015.

The consolidated financial information is presented in sterling (£), which is the company's functional and the Group's presentation currency.

The financial information set out in these results does not constitute the company's statutory accounts for 2016 or 2015. Statutory accounts for the years ended 30 June 2016 and 30 June 2015 have been reported on by the Independent Auditors; their report was (i) unqualified; (ii) did not draw attention to any matters by way of emphasis; and (iii) did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 30 June 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 June 2016 will be delivered to the Registrar in due course. Copies of the Annual Report 2016 will be posted to shareholders on or about 24 October 2016. Further copies of this announcement can be downloaded from the website www.netcall.com.

**3. Segmental analysis**
Management consider that there is one operating business segment being the design, development, sale and support of software products and services, which is consistent with the information reviewed by the Board of Directors, when making strategic decisions. Resources are reviewed on the basis of the whole of the business performance.

The key segmental measure is adjusted EBITDA which is profit before interest, tax, depreciation, amortisation, share-based payments, non-recurring transaction costs, which is set out on the consolidated income statement.

**4. Earnings per share**
The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in treasury.

| | 30 June 2016 | 30 June 2015 |
|---|---|---|
| Net earnings attributable to ordinary shareholders (£000) | 1,886 | 2,655 |
| Weighted average number of ordinary shares in issue (thousands) | 138,150 | 137,006 |
| **Basic earnings per share (pence)** | **1.37** | **1.94** |

The diluted earnings per share has been calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

| | 30 June 2016 | 30 June 2015 |
|---|---|---|
| Weighted average number of ordinary shares in issue (thousands) | 138,150 | 137,006 |
| Adjustments for share options | 5,083 | 6,615 |
| Weighted average number of potential ordinary shares in issue (thousands) | 143,233 | 143,621 |
| **Diluted earnings per share (pence)** | **1.32** | **1.85** |

Adjusted earnings per share have been calculated to exclude the effect of non-recurring transaction costs, share-based payment charges, amortisation of acquired intangible assets and utilisation of historic tax losses. The Board believes this gives a better view of on-going maintainable earnings. The table below sets out a reconciliation of the earnings used for the calculation of earnings per share to that used in the calculation of adjusted earnings per share:

| £'000s | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **Profit used for calculation of basic and diluted EPS** | **1,886** | **2,655** |
| Non-recurring transaction costs | - | 290 |
| Share-based payments | 1,189 | 1,127 |
| Amortisation of acquired intangible assets | 880 | 918 |
| Tax adjustment | (910) | (1,276) |
| **Profit used for calculation of adjusted basic and diluted EPS** | **3,045** | **3,714** |

| Pence | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **Adjusted basic earnings per share** | **2.20** | 2.71 |
| **Adjusted diluted earnings per share** | **2.13** | 2.59 |

**5. Dividends**

| Year to June 2016 | Paid | Pence per share | Cash flow statement (£'000) | Statement of changes in equity (£'000) | June 2016 balance sheet (£'000) |
|---|---|---|---|---|---|
| Final ordinary dividend for year to June 2016 | 12/1/16 | 1.00p | 1,387 | 1,387 | - |
| Enhanced dividend | 12/1/16 | 1.20p | 1,664 | 1,664 | - |
| | | | **3,051** | **3,051** | **-** |

| Year to June 2015 | Paid | Pence per share | Cash flow statement (£'000) | Statement of changes in equity (£'000) | June 2015 balance sheet (£'000) |
|---|---|---|---|---|---|
| Final ordinary dividend for year to June 2015 | 12/1/15 | 0.90p | 1,233 | 1,233 | - |
| | | | **1,233** | **1,233** | **-** |

An interim enhanced dividend of 0.95 pence per share, amounting to a total of £1.32 million, was paid to shareholders whose names appeared on the register at the close of business on 15 July 2016 on 27 July 2016.

It is intended that this year's final ordinary dividend of 1.1 pence per share and enhanced dividend of 0.95 pence per share will be paid to shareholders on 11 January 2017. Netcall plc shares will trade ex-dividend from 8 December 2016 and the record date will be 9 December 2016. The estimated amount payable is £2.84 million. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 24 November 2016 and has not been included as a liability in these financial statements.

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