CONCURRENT TECHNOLOGIES LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR

THE YEAR ENDED 31 DECEMBER 1995

CONTENTS

CONCURRENT TECHNOLOGIES LIMITED

COMPANY INFORMATION

DIRECTORS:	M. Collins LL.B. (Chairman) J. B. Annear R. P. M. Crowther F.C.A. T. J. Emery B.Sc. D. Evans-Hughes B.Sc. G. A. Fawcett B.Sc. A. D. Hurley I. M. Keeler F.R.I.C.S.
SECRETARY:	J. B. Annear
REGISTERED OFFICE:	654 The Crescent Colchester Business Park Colchester Essex CO4 4YQ
REGISTERED NUMBER:	1919979
AUDITORS:	Kidsons Impey Carlton House 31/34 Railway Street Chelmsford Essex CM1 1NJ
SOLICITORS:	Alsop Wilkinson 6 Dowgate Hill London EC4R 2SS
BANKERS:	National Westminster Bank 25 High Street Colchester Essex CO1 1DG

CONCURRENT TECHNOLOGIES LIMITED

ABBREVIATED BALANCE SHEET

at 31 December 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	2	197,260	171,619
Investments	2	6,771	6,771
		204,031	178,390
CURRENT ASSETS			
Stocks and work in progress		644,478	510,474
Debtors	4	788,915	957,768
Cash at bank and in hand		705,697	216,984
		2,139,090	1,685,226
CREDITORS: amounts falling due within one year		709,055	573,306
NET CURRENT ASSETS		1,430,035	1,111,920
TOTAL ASSETS LESS CURRENT LIABILITIES		1,634,066	1,290,310
CREDITORS: amounts falling due after more than one year	5	14,660	1,258
		1,619,406	1,289,052
CAPITAL AND RESERVES			
Called up share capital	6	1,600,168	3,803,908
Share premium account		19,238	66,113
Accumulated deficit		-	(2,580,969)
		1,619,406	1,289,052

The Abbreviated Financial Statements were approved by the Board of Directors on 23rd February 1996.

The Directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the Company qualifies as a small company.

M. Collins
Chairman

G. A. Fawcett
Managing Director

Notes to the Abbreviated Financial Statements for the year ended 31 December 1995.

Note 1 ACCOUNTING POLICIES

a. Basis of accounting

The Financial Statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

b. Consolidated Financial Statements

The company has taken advantage of the exemption from preparing Consolidated Financial Statements conferred by Sections 248 and 249 of the Companies Act 1985.

c. Cash Flow Statement

The company has taken advantage of the exemption from preparing a Cash Flow Statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985.

d. Depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives. The rates and bases used are as follows:

Fixtures, fittings and equipment	-	25% or 33.3% on a reducing balance or straight line basis whichever appropriate
Motor vehicles	-	25% on a straight line basis

e. Leased and Hire Purchase Contracts

Assets acquired under finance leases are capitalised at their fair value and depreciated as for other assets of a similar type. The total finance charges are allocated over the period of the lease on a straight line basis. Rentals paid under operating leases are charged to income as incurred.

f. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes attributable overheads.

g. Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 4 issued by the Accounting Standards Board and are classified as equity share capital or non-equity share capital as appropriate.

Capital instruments are initially carried at the amount of net proceeds. Costs and issue expenses will be adjusted through reserves until the Cumulative Preference dividend arrears have been cleared. When the preference dividend is actually declared a corresponding transfer is made from Cumulative Preference dividend arrears to creditors.

Note 1 ACCOUNTING POLICIES (Continued)

h. Taxation

Taxation is based on the results for the year at current rates of tax, and takes into account deferred taxation on all timing differences between the treatment of certain items for accounts purposes and their treatment for corporation tax purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

i. Design and development

Design and development costs are written-off as incurred.

j. Foreign currency amounts

Assets, liabilities, revenue and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which the transaction occurs. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Differences on exchange are charged or credited in the profit and loss account for the year.

k. Pension

The Company operates a defined contribution pension scheme and death in service scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the Abbreviated Financial Statements for the year ended 31 December 1995 (continued).

Note 2 FIXED ASSETS

	Tangible Fixed Assets £	Investments £
COST		
At 1 January 1995	529,448	6,771
Additions	107,530	-
Disposals	94,073	-
At 31 December 1995	542,905	6,771
ACCUMULATED DEPRECIATION		
At 1 January 1995	357,829	-
Charge for the year	69,819	-
Disposals	82,003	-
At 31 December 1995	345,645	-
NET BOOK VALUES		
At 31 December 1995	197,260	6,771
At 31 December 1994	171,619	6,771

Note 3 SUBSIDIARY

Details of the Company's subsidiary at 31 December 1995 are:

Name	Place of incorporation	Class of share held	Percentage held by the Company
Concurrent Technologies Inc.	California, USA	Ordinary	100 per cent

Note 4 DEBTORS (Amounts falling due after more than one year)

	1995 £	1994 £
ACT recoverable	46,428	-

Notes to the Abbreviated Financial Statements for the year ended 31 December 1995 (continued).

Note 5: CREDITORS (amounts falling due after more than one year)

	1995	1994
	£	£
Lease obligations	14,660	1,258
	14,660	1,258

Note 6: SHARE CAPITAL

	Authorised 31 Dec 1995 Nº.	Allotted, issued and fully paid 31 Dec 1995 £	Authorised 31 Dec 1994 Nº.	Allotted, issued and fully paid 31 Dec 1994 £
Ordinary Shares of 1p each	60,000,000	400,168	-	-
Ordinary Shares of 10p each	-	-	27,220,000	2,348,214
"A" Ordinary Shares of 2p each	-	-	11,847,203	236,944
"B" Ordinary Shares of 1p each	-	-	4,738,081	18,750
"C" Ordinary Shares of 4p each	-	-	82,551,734	-
Cumulative Preference Shares:				
Non-Redeemable £1	750,000	450,000	750,000	450,000
Redeemable £1	675,000	675,000	675,000	675,000
Convertible Redeemable £1	75,000	75,000	75,000	75,000
		1,600,168		3,803,908

By virtue of an Ordinary Resolution dated the 25th day of October, 1995 the authorised share capital of the Company was diminished by £3,302,069.36 by the cancellation of 82,551,734 'C' Ordinary Shares of 4p each in the authorised share capital of the Company which at the date of the Resolution had not been taken or agreed to have been taken by any person.

By virtue of a Special Resolution dated the 25th day of October, 1995:

(i) each Ordinary Share of 10p in the capital of the Company (including all such shares then in issue) was sub-divided into 1 Ordinary Share of 1p and 9 Deferred Shares of 1p each;

(ii) each 'A' Ordinary Share of 2p in the capital of the Company (including all such shares then in issue) was sub-divided into 1 Ordinary Share of 1p and 1 Deferred Share of 1p;

(iii) the authorised share capital was increased by the creation of 20,932,797 New Ordinary Shares of 1p each ranking pari passu in all respects with the existing New Ordinary Shares of 1p in the capital of the Company;

(iv) 1,875,000 'B' Ordinary Shares were reclassified as Deferred Shares of 1p each;

Notes to the Abbreviated Financial Statements for the year ended 31 December 1995. (continued).

Note 6 SHARE CAPITAL (continued)

(v) the Company effected a bonus issue of 4,687,497 Ordinary Shares of 1p each

(vi) the authorised and issued share capital of the Company was reduced by the cancellation of all the Deferred Shares of 1p each in the capital of the Company.

The reserve of £2,250,615 created by the cancellation of the Deferred Shares of 1p each has been set off against the accumulated deficit on the Company's profit and loss account following approval of this arrangement by the High Court on 28 November 1995.

Under this arrangement a Special Reserve was required to be created and maintained and treated as undistributable until certain conditions relating to payment of the Company's creditors as at 22 November 1995 were fulfilled. These conditions were satisfied before 31 December 1995 and the Special Reserve which amounted to £557,551 is therefore now indistinguishable from the Accumulated Losses.

Share Warrants:

Following the passing of an ordinary resolution and special resolutions the terms of the Share Warrants existing at 31 December 1994 were changed. They are now in respect of Ordinary Shares of 1p each instead of Ordinary Shares of 10p each as follows:

1,200,000 Ordinary Shares of 1p exercisable at a price of 7p per share until 22 July 1997 (see below).

156,000 Ordinary Shares of 1p exercisable at a price of 10p per share until 8 December 1998 (see below)

If the Ordinary Shares of the Company are listed on a Stock Exchange or similar public market or there is a sale of the Company, the terms of the Share Warrants will be revised. If the listed price of the Ordinary Share is less than 13p then the exercise price applicable to the Warrants shall be reduced by the amount by which the price is less than 13p provided that the exercise price shall not thereby be reduced below 1p. If a listing or sale does not take place on or before 30 June 1996, then the dates for the latest exercise of the Warrants shall be extended by two years to 22 July 1999 and 8 December 2000 respectively.

Executive Share Option Scheme:

The options issued on 17 August 1992 to subscribe to 2,824,718 'B' Ordinary 1p Shares and exercisable within 7 years of that date are, consequent upon the capital reorganisation referred to above, now in respect of 7,061,795 Ordinary 1p Shares, exercisable within 7 years of the original date of issue.

CONCURRENT TECHNOLOGIES LIMITED

Notes to the Abbreviated Financial Statements for the year ended 31 December 1995. (continued).

Note 6 SHARE CAPITAL (continued)

Preference Shares:

The Non-Redeemable £1 Cumulative Preference Shares carry a net dividend rate of 12 per cent per annum. The Cumulative Redeemable Preference Shares and the Cumulative Convertible Redeemable Preference Shares carry a net dividend rate of 15 per cent per annum. To the extent that payment would be lawful, the amount payable in respect of the dividends payable on all of these Preference Shares at 31 December 1995 would amount to £1,112,729 of which £232,140 is proposed to be paid in 1996.

The holders of the Non Redeemable Preference Shares receive their dividends and any arrears of dividend on such shares in priority to the holders of any other class of shares. After these payments to the Non Redeemable Preference Shareholders, the holders of the Redeemable Preference Shares are entitled to receive their dividends and any arrears of dividend on such shares. After all payments to the Non Redeemable Preference Shareholders and Redeemable Preference Shareholders the holders of the Convertible Preference Shares are entitled to receive their dividends and any arrears of dividend on such shares.

If the Ordinary Shares of the Company are placed on a public market or there is a sale of the Company each Convertible Preference Share shall be converted into 10 Ordinary Shares at a premium of 9p per share. Any remaining Convertible Preference Shares and Redeemable Preference Shares, subject to the provisions of the Companies Act 1985, and provided the dividends thereon have been paid in full, may be redeemed by the Company by tender available to all holders of such shares at any price.

On a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied firstly in repaying to the holders of the Non-Redeemable Preference Shares the amount paid up or credited as paid up thereon together with a sum equal to any arrears deficiency or accruals of the Non-Redeemable Preference Dividend; secondly, in repaying to the holders of the Redeemable Preference Shares the amount paid up or credited as paid up thereon together with a sum equal to any arrears deficiency or accruals of the Redeemable Preference Dividend; thirdly, in repaying to the holders of the Convertible Preference Shares the amount paid up or credited as paid up thereon together with a sum equal to any arrears deficiency or accruals of the Convertible Preference Dividend.

Note 6 SHARE CAPITAL (continued)

Preference Shares (continued):

The holders of the Non-Redeemable Preference Shares shall not be entitled to receive notices of general meetings of the Company or to attend or vote thereat either in person or by proxy. The holders of the Redeemable Preference Shares shall be entitled to receive notice of all general meetings of the Company but shall not be entitled to attend or vote thereat either in person or by proxy by virtue or in respect of their holdings of Redeemable Preference Shares. The holders of the Convertible Preference Shares shall be entitled to receive notice of all general meetings of the Company but shall not be entitled to attend or vote thereat either in person or by proxy by virtue or in respect of their holdings of Convertible Preference Shares.

Note 7 TRANSACTIONS WITH DIRECTORS

During the year the Company received advice in respect of the capital reduction and other services from firms in which the following Directors were partners. These services were charged at normal commercial rates as follows:

Director	**Firm**	**£**
M Collins	Alsop Wilkinson	77,490
R P M Crowther	Grant Thornton	4,063

CONCURRENT TECHNOLOGIES LIMITED

Auditors' report to the Directors of Concurrent Technologies Limited pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985.

We have examined the Abbreviated Financial Statements on pages 2 to 9 together with the full Financial Statements of Concurrent Technologies Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether they have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those Financial Statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full Financial Statements.

Opinion

In our opinion the company is entitled under sections 246, 247 and 249 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31 December 1995 and the abbreviated financial statements on pages 2 to 9 have been properly prepared in accordance with that schedule.

Other information

On 23rd February 1996 we reported, as auditors of Concurrent Technologies Limited, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1995 and our audit report was as follows:

> "We have audited the Statutory Financial Statements on pages 6 to 20 which have been prepared under the accounting policies set out on page 8 & 9.
>
> **Respective responsibilities of Directors and Auditors**
>
> As described on page 2 the Company's Directors are responsible for the preparation of Statutory Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.
>
> **Basis of opinion**
>
> We conducted our audit in accordance with 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 Statutory Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Statutory Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Auditors' report (Continued)

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 Statutory 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 Statutory Financial Statements.

Opinion

In our opinion the Statutory Financial Statements give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

In our opinion the company is entitled for the year ended 31 December 1995 to the exemption conferred by section 248 of the Company Act 1985 from preparing group accounts."

Kidsons Impey
Registered Auditors
Chartered Accountants
Chelmsford

23rd February 1996