

Contents

Chairman's Statement	2
Report of the Directors	3
Corporate Governance	6
Report of the Remuneration Committee	8
Report of the Auditors	9
Consolidated Profit and Loss Account	10
Statement of Total Recognised Gains & Losses	10
Consolidated Balance Sheet	11
Balance Sheet	12
Consolidated Cash Flow Statement	13
Notes to the Financial Statements	14
Notice of Annual General Meeting	26

Company Information

Directors:

M. Collins LL.B. (Chairman)
 J.B. Annear
 R.P.M. Crowther F.C.A.
 D. Evans-Hughes B.Sc.
 G.A. Fawcett B.Sc.
 A.D. Hurley

Secretary:

R.P.M. Crowther F.C.A.

Registered Office:

4 Gilberd Court,
 Newcomen Way,
 Colchester, Essex,
 CO4 4WN

Registered Number:

1919979

Auditors:

HLB Kidsons
 Ocean House,
 Waterloo Lane,
 Chelmsford, Essex
 CM1 1BD

Solicitors:

Wollastons
 Brierly Place,
 New London Road,
 Chelmsford, Essex.
 CM2 0AP

Bankers:

National Westminster Bank
 25 High Street
 Colchester, Essex,
 CO1 1DG

Registrars:

MSP Secretaries Limited
 Craven House
 West Street,
 Farnham, Surrey,
 GU9 7EN

**Nominated Adviser and
 Nominated Broker:**

Bell Lawrie White & Co.
 a division of:
 Brewin Dolphin Securities Ltd
 48 St. Vincent Street
 Glasgow
 G2 5TS



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 COMPANIES HOUSE

Chairman's Statement

Financial In the full year to 31st December 1999 the group turnover was £5,547,633. In the second half of the year turnover was £3,633,374 which compared with £1,914,259 in the first half. For the full year group profit before tax was £177,065 (1998 £383,918 loss) which means that in the second half of the year the group achieved more than £500,000 profit before tax, in line with expectations.

The balance sheet of the Group continues to strengthen with net current assets increasing to over £3,000,000 and total shareholders funds to £3,444,360.

Production In response to market requirements and the needs of existing and potential customers, we are taking steps to reduce our lead times for delivery. I indicated in the interim statement in October 1999 that we intended to install additional production equipment this year to meet increased demand. We now intend to accelerate the programme and this will enable us to handle more volume and deliver quicker. Once the new equipment has been installed we will have production capacity to fulfil orders of about £20,000,000 per annum. This will also ensure that our production equipment is specified to meet the requirement of the latest component technologies. We also intend to hold larger stocks of certain components in order to bring the start of the production process forward.

Sales The Board has now approved a sales budget for 2000 in excess of £10,000,000 and I am very confident that we will achieve this. We still expect Multibus II to dominate our sales in 2000 and to sell more Multibus II boards this year than ever before as we have a number of customers ordering substantial quantities of boards on a regular basis for systems which we believe will continue to be required for several years to come. Additionally, we continue to increase our Multibus II business as new customers migrate to our higher performance Pentium II products.

Sales enquiries and orders for our VME and Compact PCI boards have continued at a very healthy rate, especially following the introduction of our new low-power single slot Pentium III products. Based on our current order book, and customer forecasts and commitments, current indications are that the sales trend established in the second half of 1999 is continuing into the current year.

Marketability of the Shares of the Company Since my report dated 13th October 1999 when I said that we would be considering stepping up to the full Stock Exchange list and TechMARK, the marketability and share dealing activity in our shares which are listed on AIM has increased dramatically, as indeed has the listed share price. In these circumstances your Board has no present intention of making a change but we will keep the situation under review.

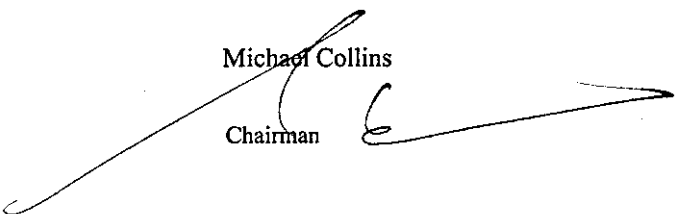
Dividends Your Board does not propose to recommend the payment of a dividend in respect of the 1999 financial results.

Deferred Shares We intend to proceed now with the purchase of the outstanding Deferred Shares. They are virtually worthless so we plan to purchase them for £0.00001 per share. A resolution to approve this is included in the Notice convening the Annual General Meeting this year which is set out in this document. As last year your Directors will seek your permission to allot Ordinary Shares up to a maximum of 5% of the existing issued Ordinary Share capital of the Company.

Crest Finally I am able to tell you that the Board has resolved to join CREST, the computerised system for settling sales and purchases of shares. Our application to join CREST has been accepted and shareholders may now, if they wish, become members. A formal notice and an explanatory leaflet is enclosed with the Financial Statements.

Michael Collins

Chairman



Report of the Directors

The Directors present their Report and Financial Statements of the Group (Concurrent Technologies Plc and its wholly owned subsidiaries, Concurrent Technologies Inc. and Concurrent Technologies SA (Pty) Ltd.) for the year ended 31 December 1999.

Directors' Responsibilities We are required under company law 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 year.

In preparing these Financial Statements we have:

- selected suitable accounting policies and applied them consistently
- made reasonable and prudent judgements and estimates
- stated whether applicable accounting standards have been followed
- prepared the Financial Statements on a going concern basis

We have also accepted responsibility for:

- keeping proper accounting records
- safeguarding the Group's assets
- taking reasonable steps for the prevention and detection of fraud

Principal Activity The Group designs, develops, manufactures and sells single board computers to system integrators and original equipment manufacturers.

Review of the Business and Future Developments Details are set out in the Chairman's Statement on page 2.

Results and Dividends The profit on ordinary activities after taxation for the year ended 31 December 1999 was £161,836. (Year to December 1998: Loss £359,915). The Directors do not recommend payment of a dividend.

Fixed Assets Details of additions to fixed assets are given in Note 10 to the Financial Statements.

Officers' Insurance The Company has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the Company.

Non-Executive Directors *Michael Collins*, LLB, Solicitor, aged 54. Chairman
Currently a partner in the Banking Unit of Dibb Lupton Alsop. He was appointed a Director of Concurrent Technologies Plc in 1987.

Anthony David Peter Hurley, aged 47.
Currently Group Managing Director of Fairmount Group Plc. He was appointed a Director of Concurrent Technologies Plc in 1991.

Ronald Peter Morrison Crowther, FCA, aged 64
Previously a partner in Grant Thornton and currently a Consultant. He was appointed a Director of Concurrent Technologies Plc in 1987 and was appointed Company Secretary in 1996.

Report of the Directors (continued)

Directors The Directors set out below have held office during the whole of the year 1 January 1999 to 31 December 1999. The beneficial interests of the Directors holding office on 31 December 1999 in the shares of the Company at that date, according to the Register of Directors' Interests, are shown below:-

	1p Ordinary Shares		1p Deferred Shares	
	31/12/99	31/12/98	31/12/99	31/12/98
J.B. Annear	1,775,039	1,740,039	303,301	303,301
M. Collins	785,756	1,755,756	-	-
R.P.M. Crowther	574,125	524,125	-	-
D. Evans-Hughes	770,739	735,739	-	-
G.A. Fawcett	1,614,874	1,579,874	227,476	227,476
A.D. Hurley	2,304,839	2,304,839	2,256,253	2,256,253

The non-beneficial interests of the Directors in the share capital of the Company as at 31 December 1999 are as follows:-

	1p Ordinary Shares		1p Deferred Shares	
	31/12/99	31/12/98	31/12/99	31/12/98
M. Collins	4,867,531	3,198,882	4,499,627	4,499,627
R.P.M. Crowther	1,360,875	1,285,875	799,158	799,158
A.D. Hurley	195,224	195,224	603,609	603,609

Substantial Shareholders As at 31 December 1999 the following persons, other than the Directors and their family interests, had notified the Company of an interest in 3% or more of the Company's Ordinary Shares.

Name	Number of Ordinary Shares	Shareholding %
Eaglet Investment Trust	8,310,898	11.76
I.M. Keeler	8,149,890	11.52
K.F. Burnett	5,504,501	7.79
Direct Nominees	4,656,469	6.59
Chase Nominees	3,156,469	4.46
D Cornford	2,672,420	3.78

Report of the Directors (continued)

Payment of Creditors Policy The Company has a variety of payment terms with its suppliers. The terms for payments for purchases under major contracts are settled when agreeing the other terms negotiated with individual suppliers. It is our policy to make payments for other purchases within thirty working days of the invoice date, provided that the relevant invoice is presented to the Company in a timely fashion and is complete. The Company's payment terms are specified in individual contracts agreed with suppliers. The ratio, expressed in days, between the amounts invoiced to the Company by its suppliers in the year ended 31 December 1999 and the amounts owed to its trade creditors at the end of the year was 39 days.

Auditors Messrs. HLB Kidsons have expressed their willingness to continue in office; a resolution will be proposed at the next Annual General Meeting for their re-appointment as auditors.

By order of the Board

R.P.M. Crowther

Company Secretary

10th February 2000



Corporate Governance

The Directors acknowledge the importance of the guidelines set out in the Principles of Good Practice and the Code of Best Practice ("The Combined Code") as appended to the London Stock Exchange Listing Rules and have applied them as appropriate to a company of the size and nature of Concurrent Technologies Plc.

Internal Financial Control The Group has adopted the transitional approach for the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

The Board of Directors has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute reassurance against material misstatement or loss.

The Group has a long established framework of internal financial controls:

Control environment : the Group's control environment is the responsibility of the Group's Directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is the responsibility of the Board.

Financial Reporting : there is a comprehensive budgeting system in place with an annual budget approved by the Board. Actual profit and loss together with a balance sheet are reported against budget every month, together with order intake analysis. A review of the results to date and latest year end forecasts is undertaken by the Board at least six times a year. Comments arising from the detailed review of the performance and financial position are included within the Chairman's Statement. The Directors' responsibilities for the financial statements are described on page 3. The Company reports to shareholders twice a year.

Delegation of Authority : the Company has a Group procedure that defines levels of authority before committing the Company to defined actions involving commercial risk.

Risk Assessment : Executive management has a clear responsibility for the identification of risks facing the business and for putting in place procedures to eliminate, mitigate and monitor risks. The Company continually sets and monitors performance targets. The full Board monitors these processes through a system of Board Meeting reports.

Treasury : the strategy of hedging against foreign exchange and interest rates, levels of borrowing, charges over assets and investment of cash are reviewed and approved by the Board. Insurance of various business risks is reviewed and approved by the Board at least once a year.

Board's monitoring system : the Board reviews and approves budgets and monitors the Group's performance against those budgets monthly. Variances from the expected outcome are investigated and where lapses in internal control are detected, these are rectified. The Group's cash flow is also monitored monthly.

Main Control Procedures : Standard financial control procedures operate throughout the Group to ensure the integrity of the Group's financial statements. The Board approves capital expenditure at the annual budget and the Board must approve any other material capital expenditure. To supplement these procedures the Company has a comprehensive set of written non-financial procedures which are audited on a regular basis by internal auditors and twice yearly by external independent auditors as per ISO 9000 requirements.

The Board has conducted a review of the effectiveness of the system of internal financial control for the year ended 31 December 1999, and has taken account of material developments which have taken place since the year end. The review was performed on the basis of the criteria set out in the Guidance for Directors "Internal Control and Financial Reporting" issued in December 1994.

Corporate Governance (continued)

Wider Aspects of Internal Control The Board is currently undertaking a review of the Group's internal control procedures and risk management strategy in light of the guidance "Internal Control : Guidance for Directors on the Combined Code " developed by the working party led by Nigel Turnbull. This review will be completed during the current year.

The Board of Directors The full Board of Directors meets a minimum of six times per year and exercises control, including the monitoring of senior management, throughout the Group. The board has an equal number of Executive and fully independent non-Executive Directors to ensure an even balance of power and authority.

The Chairman, who carries out his duties on a part-time basis, is primarily responsible for the running of the Board, and the Managing Director is responsible for the day-to-day running of the Group and for implementing Group strategy. All Directors are aware of their right to seek independent professional advice at the Company's expense to assist them in their duties and to have access to the services of the Company Secretary.

None of the Directors has a service contract in excess of one year.

Board Committees The Audit Committee is responsible for ensuring that the financial performance of the Group is properly measured and reported and for reviewing reports from Auditors relating to the Group accounts and the Group's internal control systems.

The Audit Committee, which meets twice a year, comprises:-

J.B. Annear	Executive Director
M. Collins	non-Executive Chairman and Chairman of the Audit and Remuneration Committees.
R.P.M. Crowther	non-Executive Director

The Board considers it appropriate for a company of its size to include only two non-Executive Directors instead of the recommended three.

The Remuneration Committee is responsible for setting the remuneration and performance-related bonus for Executive Directors and Senior Managers. The Committee, which meets as required, comprises:-

M. Collins	non-Executive Chairman and Chairman of the Audit and Remuneration Committees
R.P.M. Crowther	non-Executive Director
G.A. Fawcett	Executive Managing Director

Going Concern After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to enable them to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these Financial Statements.

M Collins

Chairman

10th February 2000

Report of the Remuneration Committee

This report is provided in accordance with the recommendations of the Code of Best Practice contained in the Greenbury Report on Directors' Remuneration issued in July 1995.

The Remuneration Committee consists of two non-Executive Directors, Mr M. Collins, who is Chairman and Mr R.P.M. Crowther, and one Executive Director, Mr G.A. Fawcett.

The policy of the Remuneration Committee is framed to give full consideration to the provisions as to best practice set out in the Greenbury Report.

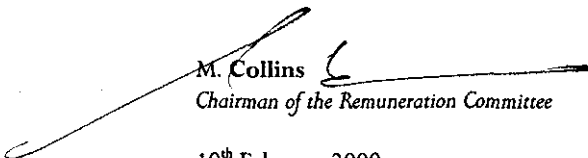
Directors' Emoluments Each Executive Director is employed by the Company under a written contract of employment which provides for termination by either party giving twelve months' written notice.

Each Executive Director receives a remuneration package comprising a basic salary and the usual benefits in kind. For each year, commencing on 1 January, the Remuneration Committee sets the level of emoluments to be paid to each Executive and non-Executive Director and the level of any bonuses payable to each Executive Director. Bonuses are specifically related to the Group's performance. The non-Executive Directors are not entitled to bonuses. The Remuneration Committee considers it inappropriate to disclose more details of Directors' remuneration than is required by the Companies Act.

Executive Directors are entitled to be members of the Company's pension scheme, details of which are set out in Note 21 to the Financial Statements. Non-Executive Directors are not entitled to join the Company's pension scheme.

Options Share There are currently no share options in place.

The Remuneration Committee is of the opinion that the Company has applied such provisions of the Code of Best Practice included in the Greenbury Report as is appropriate for a company of the size and nature of Concurrent Technologies Plc.


M. Collins
Chairman of the Remuneration Committee

10th February 2000

Report of the Auditors

To the Shareholders of Concurrent Technologies Plc.

We have audited the Financial Statements on pages 10 to 25 which have been prepared under the historical cost convention and the accounting policies set out on page 14.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as described on page 3 of the Financial Statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 or regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance Statements on pages 6 and 7 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the London Stock Exchange for listed companies, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls or form an opinion on the effectiveness of the Company's Corporate Governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the Corporate Governance Statement, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

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 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.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's and Group's affairs as at 31 December 1999 and of the Group's profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons
Registered Auditors
Chartered Accountants
Chelmsford

10th February 2000

Consolidated Profit and Loss Account

For the year ended 31 December 1999	<i>Notes</i>	Year to 31 December 1999 £	Year to 31 December 1998 £
Turnover from Continuing Operations	2	5,547,633	3,688,895
Cost of sales		<u>3,147,556</u>	<u>1,979,622</u>
Gross Profit		2,400,077	1,709,273
Design, development and administrative expenses		<u>2,244,228</u>	<u>2,119,532</u>
Operating profit/(loss) from continuing operations	3	155,849	(410,259)
Net interest	3	<u>21,216</u>	<u>26,341</u>
Profit/(loss) on Ordinary activities before taxation		177,065	(383,918)
Taxation	6	<u>15,229</u>	<u>(24,003)</u>
Profit/(loss) on ordinary activities after taxation		161,836	(359,915)
Dividends, proposed and payable:-			
Ordinary Shares (equity)		-	-
Retained Profit / (loss) for the Year		<u>161,836</u>	<u>(359,915)</u>
Earnings per Ordinary Share	8	<u>0.23p</u>	<u>(0.61)p</u>

Statement of Total Recognised Gains & Losses

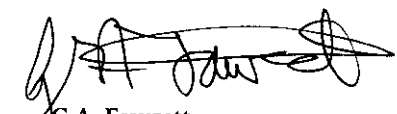
	Year to 31 December 1999 £	Year to 31 December 1998 £
Profit/(Loss) for the year	161,836	(359,915)
Currency translation differences on foreign currency net investments	(6,250)	2,226
Total gains / (losses) recognised since last annual report	<u>155,586</u>	<u>(357,689)</u>

Consolidated Balance Sheet

at 31 December 1999	<i>Notes</i>	31 December 1999	31 December 1998
		£	£
FIXED ASSETS			
Tangible assets	10	687,694	794,795
Investments	11	60	60
		687,754	794,855
CURRENT ASSETS			
Stocks and work in progress	12	800,550	614,650
Debtors	13	2,071,789	952,234
Cash at bank and in hand		1,619,819	2,133,134
		4,492,158	3,700,018
CREDITORS:			
amounts falling due within one year	14	1,474,463	742,747
		3,017,695	2,957,271
NET CURRENT ASSETS			
TOTAL ASSETS LESS			
CURRENT LIABILITIES		3,705,449	3,752,126
CREDITORS:			
amounts falling due after more than one year	15	261,089	463,352
		3,444,360	3,288,774
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	17	963,976	963,976
Share Premium account	18	2,453,943	2,453,943
Profit & Loss account	19	26,441	(129,145)
		3,444,360	3,288,774
SHAREHOLDERS' FUNDS			

The Financial Statements were approved by the Board of Directors on 10 February 2000 and signed on its behalf by



M. Collins
Chairman

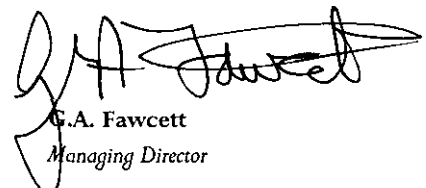

G.A. Fawcett
Managing Director

Balance Sheet

at 31 December 1999	<i>Notes</i>	31 December 1999	31 December 1998
		£	£
FIXED ASSETS			
Tangible assets	10	685,070	792,725
Investments	11	6,783	6,783
		<u>691,853</u>	<u>799,508</u>
CURRENT ASSETS			
Stocks and work in progress	12	798,460	614,650
Debtors	13	2,334,391	1,096,104
Cash at bank and in hand		1,266,297	1,882,030
		<u>4,399,148</u>	<u>3,592,784</u>
CREDITORS:			
amounts falling due within one year	14	1,385,552	653,038
		<u>3,013,596</u>	<u>2,939,746</u>
NET CURRENT ASSETS			
		<u>3,013,596</u>	<u>2,939,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		3,705,449	3,739,254
CREDITORS:			
amounts falling due after more than one year	15	261,089	463,352
		<u>3,444,360</u>	<u>3,275,902</u>
NET ASSETS			
		<u>3,444,360</u>	<u>3,275,902</u>
CAPITAL AND RESERVES			
Called up share capital	17	963,976	963,976
Share Premium account	18	2,453,943	2,453,943
Profit & Loss account	19	26,441	(142,017)
		<u>3,444,360</u>	<u>3,275,902</u>
SHAREHOLDERS' FUNDS			
	20	<u>3,444,360</u>	<u>3,275,902</u>

The Financial Statements were approved by the Board of Directors on 10 February 2000 and signed on its behalf by:


M. Collins
 Chairman


G.A. Fawcett
 Managing Director

Consolidated Cash Flow Statement

For the year ended 31 December 1999	<i>Notes</i>	Year to 31 December 1999 £	Year to 31 December 1998 £
Net cash (outflow)/inflow from operating activities	22	(199,261)	394,704
Returns on investments and servicing of finance:			
Interest received		88,699	97,357
Interest paid - finance lease interest		(26,538)	(26,580)
Interest paid - bank interest		(40,945)	(44,436)
Preference dividends paid		-	(166,500)
Net cash inflow/(outflow) from returns on investments and servicing of finance		21,216	(140,159)
Taxation:			
UK Corporation Tax (including Advance Corporation Tax)		-	(129,122)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(36,016)	(85,389)
Sale of tangible fixed assets		9,894	9,151
Net cash (outflow) from capital expenditure and financial investment:		(26,122)	(76,238)
Equity Dividends paid		-	(48,479)
Financing:			
Issue of Ordinary Share Capital		-	2,827,362
Own Purchase of Non-Redeemable Preference Shares		-	(450,000)
Redemption of Preference Shares		-	(678,761)
Expenses incurred on issue of equity share capital		-	(266,791)
Capital element on hire purchase and finance leases		(202,603)	(201,493)
Borrowings repaid		(100,295)	-
Net cash (outflow)/inflow from financing		(302,898)	1,230,317
(Decrease)/Increase in cash	22	(507,065)	1,231,023

Notes to the Financial Statements

For the year ended 31 December 1999.

Note 1 ACCOUNTING POLICIES

- Basis of preparation of Group Financial Statements** The Consolidated Financial Statements, which are prepared under the historical cost convention and in accordance with applicable accounting standards, include the Financial Statements of the Company and its subsidiaries made up to 31 December 1999.
- 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:
- | | | |
|--|---|--|
| Improvements to short leasehold property | - | 20% on a straight line basis. |
| Fixtures, fittings and equipment | - | 25% or 33.3% on a reducing balance.
or straight line basis whichever appropriate. |
| Manufacturing plant | - | 10-15 years on a straight line basis or 25%
on a reducing balance whichever
appropriate. |
| Motor vehicles | - | 25% on a straight line basis. |
- Leases and Hire Purchase Contracts** Assets acquired under finance leases and hire purchase contracts 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.
- 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.
- 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.
- Design and Development** Design and development costs are written off as incurred.
- Foreign Currency Amounts** In the financial statements of individual undertakings, transactions in foreign currencies are recorded in the local rate of exchange ruling on the date on which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.
- In the consolidated financial statements, the results of overseas subsidiary undertakings are translated at the average rates during the year and the balance of these undertakings are translated at the year end exchange rates. Exchange differences arising on the re-translation at year end rates of opening net assets and results for the year of overseas subsidiary undertakings and of long term funding of investments in overseas subsidiary undertakings are dealt with through reserves. All other exchange differences are dealt with in the profit and loss account.
- Pensions** 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 Financial Statements (continued)

Note 2 **TURNOVER**

Turnover, which excludes sales between Group companies and Value Added Tax, comprises sales of goods and services at invoiced value. All the Group's operations are classed as continuing and are attributable to the principal activity. The analysis of turnover by geographical market is not disclosed because in the opinion of the Directors, to do so would be prejudicial to the Group's interests.

Note 3 **OPERATING PROFIT FROM CONTINUING OPERATIONS**

	Year to 31 December 1999 £	Year to 31 December 1998 £
The operating profit/(loss) from continuing operations for the year is stated after charging:		
Depreciation on owned assets	60,184	67,700
Depreciation on leased assets:		
Motor vehicles	5,390	12,711
Fixtures, fittings and equipment	71,862	52,285
Design & development expenditure	829,645	688,475
Auditors' remuneration:		
Audit services	8,500	7,500
Non-audit services	7,400	4,500
Operating lease rentals:		
Hire of plant & equipment	5,687	3,774
Premises rent	89,550	89,550
and after crediting		
Profit on disposal of fixed assets	<u>7,740</u>	<u>1,586</u>
Interest payable:		
Bank loan & overdraft	40,945	44,436
Finance charges in respect of hire purchase and finance leases	<u>26,538</u>	<u>26,580</u>
	67,483	71,016
Interest receivable	88,699	97,357
Net interest receivable	<u>21,216</u>	<u>26,341</u>

Notes to the Financial Statements (continued)

Note 4 DIRECTORS' EMOLUMENTS

	Year to 31 December 1999 £	Year to 31 December 1998 £
Directors' fees	58,000	65,500
Other emoluments	228,529	236,141
Pension contributions	13,237	10,695
	299,766	312,336

The emoluments of Directors disclosed above include in respect of the highest paid Director:

fees and emoluments	87,787	81,409
pension contributions	7,372	5,240

The number of Directors to whom retirement benefits are accruing is:	No	No
	2	2

Transactions with Directors

During the year the Group received legal advice from a firm in which the following Director was a partner. These services were charged at normal commercial rates, in addition to Director's fees, as follows:

		1999 £	1998 £
Director	Firm		
M. Collins	Dibb Lupton Alsop	9,300	78,087

The amounts outstanding at the year end to Dibb Lupton Alsop were as follows:

	-	1,933
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Notes to the Financial Statements (continued)

Note 5 STAFF COSTS

	Year to 31 December 1999 £	Year to 31 December 1998 £
Wages and salaries	1,281,722	1,020,182
Social Security costs	120,177	100,463
Other Pension costs	53,311	33,096
	1,455,210	1,153,741

The average number of employees employed

by the Group during the year was:

	No	No
Production	15	15
Other	31	26
Total	46	41

Note 6 TAXATION

	Year to 31 December 1999 £	Year to 31 December 1998 £
Corporation Tax on taxable profit for the year	15,229	-
Adjustment in respect of previous years	-	(29,985)
Overseas Taxation	-	5,982
	15,229	(24,003)

Note 7 DEFERRED TAXATION

GROUP and COMPANY

	1999 £	1998 £
Tax effect of timing differences on:-		
Excess of tax allowances over depreciation of tangible fixed assets	35,068	47,933
Less Corporation Tax losses	(34,982)	(47,933)
Potential liability not provided	86	-

Notes to the Financial Statements (continued)

Note 8 EARNINGS PER SHARE

The calculation of earnings per share is based on the weighted average number of Ordinary Shares in issue of 70,700,012 (1998 - 59,112,379), and on the profit after tax of £161,836 (1998 - Loss:£359,915).

Note 9 PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The parent company has relied on the exemption conferred by s230 of the Companies Act 1985 in not publishing its own Profit and Loss Account.

Notes to the Financial Statements (continued)

Note 10 TANGIBLE FIXED ASSETS

GROUP	Improvements to Short Leasehold Property £	Motor Vehicles £	Fixtures, Fittings & Equipment £	Total £
COST				
At 1 January 1999	17,614	43,142	1,426,854	1,487,610
Additions	-	-	36,016	36,016
Disposals	-	(43,142)	(12,181)	(55,323)
At 31 December 1999	<u>17,614</u>	<u>-</u>	<u>1,450,689</u>	<u>1,468,303</u>
ACCUMULATED DEPRECIATION				
At 1 January 1999	6,725	35,599	650,491	692,815
Charge for the year	3,528	5,390	132,046	140,964
Disposals	-	(40,989)	(12,181)	(53,170)
At 31 December 1999	<u>10,253</u>	<u>-</u>	<u>770,356</u>	<u>780,609</u>
NET BOOK VALUE				
At 31 December 1999	<u>7,361</u>	<u>-</u>	<u>680,333</u>	<u>687,694</u>
At 31 December 1998	<u>10,889</u>	<u>7,543</u>	<u>776,363</u>	<u>794,795</u>
COMPANY	Improvements to Short Leasehold Property £	Motor Vehicles £	Fixtures, Fittings & Equipment £	Total £
COST				
At 1 January 1999	17,614	43,142	1,419,420	1,480,176
Additions	-	-	34,747	34,747
Disposals	-	(43,142)	(12,182)	(55,324)
At 31 December 1999	<u>17,614</u>	<u>-</u>	<u>1,441,985</u>	<u>1,459,599</u>
ACCUMULATED DEPRECIATION				
At 1 January 1999	6,725	35,599	645,127	687,451
Charge for the year	3,528	5,390	131,331	140,249
Disposals	-	(40,989)	(12,182)	(53,171)
At 31 December 1999	<u>10,253</u>	<u>-</u>	<u>764,276</u>	<u>774,529</u>
NET BOOK VALUE				
At 31 December 1999	<u>7,361</u>	<u>-</u>	<u>677,709</u>	<u>685,070</u>
At 31 December 1998	<u>10,889</u>	<u>7,543</u>	<u>774,293</u>	<u>792,725</u>

Included in the net book value of fixed assets of the Group and Company are £500,348 (1998: £573,793) of leased assets which have been depreciated by £77,252 (1998 £64,995).

Notes to the Financial Statements (continued)

Note 11 INVESTMENTS

GROUP AND COMPANY	1999 £	1998 £
Investment in an unrelated company: shares at cost	60	60
Investment in subsidiary companies: shares at cost	6,723	6,723
	<u>6,783</u>	<u>6,783</u>

Details of the Company's subsidiaries at 31 December 1999 are:

Name	Place of Incorporation	Class of share held	Percentage held by the Company	Nature of Business
Concurrent Technologies Inc.	California, USA	Ordinary	100 per cent	Sale and service of Concurrent Technologies Plc products
Concurrent Technologies SA (Pty) Ltd.	Pretoria, South Africa	Ordinary	100 per cent	Sale and service of Concurrent Technologies Plc products

Note 12 STOCKS AND WORK IN PROGRESS

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Raw Materials	363,889	363,889	163,531	163,531
Work in Progress	402,020	402,020	368,232	368,232
Finished Goods	34,641	32,551	82,887	82,887
	<u>800,550</u>	<u>798,460</u>	<u>614,650</u>	<u>614,650</u>

Notes to the Financial Statements (continued)

Note 13 DEBTORS

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Due within one year:				
Amounts owed by subsidiary undertakings (less provision)	-	317,678	-	284,963
Trade debtors	1,570,532	1,519,022	455,657	316,739
Prepayments	74,663	71,097	54,942	52,767
	<u>1,645,195</u>	<u>1,907,797</u>	<u>510,599</u>	<u>654,469</u>
Due after one year:				
ACT recoverable	426,594	426,594	441,635	441,635
	<u>2,071,789</u>	<u>2,334,391</u>	<u>952,234</u>	<u>1,096,104</u>

Note 14 CREDITORS (amounts falling due within one year)

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Bank loan	161,587	161,587	125,000	125,000
Trade creditors	879,076	878,718	179,279	171,924
Other creditors	104,718	57,545	53,513	8,128
Other taxes and social security costs	49,650	47,189	35,169	35,169
Corporation tax	188	188	-	-
Lease obligations (note 16)	65,381	65,381	202,602	202,602
Accruals & deferred income	213,863	174,944	147,184	110,215
	<u>1,474,463</u>	<u>1,385,552</u>	<u>742,747</u>	<u>653,038</u>

Note 15 CREDITORS (amounts falling due after more than one year)

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Bank loan	238,118	238,118	375,000	375,000
Lease obligations (note 16)	22,971	22,971	88,352	88,352
	<u>261,089</u>	<u>261,089</u>	<u>463,352</u>	<u>463,352</u>

The bank loan is being repaid by monthly instalments, the last of which falls due in March 2002.

The bank loan is secured by a charge over the Company's assets. Amounts fall due on the bank loan as follows:

In one year or less (see note 14)	£ 161,587
Between one and two years	£ 161,587
Between two and three years	£ 76,531

Notes to the Financial Statements (continued)

Note 16 FINANCIAL COMMITMENTS

FINANCE LEASES

	1999	1998
	£	£
Lease repayments fall due as follows:		
Within 1 year	65,381	202,602
Within 2-5 years	22,971	88,352
	88,352	290,954
Future finance charges	16,137	38,180
	104,489	329,134

OPERATING LEASES

The annual commitments under non-cancellable operating leases comprise liabilities in respect of leases expiring:

	1999	1999	1998	1998
	Plant & Equipment £	Land & Buildings £	Plant & Equipment £	Land & Buildings £
Within 2-5 years	3,323	89,550	6,010	89,550
After 5 years	-	-	-	-
	3,323	89,550	6,010	89,550

CAPITAL EXPENDITURE

At the end of the year the Group had contracted but not provided for capital expenditure commitments of £16,000. (1998 - £30,000)

Note 17 SHARE CAPITAL

	Authorised 31 Dec 1999 No	Allotted, issued and fully paid 31 Dec 1999 £	Authorised 31 Dec 1998 No	Allotted, issued and fully paid 31 Dec 1998 £
Ordinary Shares of 1p each	92,634,920	707,000	92,634,920	707,000
Deferred Shares of 1p each	25,697,600	256,976	25,697,600	256,976
Cumulative Preference Shares:				
Redeemable £1	391,675	-	391,675	-
Convertible Redeemable £1	75,000	-	75,000	-
"A" Non Redeemable £1	250,000	-	250,000	-
"B" Non Redeemable £1	500,000	-	500,000	-
		963,976		963,976

Notes to the Financial Statements (continued)

Note 17 SHARE CAPITAL (Continued)

The holders of the Deferred Shares are not entitled to receive any dividend or participate in the profits of the Company, on a winding-up will only be entitled to the amount paid up or credited as paid up on such shares after all other shareholders have been repaid the amount paid up or credited as paid up on their shares, and will not be entitled to receive notice of or to attend and vote at any general meeting of the Company.

Note 18 SHARE PREMIUM ACCOUNT

Group & Company	1999 £	1998 £
Opening Balance	2,453,943	89,238
Issue of 19,391,455 Ordinary Shares of 1p	-	2,617,846
Issue of 195,000 Ordinary Shares of 1p	-	13,650
Open Offer Expenses	-	(266,791)
	2,453,943	2,453,943

Note 19 PROFIT AND LOSS ACCOUNT

	Group £	Company £
Deficit attributable to equity shares at 1 January 1999	(129,145)	(142,017)
Currency translation differences on foreign currency net investments	(6,250)	-
Profit on ordinary activities after taxation	161,836	168,458
Retained Profit attributable to equity shares at 31 December 1999	26,441	26,441

Notes to the Financial Statements (continued)

Note 20 RECONCILIATION OF SHAREHOLDERS' FUNDS

	1999		1998	
	Group £	Company £	Group £	Company £
Profit/(Loss) for the year after taxation	161,836	168,458	(359,915)	(370,561)
Net Proceeds of share and warrant issues	-	-	2,560,570	2,560,570
Cash consideration to redeem Preference Shares	-	-	(678,761)	(678,761)
Own purchase of Non Redeemable Preference Shares	-	-	(450,000)	(450,000)
Currency translation differences on foreign currency net investments	(6,250)	-	2,226	-
Net addition to Shareholders' funds	155,586	168,458	1,074,120	1,061,248
Opening Shareholders' funds	3,288,774	3,275,902	2,214,654	2,214,654
Closing Shareholders' funds	<u>3,444,360</u>	<u>3,444,360</u>	<u>3,288,774</u>	<u>3,275,902</u>
Attributable to equity Shareholders	3,187,384	3,187,384	3,031,798	3,018,926
Attributable to non-equity Shareholders	256,976	256,976	256,976	256,976

Note 21 PENSION SCHEME

The Company operates a Group Personal Pension Scheme, which all permanent employees may join. The Scheme, which is a defined contributions scheme, is funded by payments to HSBC and is independent of the Company's finances.

The Company's contributions are based on between 5.5 and 9.5 per cent of members' gross salaries, dependent upon the length of service of the individual.

In addition, a separate defined contributions Pension Scheme has been established to provide "death-in-service" benefits. This is paid by annual premium by the Company.

The total charge to Profit and Loss Account is disclosed in Note 5, Staff Costs. Pension costs totalling £6,871 (1998: £6,203) were payable to the fund at the end of the year and are included in creditors.

Notes to the Financial Statements (continued)

Note 22 CASH FLOW STATEMENT

Reconciliation of Operating Profit to net cash inflow/(outflow) from operating activities:

	Year to 31 December 1999 £	Year to 31 December 1998 £
Operating Profit/(Loss)	155,586	(410,259)
Depreciation charge	140,964	132,695
Profit on sale of tangible fixed assets	(7,740)	(1,586)
(Increase)/Decrease in stocks	(185,900)	97,881
(Increase)/Decrease in debtors	(1,119,555)	1,044,666
Increase/(Decrease) in creditors	817,384	(468,693)
Net cash (outflow)/inflow from operating activities	(199,261)	394,704

Reconciliation of net cash flow to movements in net debt:

Change in net debt resulting from cash flows	(507,065)	1,231,023
Cash outflow from decrease in debt and lease financing	302,898	201,493
New finance leases	-	(139,705)
Currency translation differences	(6,250)	2,226
Movement in net debt in the period	(210,417)	1,295,037
Net debt at 31 December 1998	1,342,179	47,142
Net debt at 31 December 1999	1,131,762	1,342,179

Analysis of changes in net debt:

	At 31 Dec 1998 £	Cash Flows £	Other Non-Cash Flows £	Exchange move- ment £	At 31 Dec 1999 £
Cash in hand, at bank	2,133,134	(507,065)	-	(6,250)	1,619,819
Finance leases:					
due within 1 year:	(202,603)	202,603	(65,381)	-	(65,381)
due after 1 year:	(88,352)	-	65,381	-	(22,971)
Bank Loan:					
due within 1 year:	(125,000)	100,295	(136,882)	-	(161,587)
due after 1 year:	(375,000)	-	136,882	-	(238,118)
	1,342,179	(204,167)	-	(6,250)	1,131,762

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Concurrent Technologies Plc will be held at the Butterfly Hotel, A12/A120 Junction, Old Ipswich Road, Colchester, Essex CO7 7QY on 14th April 2000 at 4-30 pm for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements of the Company for the year ended 31 December 1999 and the reports of the Directors and Auditors thereon.
2. To re-appoint HLB Kidsons, Chartered Accountants, as auditors to the Company and to authorise the Directors to agree their remuneration.

SPECIAL BUSINESS

3. THAT:

- 3.1 the Directors be and are hereby generally and unconditionally authorised for the purposes of s.80 of the Companies Act 1985 (the Act) during the period commencing on the date of the passing of this resolution and expiring on the date of the conclusion of the Annual General Meeting of the Company to be held in 2001 to allot, grant options over, offer or otherwise deal with or dispose of relevant securities of the Company (as defined in s.80(2) of the Act) provided that the maximum amount of relevant securities which may be allotted pursuant to the authority set out in this resolution shall be an amount equal to the lesser of (a) 5 per cent of the aggregate nominal value of the issued Ordinary Share capital of the Company at the date of the passing of this resolution and (b) the amount of the authorised but unissued Ordinary Share capital of the Company at the date of the passing of this resolution and resolution 7 below;
- 3.2 the Directors be entitled by s.80 (7) of the Act and paragraph 3.1 of this resolution to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority; and
- 3.3 all previous authorisations by the Company in general meeting or otherwise pursuant to s.80 of the Act to be revoked provided that such revocation shall not have retrospective effect.

SPECIAL RESOLUTIONS

4. THAT:

- 4.1 subject to and conditional upon the passing of the resolution numbered 3 in the Notice convening this meeting the directors be and they are hereby empowered pursuant to s.95 of the Act to allot equity securities (as defined in s.94 (2) of the Act) of the Company within the terms of the authority set out in paragraphs 3.1 and 3.2 of the resolution numbered 3 in the notice convening this meeting as if s.89 (1) of the Act did not apply to such allotment provided that such power shall be limited to:
 - 4.1.1 the grant to one or more employees of the Company and/or its subsidiaries of rights to subscribe for Ordinary Shares in the capital of the Company having an aggregate nominal value of up to £20,000 on such terms as the Directors may in their discretion determine;
 - 4.1.2 the allotment of equity securities having an aggregate nominal value of up to £20,000 upon the exercise of any option or options granted pursuant to the power conferred by paragraph 4.1.1 of this resolution;
 - 4.1.3 the allotment (otherwise than pursuant to sub-paragraphs 4.1.1 and 4.1.2 of this resolution) of equity securities provided that the aggregate nominal value of such equity securities shall not exceed an amount equal to 5 per cent of the aggregate nominal value of the issued Ordinary Share capital of the Company at the date of the passing of this resolution and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2001 or if earlier 15 months after the date of the passing of this resolution save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power hereby conferred has not expired.
5. That the Company be authorised pursuant to Section 164 of the Act to repurchase its own shares pursuant to the proposed contract for the repurchase by the Company of up to 25,697,580 Deferred Shares of 1 penny each at 0.001 pence per Deferred Share from such persons as are set out in the Schedule to such contract, produced to this meeting and initialled by the Chairman for the purpose of identification, which contract be and is hereby approved and the Company be and is hereby authorised to enter into such contract (the authority conferred on the Company by this resolution pursuant to the said Section 164, such authority to expire eighteen months from the date of the passing of this resolution).

Notice of Annual General Meeting (continued)

6. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of s.163(3) of the Act) of Ordinary Shares provided that:
- 6.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is 7,070,000 (representing 10 per cent of the issued Ordinary Share Capital).
 - 6.2 the minimum price which may be paid for an Ordinary Share is 1 penny;
 - 6.3 the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share on The London Stock Exchange Alternative Investment Market for the five business days immediately preceding the day on which that Ordinary Share is purchased;
 - 6.4 this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2001 or within 15 months from the date of the passing of this resolution whichever is earlier; and
 - 6.5 the Company may make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.
7. That each of the authorised but unissued Redeemable Preference Shares, Convertible Preference Shares and Non-Redeemable Preference Shares in the capital of the Company be subdivided and reclassified as an Ordinary Share of 1p and that immediately following purchase by the Company of the Deferred Shares pursuant to the authority granted at resolution 5 above, each of the authorised but unissued Deferred Shares in the capital of the Company be reclassified as an Ordinary Share of 1p.

OTHER ORDINARY BUSINESS

8. To transact any other business which may lawfully be transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

R P M CROWTHER

Company Secretary

10th February 2000

Notes:

- i. Holders of Deferred Shares of 1 penny each have no right to attend or vote at the meeting convened by this notice by virtue of their holding of those shares.
- ii. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and on a poll vote in his stead. The proxy need not be a member.
- iii. If you do not indicate how you wish to use your vote on any particular matter, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting.
- iv. In the case of a corporation the form of proxy must be executed under the seal or under the hand of an officer or attorney duly authorised in writing.
- v. Forms of proxy, to be valid, must be signed and must be lodged, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power of authority, with the Company's Registrars, MSP Secretaries Ltd, 112 West Street, Farnham, Surrey GU9 7HH not less than 48 hours before the time appointed for holding the meeting.
- vi. In the case of joint holders, the signature of any of them will suffice, but if a holder other than the first named holder signs the proxy, it will help the Registrars if the name of the first-named holder is given.
- vii. Any alteration to the form of proxy must be initialled.
- viii. Completion and return of the form of proxy does not preclude a member from subsequently attending and voting at the meeting.