Concurrent Technologies Plc

Report & Accounts

For the Year Ended 31st December 2012

Registered in England & Wales No. 01919979

Highlights

Financial	2012	2011
Turnover	£12.8m	£13.8m
EBITDA	£3.5m	£3.9m
Profit before tax	£2.0m	£2.7m
Earnings per share	2.75p	3.63p
Dividend	1.7p	1.6p
Cash (including Deposits)	£4.32m	£5.59m
Total Assets	£17.3m	£16.8m
Shareholders' Funds	£14.3m	£13.6m
R&D Investment	£2.6m	£2.6m

Operational

- 14 new products launched including 11 high performance boards using the very latest 3rd generation Intel® Core™ i7 processor platforms
- Introduction of embedded security packages, customer configurable for tailored solutions
- Growth in transport and telecommunications sales
- Significant growth in sales of products using AMC architecture across several markets, particularly scientific and telecoms
- Continued growth in sales of products using VPX™ architecture
- New design facility in Reading, UK

Chairman's Statement

I am pleased to report another profitable year despite difficult global market conditions Sales in the second half of 2012 improved on the first half and we have been able to grow sales in the telecommunications and transport markets Our investment in new product development has allowed us to provide existing customers with an excellent upgrade path and to create new opportunities in some interesting areas including scientific applications

We have maintained our investment in R&D and have again increased our dividend while maintaining a strong balance sheet We remain positive about sales into our core markets and look forward to realising new opportunities and long-term revenue growth

Financial Summary

The Group EBITDA for 2012 was £3,479,094 (2011 £3,860,831) The reduction was due to the lower level of sales caused by the rescheduling of some orders and extended timescales of customer projects The Group achieved a profit before tax for 2012 of £2,001,404 (2011 £2,710,332), which includes the increased amortisation of capitalised R&D Earnings per share for the year were 2 75 pence (2011 3 63 pence) Gross turnover for the year was £12,794,380 (2011 £13,807,669) The gross margin for the year was 51 7% compared with 52 1% for 2011

Our balance sheet remains strong with cash of £2 32m (2011 £3 59m) plus short to medium term cash deposits of £2m (2011 £2m) at the year end, with no borrowings The reduction in the cash balance at the end of the year was due to increased dividend payments, and expenditure on components required for a large order shipped in the final month of the year

Business Summary

The Group is a leading specialist in the design, manufacture and supply of innovative high-end embedded computer products aimed at a wide base of customer types in the telecommunication, defence, aerospace, transportation, scientific and industrial markets Our products have a long lifecycle which typically provides the Group with high quality sales over many years

The Group's high performance products are based on Intel® long lifecycle components, and cover a range of central processing unit ("CPU") boards and complementary products compatible with the CompactPCI®, VPX™, VME, AMC and XMC/PMC open architecture standards Many of the CPUs feature the latest processor platforms from Intel® such as the 3rd generation Intel® Core™ processors, six-core Intel® Xeon® processors and the low power Intel® Atom™ processors A common feature of our newer products is the low level of electrical power required for their very high performance capabilities

Our products deliver extremely high levels of reliability with substantial processing power, making them ideal for use in projects ranging from high-performance military communications systems to commercial industrial control units In addition to our commercial range of boards, we develop ruggedized versions of many products in our range to operate at temperatures ranging from -40°C to +85°C, for use in harsh and wide temperature environments, making them very appealing for a variety of demanding applications Our products also support many of today's leading operating systems including Windows®, Linux®, Solaris™, QNX®, VxWorks®, LynxOS® and more recently INTEGRITY®

In addition to hardware design capability, our engineering teams undertake a significant amount of software and firmware development to provide interoperability between products, allowing customers to transition smoothly when new updates or designs are available In this way we continue to see strong customer loyalty and long term relationships, as well as new sales following product launches featuring performance upgrades We also generate software for both on-board and production test purposes

Review of Operations

During the year we have launched 11 new high performance embedded computers which feature the latest 3rd generation Intel® Core™ i7 processors that are particularly suited for use within the defence, telecommunications and homeland security markets where fast data processing and reliability are critical

Several of these new boards use the AMC architecture supporting MicroTCA® and AdvancedTCA® applications in telecommunications markets, and extend the architecture to processing intensive applications related to physics research Demonstrated at recent technology events, our latest AMC boards operate with support for our Fabric Interconnect Networking Software (FIN-S) across the Serial RapidIO® networked backplane These boards are particularly well suited for MicroTCA® based telecommunications and other applications where a large number of computing nodes are required to intercommunicate at high data rates We have had a significant increase in sales of products to customers using AMC architecture across several markets, particularly scientific and telecoms, albeit from a relatively low but growing share of total sales We also launched 2 new systems designed to support fast track development of MicroTCA® and VPX™ applications

Chairman's Statement (continued)

Review of Operations (continued)

Continuing our focus on providing integrated software support, we also announced the release of our Board Level Security Package designed to help customers to deliver secure solutions into applications where protecting critical technologies and data is mandatory, using a combination of deeply embedded proprietary hardware, firmware and software countermeasures to prevent or frustrate attempts to gain access to sensitive data on a secure system Our Board Level Security Package provides a set of customer configurable security options that can be tailored to provide a unique security solution for each specific application and a means to enhance the security of customers' equipment, thus preventing access to their highly sensitive data and technology

We continue to have a close relationship with Intel and we are committed to long term support of our customers by being an early adopter of the latest products from the world leader in silicon innovation and computer processing technology Our products give increasingly higher performance, better reliability and lower power consumption, providing our customers with a long term upgrade path and maintaining our competitiveness within our end markets

The Group's design and engineering team is divided between the UK and India, but all manufacturing and testing takes place in our factory in Colchester, UK Our sales, marketing and customer support teams operate from the UK and overseas offices including the USA and China The proportion of our products being exported was 76% (2011 77%)

The Group's customer base continues to be well diversified with large, high quality, international businesses in multiple sectors and in many countries

Future Plans

While the current economic climate is uncertain, our core business is relatively buoyant and we see several opportunities to continue expanding our range of products and to introduce highly innovative technology to significant customers in defence and telecommunications where high-reliability and fast, high volume processing is required While sales for defence applications have reduced slightly, we have seen promising growth in sales for telecommunications and transport applications

We are a key supplier of Intel® based technology to many major international companies and our products are found in a wide range of ever more sophisticated high-reliability computer systems We will continue our investment in R&D to ensure a constant expansion of our range of products, with a particular focus on the VPX™, VME, AMC and CompactPCI® bus architectures Work has already begun on the next generation of Intel® Core™ i7 processors and we will maintain our strategy of designing more innovative products for complex, high technology, low to medium volume and high margin applications We are further enhancing the capabilities of these products with new and complementary software packages to provide high-speed data transfer, ease of integration and security

The Company will continue to use its authority to buy back its own shares when the Directors consider it appropriate

Dividend

The Board has declared a second interim dividend of 1 05 pence per share (2011 1 00 pence second interim dividend) which when added to the first interim dividend of 0 65 pence per share will make a total of 1 70 pence per share for the year (2011 1 60 pence) This will be an increase of 6 25% over dividends paid in 2012 The total cost of this second interim dividend will amount to £750,125 The Directors do not intend to recommend a final dividend

Outlook

Our core business remains strong and while the global economic conditions are difficult to predict and the effects on our markets of fiscal management events such as budget sequestration in the USA are unknown, we remain positive We also believe that our wide product range and the investment that we have made and continue to make in a diversity of new products puts us in an excellent position to take advantage of the significant opportunities appearing in various markets

Corporate Governance

As an AIM listed company Concurrent Technologies Plc is not obliged to comply with the UK Corporate Governance Code We do however acknowledge the overall importance of the guidelines and apply as many of the principles therein as are appropriate to a company of our size and nature

Annual General Meeting

The Annual General Meeting this year will be held on 28 May 2013

Michael Collins
Chairman

08 April 2013

All companies and product names are trademarks of their respective organisations

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, Omnibyte Corporation and Concurrent Tech India Private Ltd) for the year ended 31 December 2012

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

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 pages 2 to 3 During the year the Company purchased its own shares for investment purposes and to provide for future exercise of employee share options, details of which are set out in Note 26 to the Financial Statements 45,000 Ordinary Shares were purchased to hold in Treasury, with a nominal value of £450 and representing 0 06% of issued share capital The total cost of the purchases inclusive of expenses amounted to £19,124

Principal Risks and Uncertainties

Like most businesses, there is a range of risks and uncertainties facing the Group and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties

The principal risks and uncertainties affecting the business include the following

- Product development and technology risk The Group continually develops and introduces new high-technology products based on very high technology processors and other computing components These technologies and products involve business risk both in terms of possible abortive expenditure, reputational risk and potential customer claims Such risks may materially impact on the Group Appropriate measures are taken to protect the Group's intellectual property rights and to minimise the risk of infringement of third party rights, measures include hardware security features
- Human resources risk This risk is defined as a shortage of requisite knowledge, skills and experience within the Group This risk, especially in relation to technical skills, is kept at the forefront of the Group's concerns and is addressed primarily through remuneration and recruitment policies

Principal Risks and Uncertainties (continued)

- Product failure The Group provides warranties to customers regarding the specification and/or proper operation of the products that it supplies Failure of these products to operate properly or to meet specifications may increase the Group's costs by requiring the replacement of parts and equipment or monetary re-imbursement to a customer, thereby reducing the Group's profitability The Group has numerous ISO 9001 approved quality processes, procedures and work instructions in place to mitigate against product failure
- Environmental risks The Group places emphasis upon environmental compliance in its business and not only seeks to ensure ongoing compliance with relevant legislation in the major markets, but also strives to ensure that environmental best practice is incorporated into its key processes The Group's products are compliant with European Union's "Restriction of Hazardous Substances Directive" (RoHS) which dramatically reduces the amounts of certain hazardous substances that can be used in electronic assemblies From the Group's perspective, lead, which was used in solder, was the main substance We are now working towards compliance with the recently released RoHS2 Directive
- Supply Chain The Group relies on its own manufacturing operations and independent suppliers for key raw materials and components, some of which may be available from a limited number of suppliers Any disruption to the supply chain could have an impact on our ability to meet customer requirements and adversely affect the Group's results In the markets that the Group operates within there can be times where components are in short supply with long lead times or components can be discontinued The Group aims to supply its products for many years and as such endeavours to select components with longevity of supply and components which have a second source while simultaneously regularly monitoring component availability
- The effect of legislation and other regulatory activities The Group regularly monitors forthcoming and current legislation Each company within the Group is liable to pay tax in the countries in which it operates Changes in the tax legislation in these countries could have an adverse impact on the level of tax paid on the profits generated by the Group The technology in some of our products is sophisticated and may be subject to export control legislation, which could restrict our ability to sell to some countries
- Competitive risk The Group operates in highly competitive markets Product innovations or technical advances by competitors could adversely affect the Group The geographical diversity of operations reduces the possible effect of action by any single competitor The Group invests directly in development in order to sustain competitive advantage, and also works continually to ensure that its cost base is competitive
- Financial Risk The Group is exposed to a number of financial risks including market risk, credit risk and liquidity risk A description of these risks, and the Group's approach to managing them, is described in note 23 to the financial statements
- Customer risk Revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products No assurance can be given that customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, the Group's results of operations
- Performance of Investments The Group has the ability to acquire other businesses and companies These acquisitions and investments may not perform in line with expectations, thereby having a detrimental impact on the Group's financial performance

The Group has long experience in managing all these risks, while delivering profitable growth

The Group has a strong balance sheet with significant cash balances and debtor balances with major well rated customers and as such the Board does not consider the Group is subject to undue financial risk

Performance Monitoring

The Board monitors the Group's performance in a number of ways including key performance indicators The key financial performance indicators together with the information for 2012 and 2011 are as follows

	2012	2011
Turnover	£12 8m	£13 8m
Gross Margin %	51 7	52 1
Pre-tax Profit	£2 00m	£2 71m
Cash & Other financial assets	£4 32m	£5 59m

Performance Monitoring (continued)

The turnover indicator represents what has been invoiced to customers in the year and measures sales growth or decline in value terms

The gross margin percentage is calculated by dividing gross profit by turnover and measures the total profitability of product sales

Pre-tax profit is the profit generated by the Group from operations including finance income and finance costs and is stated after capitalisation of development costs but before taxation This indicator measures the overall profitability of the business

Cash & Other financial assets is the year end balance sheet position of Cash & cash equivalents and Other financial assets as reported in the consolidated balance sheet This indicator can be affected by the pattern of trading towards year end but does give a general indication of the ability of the Group to generate cash

These performance indicators are measured against a budget approved by the Board

The management also regularly reviews the following key non-financial performance indicators

- Manufacturing quality
- Product warranty performance
- Development projects measured against project milestones
- Manufacturing output measured against manufacturing plans and customer requirements
- Suppliers' performance
- Stock accuracy
- Health and safety incidents

Results and Dividends

The profit on ordinary activities after taxation for the year ended 31 December 2012 was £1,966,655 (year to 31 December 2011 £2,591,219) An interim dividend of 0 65 pence per ordinary share was paid on 28 September 2012 From the start of 2012, the Company changed its accountancy estimate in relation to slow moving inventory so as to apply a more inclusive approach to valuing its inventory in the long customer design cycle market it addresses The accounting estimate has been applied progressively from the start of 2012 The effect on the current year is to increase the carrying amount of inventory and profit by £304,560 The Board has declared a further interim dividend of 1 05 pence per share (2011, 1 00 pence second interim dividend) which will make a total of 1 70 pence per share for the year (2011 1 60 pence) This represents an increase of 6 25% over dividends paid for the year ended 31st December 2011

Property, Plant and Equipment

Details of additions to property, plant and equipment are given in Note 11 to the Financial Statements

Donations

The Group made no charitable or political donations during the year

Payment of Creditors Policy

The Group has a variety of payment terms which are specified in individual contracts agreed with its suppliers Terms for payments for purchases under major contracts are settled when agreeing the other terms negotiated with individual suppliers The ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the last quarter of the year ended 31 December 2012 and the amounts owed to its trade creditors at the end of the year was 55 days (2011 63 days)

Substantial Shareholders

As at 31 December 2012 the following entities or persons, other than the Directors and their family interests, had an interest in 3% or more of the Company's Ordinary Shares

Name	No of Ordinary Shares	Shareholding %
State Street Nominees Ltd	13,960,391	19 2
The Bank of New York (Nominees) Ltd	8,178,670	11 2
HALB Nominees Ltd	6,035,686	8 3
HSBC Global Custody Nominee (UK) Ltd	5,885,988	8 1
Hargreaves Lansdown (Nominees) Ltd	3,810,197	5 2
Trustee S Keeler	2,787,842	3 8

Report of the Directors (continued)

Non-Executive Directors

Michael Collins LLB, Solicitor, aged 67 Chairman
Previously a partner in DLA Piper UK LLP, was appointed a Director of the Company in 1987

Clive Mannering Thomson FSI, aged 65
Formerly a Director of stockbroker Bell Lawrie White & Co , and now the Chairman and Managing Director of a private company, Meeting Makers Ltd He was appointed a Director of the Company in 2004

Directors

The Directors set out below have held office during the whole of the year from 1 January 2012 to 31 December 2012 The beneficial interests of the Directors holding office on 31 December 2012 in the shares of the Company at that date, according to the Register of Directors' Interests, are shown below

	1p Ordinary Shares	
	31/12/2012	**01/01/2012**
J B Annear	1,775,964	1,775,964
M Collins	4,443,287	4,443,287
D Evans-Hughes	878,819	878,819
G A Fawcett	1,611,799	1,611,799
C M Thomson	182,250	182,250

There were no non-beneficial interests of the Directors holding office on the 31 December 2012 in the share capital of the Company at that date or at the end of the previous year

The interests of the Directors in the Share Option Scheme are disclosed in the Report of the Remuneration Committee

Rotation of Directors

The Directors throughout the year are listed above In accordance with the Articles of Association, Mr D Evans-Hughes and Mr C Thomson retire by rotation and being eligible offer themselves for re-appointment at the next Annual General Meeting

Officers' Insurance

The Group has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the Group

Design and Development

The Group recognises the importance of investing in design and development programmes in order to maintain technical and commercial competitiveness Revenue expenditure on design and development of £2,107,618 was capitalised in the year to 31 December 2012 (2011 £2,078,500), in accordance with the Group accounting policy (see Note 2 to these Financial Statements) Further details of the Group's design and development activities are given in the Chairman's Statement

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office and so a Resolution will be proposed at the next Annual General Meeting for their re-appointment as auditors The Board and Audit Committee have approved an extension to the engagement term of the Senior Statutory Auditor responsible for the audit opinion in relation to Concurrent Technologies Plc The term was extended from 6 to 7 years The Audit Committee believes that continuity is important to the quality of the Group's audit and it is satisfied that the safeguards proposed by the auditor mean that the extension will not threaten the objectivity and independence of the audit

By order of the Board

Cargil Management Services Limited
Company Secretary
08 April 2013

Corporate Governance Statement

The Directors acknowledge the importance of the UK Corporate Governance Code Companies that have securities traded on AIM are not required to comply with the UK Corporate Governance Code However, the Company is committed to high standards of corporate governance and has adopted procedures to institute good governance insofar as it is practical and appropriate for an organisation of its size and nature

Internal Financial Control

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 4 The Company reports to Shareholders twice a year

Delegation of Authority the Group has a procedure that defines levels of authority before committing the Group 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 Group 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 The policy regarding 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 expected outcomes 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 financial control procedures operate throughout the Group to ensure the integrity of the Group's Financial Statements The Board approves capital expenditure when approving 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 internally on a regular basis and twice yearly by external independent auditors as per ISO 9001 requirements

The Board reviewed the effectiveness of the systems of internal financial control for the year ended 31 December 2012, and has taken account of material developments which have taken place since the year end

Wider Aspects of Internal Control

The Board reviewed the Group's internal control procedures and risk management strategy during the year ended 31 December 2012 The Board is of the view that there is in place an ongoing process for identifying, evaluating and managing the Group's significant risks This process is regularly reviewed by the Board and accords with the UK Corporate Governance Code

Corporate Governance Statement (continued)

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 Company Seven Board Meetings were held during 2012 and all Board Meetings were attended by all Directors

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

Board Committees

The Audit Committee is responsible for ensuring 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 also reviews the independence and the objectivity of the auditors

The Audit Committee, which meets twice yearly, comprises

M Collins	Non-Executive Chairman and Chairman of the Audit and Remuneration Committees
C M Thomson	Non-Executive Director

The Remuneration Committee is responsible for setting the remuneration and performance related bonus for Executive Directors The Committee, which meets at least once each year, comprises

M Collins	Non-Executive Chairman and Chairman of the Audit and Remuneration Committees
C M Thomson	Non-Executive 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 Further details are given in Note 2

M Collins
Chairman
08 April 2013

Report of the Remuneration Committee

The Remuneration Committee consists of two Non-Executive Directors Mr M Collins, who is Chairman, and Mr C M Thomson

The policy of the Remuneration Committee is framed to give full consideration to the provisions as to best practice set out in the UK Corporate Governance Code

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 recommends to the Board of Directors, the level of emoluments to be paid to each Executive and Non-Executive Director and the basis upon which any bonuses will be payable to each Executive Director Bonuses are specifically related to the Group's performance and are calculated according to a formula recommended by the Remuneration Committee at the beginning of each year The Non-Executive Directors are not entitled to bonuses save as disclosed herein

Executive Directors are entitled to be members of the Company's pension scheme, details of which are set out in Note 22 to the Financial Statements Non-Executive Directors are not entitled to join the Company's pension scheme

Each Non-Executive Director is employed by the Company under a written contract that provides for termination by either party giving three months written notice

Directors' Emoluments during the year ended 31st December 2012

Director	Emoluments & Compensation including benefits received (£)	Company Contributions to Pension Scheme (£)	Total Emoluments (£)
M Collins	40,100	-	40,100
C M Thomson	23,300	-	23,300
G A Fawcett	187,180	22,667	209,847
J B Annear	148,102	18,076	166,178
D Evans-Hughes	135,736	-	135,736

Share Options

The Company operates an Enterprise Management Incentive Share Option Scheme Details of the Scheme are set out in Note 26 to the Financial Statements The Board of the Company administers the Scheme, delegated to the Remuneration Committee, which has authority to offer options to a limited number of employees

Interests of the Directors in the Share Option Scheme

The interests of the Directors in the Share Option Scheme at the beginning and end of the year were as follows

Name	Number of Shares under option	Exercise Price	Date from which Share Option is Exercisable	Expiry date of Share Option
J B Annear	400,000	25 0p	22 April 2007	22 April 2014
	50,630	39 5p	13 April 2011	13 April 2018
D Evans-Hughes	400,000	25 0p	22 April 2007	22 April 2014
	50,630	39 5p	13 April 2011	13 April 2018
G A Fawcett	400,000	25 0p	22 April 2007	22 April 2014
	50,630	39 5p	13 April 2011	13 April 2018

Report of the Remuneration Committee (continued)

The market pnce of the Company's shares as at the end of the financial year was 54p and the range of published market pnces dunng the year was 39 5p to 54p

The Remuneration Committee is of the opinion that the Company has applied such provisions of the UK Corporate Governance Code as is appropnate for a company of the size and nature of Concurrent Technologies Plc

M Collins
Chairman of the Remuneration Committee
08 Apnl 2013

Report of the Auditors

Report of the Independent Auditor to the Members of Concurrent Technologies Plc

We have audited the financial statements of Concurrent Technologies Plc for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and Notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

James Brown
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Ipswich
08 April 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	Year to 31 December 2012	Year to 31 December 2011
CONTINUING OPERATIONS		£	£
Revenue	3	12,794,380	13,807,669
Cost of sales		6,183,357	6,615,546
Gross profit		6,611,023	7,192,123
Operating expenses		4,666,346	4,534,006
Group operating profit	4	1,944,677	2,658,117
Finance income	5	56,727	52,215
Profit before tax		2,001,404	2,710,332
Tax	6	34,749	119,113
Profit for the year		1,966,655	2,591,219
Other Comprehensive Income			
Exchange differences on translating foreign operations		(131,051)	(49,416)
Tax relating to components of other comprehensive income		-	-
Other Comprehensive Income for the year, net of tax		(131,051)	(49,416)
Total Comprehensive Income for the year		1,835,604	2,541,803
Profit for the period attributable to:			
Equity holders of the parent		1,966,655	2,591,219
Total Comprehensive Income attributable to			
Equity holders of the parent		1,835,604	2,541,803
Earnings per share			
Basic earnings per share	8	2 75p	3 63p
Diluted earnings per share	8	2 73p	3 59p

Consolidated Balance Sheet

At 31 December 2012

	Note	As at 31 December 2012 £	As at 31 December 2011 £
ASSETS			
Non-current assets			
Property, plant and equipment	11	437,851	479,867
Intangible assets	12	5,948,660	5,378,992
Deferred tax assets	13	188,323	207,081
Other financial assets	18	1,000,000	1,000,000
		7,574,834	7,065,940
Current assets			
Inventories	15	2,967,690	2,626,660
Trade and other receivables	16	3,274,665	2,390,377
Current tax assets		123,696	115,841
Other financial assets	18	1,000,000	1,000,000
Cash and cash equivalents		2,316,928	3,594,131
		9,682,979	9,727,009
Total assets		17,257,813	16,792,949
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	13	1,404,686	1,387,772
Long term provisions	19	-	36,880
		1,404,686	1,424,652
Current liabilities			
Trade and other payables	17	1,511,755	1,698,571
Short term provisions	19	39,746	46,110
		1,551,501	1,744,681
Total liabilities		2,956,187	3,169,333
Net assets		14,301,626	13,623,616
EQUITY			
Capital and reserves			
Share capital	21	727,000	727,000
Share premium account		3,405,817	3,405,817
Capital redemption reserve		256,976	256,976
Cumulative translation reserve		49,821	180,872
Profit and loss account		9,862,012	9,052,951
Equity attributable to equity holders of the parent		14,301,626	13,623,616
Total equity		14,301,626	13,623,616

Company Registered Number 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 08 April 2013 and signed on its behalf by

M Collins
Chairman

G A Fawcett
Managing Director

Company Balance Sheet

At 31 December 2012

	Note	As at 31 December 2012 £	As at 31 December 2011 £
ASSETS			
Non-current assets			
Property, plant and equipment	11	303,756	322,622
Intangible assets	12	5,932,549	5,354,113
Deferred tax assets	13	109,132	83,221
Investments	14	1,428,613	1,423,433
Other financial assets	18	1,000,000	1,000,000
		8,774,050	8,183,389
Current assets			
Inventories	15	2,967,690	2,626,660
Trade and other receivables	16	2,419,808	2,199,738
Current tax assets		63,666	54,737
Other financial assets	18	1,000,000	1,000,000
Cash and cash equivalents		741,287	1,457,681
		7,192,451	7,338,816
Total assets		15,966,501	15,522,205
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	13	1,400,925	1,377,174
Long term provisions	19	-	36,880
		1,400,925	1,414,054
Current liabilities			
Trade and other payables	17	1,423,753	1,607,453
Short term provisions	19	39,746	46,110
		1,463,499	1,653,563
Total liabilities		2,864,424	3,067,617
Net assets		13,102,077	12,454,588
EQUITY			
Capital and reserves			
Share capital	21	727,000	727,000
Share premium account		3,405,817	3,405,817
Capital redemption reserve		256,976	256,976
Profit and loss account		8,712,284	8,064,795
Equity attributable to equity holders of the parent		13,102,077	12,454,588
Total equity		13,102,077	12,454,588

Company Registered Number 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 08 April 2013 and signed on its behalf by

M Collins
Chairman

G A Fawcett
Managing Director

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	Year to 31 December 2012 £	Year to 31 December 2011 £
Cash flows from operating activities			
Profit before tax for the period		2,001,404	2,710,332
Adjustments for			
Finance income		(56,727)	(52,215)
Depreciation		206,286	213,742
Amortisation		1,328,131	988,972
Impairment loss		236,733	256,098
Loss on disposal of property, plant and equipment (PPE)		5,714	1,438
Share-based payment		11,941	16,156
Exchange differences		(45,511)	(22,949)
(Increase) in inventories		(341,030)	(137,294)
(Increase)/decrease in trade and other receivables		(884,288)	745,958
Increase/(decrease) in trade and other payables		(230,060)	(374,216)
Cash generated from operations		2,232,593	4,346,022
Tax (paid)/received		19,622	(18,394)
Net cash generated from operating activities		2,252,215	4,327,628
Cash flows from investing activities			
Interest received		56,727	52,215
Purchases of property, plant and equipment (PPE)		(181,263)	(160,615)
Purchases of intangible assets		(2,136,090)	(2,134,233)
Net cash used in investing activities		(2,260,626)	(2,242,633)
Cash flows from financing activities			
Equity dividends paid		(1,179,051)	(1,107,380)
(Purchase)/ Sale of treasury shares		(17,038)	16,935
Net cash used in financing activities		(1,196,089)	(1,090,445)
Effects of exchange rate changes on cash and cash equivalents		(72,703)	6,710
Net increase/(decrease) in cash		(1,277,203)	1,001,260
Cash at beginning of period		3,594,131	2,592,871
Cash at the end of the period		2,316,928	3,594,131

Company Cash Flow Statement

For the year ended 31 December 2012

	Note	Year to 31 December 2012 £	Year to 31 December 2011 £
Cash flows from operating activities			
Profit before tax for the period		1,765,375	2,503,855
Adjustments for			
Finance income		(56,054)	(51,082)
Depreciation		119,979	134,952
Amortisation		1,312,719	960,300
Impairment loss		236,733	256,098
Share-based payment		6,761	8,485
(Increase) in inventories		(341,030)	(137,294)
(Increase)/decrease in trade and other receivables		(220,070)	38,288
Increase/(decrease) in trade and other payables		(226,944)	(214,486)
Cash generated from operations		2,597,469	3,499,116
Tax (paid)/received		55,173	41,928
Net cash generated from operating activities		2,652,642	3,541,044
Cash flows from investing activities			
Interest received		56,054	51,082
Purchases of property, plant and equipment (PPE)		(101,113)	(96,879)
Purchase of intangible assets		(2,127,888)	(2,110,459)
Net cash used in investing activities		(2,172,947)	(2,156,256)
Cash flows from financing activities			
Equity dividends paid		(1,179,051)	(1,107,380)
(Purchase)/ Sale of treasury shares		(17,038)	16,935
Net cash used in financing activities		(1,196,089)	(1,090,445)
Net increase/(decrease) in cash		(716,394)	294,343
Cash at beginning of period		1,457,681	1,163,338
Cash at the end of the period		741,287	1,457,681

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital £	Share premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total Equity £
Balance at 1 January 2011	727,000	3,405,817	256,976	230,288	7,507,817	12,127,898
Profit for the period	-	-	-	-	2,591,219	2,591,219
Exchange differences on translating foreign operations	-	-	-	(49,416)	-	(49,416)
Total comprehensive income for the period	-	-	-	(49,416)	2,591,219	2,541,803
Transactions with owners						
Share-based payment	-	-	-	-	16,156	16,156
Deferred tax on share based payment	-	-	-	-	28,204	28,204
Dividends paid	-	-	-	-	(1,107,380)	(1,107,380)
Sale of treasury shares	-	-	-	-	16,935	16,935
Balance at 31 December 2011	727,000	3,405,817	256,976	180,872	9,052,951	13,623,616
Profit for the period	-	-	-	-	1,966,655	1,966,655
Exchange differences on translating foreign operations	-	-	-	(131,051)	-	(131,051)
Total comprehensive income for the period	-	-	-	(131,051)	1,966,655	1,835,604
Transactions with owners.						
Share-based payment	-	-	-	-	11,941	11,941
Deferred tax on share based payment	-	-	-	-	26,554	26,554
Dividends paid	-	-	-	-	(1,179,051)	(1,179,051)
Net purchase of treasury shares	-	-	-	-	(17,038)	(17,038)
Balance at 31 December 2012	727,000	3,405,817	256,976	49,821	9,862,012	14,301,626

Company Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total Equity £
Balance at 1 January 2011	727,000	3,405,817	256,976	6,676,920	11,066,713
Total profit and comprehensive income for the period	-	-	-	2,433,960	2,433,960
Transactions with owners					
Share-based payment	-	-	-	16,156	16,156
Deferred tax on share based payment	-	-	-	28,204	28,204
Dividends paid	-	-	-	(1,107,380)	(1,107,380)
Sale of treasury shares	-	-	-	16,935	16,935
Balance at 31 December 2011	727,000	3,405,817	256,976	8,064,795	12,454,588
Total profit and comprehensive income for the period	-	-	-	1,805,083	1,805,083
Transactions with owners:					
Share-based payment	-	-	-	11,941	11,941
Deferred tax on share based payment	-	-	-	26,554	26,554
Dividends paid	-	-	-	(1,179,051)	(1,179,051)
Net purchase of treasury shares	-	-	-	(17,038)	(17,038)
Balance at 31 December 2012	727,000	3,405,817	256,976	8,712,284	13,102,077

Notes to the Financial Statements

For the year ended 31 December 2012

Note 1 **GENERAL INFORMATION**

The principal activity of Concurrent Technologies Plc ('the Company') and its subsidiaries (together 'the Group') is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers

Concurrent Technologies Plc is the Group's ultimate Parent Company It is incorporated and domiciled in the United Kingdom Concurrent Technologies Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange

The Group's financial statements are presented in pounds sterling (£), which is also the functional currency of the Parent Company They have been approved for issue by the Board of Directors on 08 April 2013

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

These financial statements are for the year ended 31 December 2012 They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union These financial statements have been prepared under the historical cost convention

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect

IFRS 7 (Amended) Financial Instruments Disclosures - amendments requiring or enhancing disclosures (effective 1 January 2013 and 1 January 2015)
IFRS 9 Financial Instruments (effective 1 January 2015)
IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
IFRS 11 Joint Arrangements (effective 1 January 2014)
IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
IFRS 13 Fair Value Measurement (effective 1 January 2013)
IAS 19 (as revised in 2011) – Defined Benefit plans and Termination benefits (effective 1 January 2013)
IAS 27 (as revised in 2011) – Separate Financial Statements (effective 1 January 2014)
IAS 28 (as revised in 2011) – Investments in Associates and Joint Ventures (effective 1 January 2014)
IAS 32 (as revised in 2011) – Offsetting of Financial Assets and Financial Liabilities (effective 1 January 2014)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group or the Parent Company

The Parent Company has relied on the exemption conferred by s408 of the Companies Act 2006 in not publishing its own profit and loss account The Parent Company retained profit for the year was £626,032

The policies set out below have been consistently applied to all the years presented

Basis of presentation

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements The Group has elected to present the 'Income Statement' and 'Statement of Comprehensive Income' in one statement

The Directors have reviewed the approved budget for the next financial year together with extended medium term forecasts, taking into account general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies The Directors believe that the company is well placed to manage its business risks successfully for the forseeable future and have concluded that the use of the going concern basis of accounting is appropriate in preparing the annual financial statements

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings A subsidiary is a company controlled directly by the Group Control is achieved where the Group has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities The consolidation method used is the purchase method

The purchase method views a business combination from the perspective of the combining entity that is identified as the acquirer The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the acquiree The measurement of the acquirer's assets and liabilities is not affected by the transaction, nor are any additional assets or liabilities of the acquirer recognised as a result of the transaction, because they are not the subjects of the transaction All intra-Group transactions, balances, income and expenses are eliminated on consolidation

Notes to the Financial Statements (continued)

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

The Group's principal source of revenue is from the sale of single board computers and associated products Revenue is recognised when the goods are shipped and the significant risks and rewards of ownership are transferred to the customer

Key judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The estimates and assumptions that have a significant risk of creating a material adjustment to the carrying amounts of assets and liabilities are discussed below

Inventory Provisions
Management is required to review the carrying value of the Company's inventories and provision is made where necessary for obsolete, slow moving or defective inventories Judgement is required when estimating items of inventory for which the net realisable value is unlikely to exceed cost Estimation uncertainty arises due to the long term period over which the Group's inventories are likely to sell See inventory policy for further details and also Note 15

Development costs
To substantiate the carrying value of the capitalised development costs, management have applied the criteria of IAS 38 'Intangible Assets' and have estimated the future economic benefits which will be achieved from this investment Judgement is required when distinguishing the research and development phases of new projects, and determining whether the recognition requirements for capitalisation of the development costs are met In assessing impairment of capitalised development costs, management estimates the recoverable amounts of each asset or cash generating unit based on expected future cash flows, and uses an interest rate to discount them Estimation uncertainty relates to assumptions about future results See development cost policy for further details

Share-based payments
In order to determine the value of share-based payments, management are required to make an estimation of the effects of exercise restrictions and behavioural considerations The expected volatility is determined by calculating the historical volatility of the Company's share price over the ten year period prior to the date of the grant The valuation of share based payments requires judgements to be made in respect of the number of options that are expected to be exercised Changes in these assumptions could result in changes to amounts expensed in the income statement in future periods The list of the inputs used in the binomial model to calculate the fair value is provided in Note 26

Leasing

Where substantially all the risks and rewards associated with ownership are not transferred to the lessee, leases are treated as operating leases Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease

Foreign currencies

The functional and presentational currency of the Company is pounds sterling (GBP) Transactions in currencies other than the functional currency of the individual entities within the Group are recorded at the rates of exchange prevailing on the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into pounds sterling upon consolidation The functional currencies of the entities in the Group have remained unchanged during the reporting period

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date Income and expenses have been translated into GBP at the rates of exchange prevailing on the dates of the transactions over the reporting period In line with IAS 21, an average rate is used for the period unless exchange rates fluctuate significantly and then the weighted average rate is used Exchange differences are charged/credited to other comprehensive income and recognised in the cumulative translation reserve in equity On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate

Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out basis Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value represents the estimated selling price after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state into a finished condition Provision is made where necessary for obsolete, slow moving or defective inventories From the start of 2012, the Company changed its accountancy estimate in relation to slow moving inventory so as to apply a more inclusive approach to valuing its inventory in the long customer design cycle market it addresses The accounting estimate has been applied progressively from the start of 2012 The effect on the current year is to increase the carrying amount of inventory and profit by £304,560, it is not possible to predict the carrying amount in future periods

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment

Property, plant and equipment are stated at original historical cost, net of depreciation and any provision for impairment Depreciation is charged so as to write off the cost of assets together with any cost directly attributable with bringing the asset into use, less estimated residual value, on a straight line or reducing balance basis over their estimated useful lives in accordance with the table below

Plant and machinery	5 - 15 years on a straight line basis
Fixtures, fittings and equipment	3 - 7 years on a straight line basis
Computer equipment	3 - 5 years on a straight line basis
Improvements to short leasehold property	5 - 10 years on a straight line basis

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

The residual values and useful economic lives of leasehold property, plant and equipment are reviewed annually

Intangible assets

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses

Research costs

Research costs are charged directly to operating expense in the statement of comprehensive income as incurred

Development costs

Development costs are capitalised as intangible assets if it is probable that the project will be a commercial success, technically feasible and the costs can be reliably determined

Capitalised development costs comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, including development-related overheads Amortisation commences upon completion of the development or when the asset becomes available for commercial production Capitalised development costs are amortised on a straight line basis, over the estimated product life which is generally five to seven years The asset will be reviewed annually for impairment or whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used

All other development costs are recorded under operating expense in the statement of comprehensive income in the period they are incurred

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware, are capitalised at cost and amortised over their useful lives of three to seven years

The carrying values of intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is immediately recognised as an expense in the statement of comprehensive income

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years A reversal of an impairment loss is recognised as income immediately

Notes to the Financial Statements (continued)

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax is the tax currently payable based on taxable profit for the year Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset

Deferred income taxes are calculated using the liability method on temporary differences Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets

Deferred tax liabilities are provided in full, with no discounting Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date

Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument

(i) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment Discounting is omitted where the effect of discounting is immaterial The Group's cash and cash equivalents, other financial assets, trade and most other receivables fall into this category of financial instruments

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default

(ii) Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument They are initially recognised at fair value plus transaction costs directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

(iii) Trade payables
Trade payables are not interest bearing and are initially recognised at fair value plus transaction costs directly attributable to their acquisition and then subsequently measured at amortised cost

Investments in subsidiaries

Investments in subsidiaries, as reported in the Parent Company financial statements, are included at cost less provision for impairment

Finance Income

Finance income comprises interest income accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable

Dividends

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established

Employee benefits

Retirement benefits
The Company operates a defined contribution retirement benefit plan The cost of the defined contribution plan is charged to operating expenses in the statement of comprehensive income on the basis of contributions payable by the Company during the year

Share-based payments
The Group issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value at the date of grant In the consolidated Financial Statements, the fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest In the Financial Statements of the Company, equity-settled share-based payments issued to employees of the Company are treated in the same manner as in the consolidated Financial Statements Equity settled share-based payments issued to employees of subsidiary undertakings are treated in the Financial Statements of the Company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest

Fair value is measured by use of a binomial option pricing model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations

Notes to the Financial Statements (continued)

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Treasury shares

The Company's shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders' equity No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the shares

Reserves

Share premium account represents the difference between the price received on the sale of shares and their par value

Capital redemption reserve arose from the purchase of deferred shares and represents the excess of purchase price over par value

Cumulative translation reserve arises from the consolidation of foreign subsidiaries

Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably Provisions are not discounted unless considered to be material

Note 3 SEGMENT REPORTING

The Directors consider that there is only one operating segment being design, manufacture and supply of high-end embedded computer products The disclosures for this operating segment have already been provided in these financial statements The Company's products can be supplied to more than one business sector and the Company does not have specific resources that are allocated to specific business sectors

Whilst looking at sales by business sectors the Board of the Company as the Chief Operating Decision Maker does not make decisions regarding allocation of Group resources on such a basis Further, Group profits are not categorised for internal reporting purposes by sectors or segments The historical and anticipated performance of the Group is therefore reported to the Board of Concurrent Technologies Plc as a single entity Thus the Directors consider that there are no additional segments required to be disclosed under IFRS 8 - Operating Segments, but have provided the following geographic sales analysis

Revenue	**Year to 31 December 2012 £**	**Year to 31 December 2011 £**
United Kingdom	3,084,165	2,749,812
Other Europe	2,205,200	3,022,753
North America	5,282,890	5,631,929
Rest of the World	2,222,125	2,403,175
	12,794,380	13,807,669

Segmental information regarding assets has not been provided as the necessary information is not available and the cost to develop it would be excessive

During 2012, £1 4m or 11% of Group revenue depended on a single customer In 2011, no customer contributed more than 10% of Group revenue

Note 4 GROUP OPERATING PROFIT

	Year to 31 December 2012 £	**Year to 31 December 2011 £**
Group operating profit is stated after charging to cost of sales		
Cost of inventories recognised as expense	6,047,271	6,336,701
Staff costs (see Note 10)	565,408	559,220
Group operating profit is stated after charging to operating expenses		
Net foreign exchange (gains)	36,315	74,334
Research and development costs	1,956,837	1,668,013
Amortisation of intangible assets	1,328,131	988,972
Impairment of intangible assets	236,733	256,098
Depreciation of property, plant and equipment	206,286	213,742
Operating lease rentals	253,277	213,626
Staff costs (see Note 10)	3,401,711	3,431,378
Group principal auditor's remuneration		
Audit of financial statements pursuant to legislation	32,410	32,322
Other services relating to taxation	1,800	6,660
All other services	-	-

Note 5 FINANCE INCOME

	Year to 31 December 2012 £	**Year to 31 December 2011 £**
Interest earned on bank deposits	56,727	52,215

Note 6 TAX

	Year to 31 December 2012 £	Year to 31 December 2011 £
Current tax expense	(20,913)	(27,340)
Adjustment in respect of previous years	(6,564)	-
Deferred tax expense (see Note 13)	62,226	146,453
	34,749	119,113

The tax assessed on the Group's profit before tax for the year differs from the standard rate of corporation tax in the UK The effective rate of Corporation Tax for the year to 31 December 2012 was 24 5% (2011 26 5%), the reduction in effective rate is due to the change in UK Corporation Tax rates The lowest rate of Corporation Tax substantively enacted at the end of the reporting period at which Deferred Tax liabilities are expected to be realised is 23% The differences are explained below

	Year to 31 December 2012 £	Year to 31 December 2011 £
Profit before tax	2,001,404	2,710,332
Corporation tax on profit before tax at standard rate	490,207	718,238
Expenses not deductible for tax purposes	373,594	314,434
UK tax credits	(434,414)	(450,301)
Effect of Capitalised R&D	(370,143)	(311,614)
Effect of Change in UK tax rate	(33,235)	(93,112)
Difference in overseas effective tax rates	15,304	(4,452)
Adjustment in respect of previous years' UK tax credits	(6,564)	(54,080)
Tax charge	34,749	119,113

Factors that may affect future tax charges are as follows

In accordance with IAS 12 (Income taxes) deferred tax assets, in respect of losses carried forward in Group companies amounting to £211,227 (2011 £269,264), have been recognised and are regarded as being recoverable on the basis of short to medium term forecasts

The Directors have reviewed the recoverability of ACT and the Group has surplus ACT available for potential relief in future periods under current taxation legislation of £273,075 (2011 £273,075) In accordance with IAS 12 such ACT recoverable has not been recognised in these Financial Statements

Note 7 DIVIDENDS

	2012 £	2011 £	2012 pence per share	2011 pence per share
Second Interim (for the previous year)	714,755	678,528	1 00	0 95
Interim	464,296	428,852	0 65	0 60
	1,179,051	1,107,380	1 65	1 55

Dividends are recognised in the Financial Statements in the period they are declared The Directors have declared a further interim dividend of 1 05 pence per share for the year ended 31 December 2012 (2011 1 00 pence) at a total cost of £750,125 (2011 £714,755) The Directors will not recommend a final dividend

Notes to the Financial Statements (continued)

Note 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all contracted dilutive potential ordinary shares The Company only has one category of dilutive potential ordinary shares, share options

The inputs to the earnings per share calculation are shown below

	Year to 31 December 2012 £	Year to 31 December 2011 £
Profit attributable to ordinary equity holders	1,966,655	2,591,219

	Year to 31 December 2012 No	Year to 31 December 2011 No
Weighted average number of ordinary shares for basic earnings per share	71,451,883	71,456,525
Adjustment for share options	534,454	622,231
Weighted average number of ordinary shares for diluted earnings per share	71,986,337	72,078,756

Note 9 DIRECTOR'S EMOLUMENTS

	Year to 31 December 2012 £	Year to 31 December 2011 £
Fees and emoluments	534,418	549,186
Pension contributions	40,743	39,556
	575,161	588,742
The emoluments of Directors disclosed above include in respect of the highest paid Director		
Fees and emoluments	187,180	191,935
Pension contributions	22,667	22,006
The number of Directors to whom retirement benefits are accruing under a defined contribution scheme is	2	2

Detailed information concerning Directors' emoluments, shareholdings and options is provided in the Report of the Remuneration Committee

Note 10 STAFF COSTS

	Group Year to 31 December 2012 £	Company Year to 31 December 2012 £	Group Year to 31 December 2011 £	Company Year to 31 December 2011 £
Wages and salaries	3,458,816	2,553,891	3,466,033	2,616,869
Social security costs	317,720	289,601	328,839	301,168
Defined contribution pension costs	178,642	148,163	179,570	155,495
Share-based payment	11,941	6,760	16,156	8,485
	3,967,119	2,998,415	3,990,598	3,082,017

Average number of employees	No	No	No	No
Production	21	21	22	22
Other	83	48	75	48
	104	69	97	70

Notes to the Financial Statements (continued)

Note 11 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Improvements to Short Leasehold Property	Plant, Fixtures, & Computer Equipment	Total
	£	£	£
COST			
At 1 January 2011	175,513	2,512,588	2,688,101
Foreign exchange movement	(13,456)	(39,575)	(53,031)
Additions	6,834	153,781	160,615
Disposals	-	(15,960)	(15,960)
At 31 December 2011	168,891	2,610,834	2,779,725
Foreign exchange movement	(5,879)	(25,798)	(31,677)
Additions	2,580	178,683	181,263
Disposals	-	(176,316)	(176,316)
At 31 December 2012	165,592	2,587,403	2,752,995
ACCUMULATED DEPRECIATION			
At 1 January 2011	95,008	2,030,301	2,125,309
Foreign exchange movement	(8,505)	(16,166)	(24,671)
Charge for the year	27,718	186,024	213,742
Disposals	-	(14,522)	(14,522)
At 31 December 2011	114,221	2,185,637	2,299,858
Foreign exchange movement	(5,044)	(15,354)	(20,398)
Charge for the year	28,148	178,138	206,286
Disposals	-	(170,602)	(170,602)
At 31 December 2012	137,325	2,177,819	2,315,144
NET BOOK VALUE			
At 31 December 2011	54,670	425,197	479,867
At 31 December 2012	28,267	409,584	437,851

At 31 December 2012 there were no tangible assets held under finance leases or hire purchase contracts (2011 £nil)

Notes to the Financial Statements (continued)

Note 11 (continued) **PROPERTY, PLANT AND EQUIPMENT**

COMPANY

	Improvements to Short Leasehold Property	Plant, Fixtures, & Computer Equipment	Total
	£	£	£
COST			
At 1 January 2011	88,598	2,199,931	2,288,529
Additions	4,872	92,007	96,879
Disposals	-	(13,898)	(13,898)
At 31 December 2011	93,470	2,278,040	2,371,510
Additions	-	101,113	101,113
Disposals	-	(168,820)	(168,820)
At 31 December 2012	93,470	2,210,333	2,303,803
ACCUMULATED DEPRECIATION			
At 1 January 2011	49,099	1,878,735	1,927,834
Charge for the year	10,177	124,775	134,952
Disposals	-	(13,898)	(13,898)
At 31 December 2011	59,276	1,989,612	2,048,888
Charge for the year	9,893	110,086	119,979
Disposals	-	(168,820)	(168,820)
At 31 December 2012	69,169	1,930,878	2,000,047
NET BOOK VALUE			
At 31 December 2011	34,194	288,428	322,622
At 31 December 2012	24,301	279,455	303,756

Note 12 **INTANGIBLE ASSETS**

GROUP

	Development Costs £	Other £	Total £
COST			
At 1 January 2011	6,287,576	669,062	6,956,638
Foreign exchange movement	-	(15,726)	(15,726)
Additions	2,078,500	55,733	2,134,233
At 31 December 2011	8,366,076	709,069	9,075,145
Foreign exchange movement	-	(9,341)	(9,341)
Additions	2,107,618	28,472	2,136,090
At 31 December 2012	10,473,694	728,200	11,201,894
AMORTISATION			
At 1 January 2011	1,908,791	553,201	2,461,992
Foreign exchange movement	-	(10,909)	(10,909)
Charge for the year	919,802	69,170	988,972
Impairment loss	256,098	-	256,098
At 31 December 2011	3,084,691	611,462	3,696,153
Foreign exchange movement	-	(7,783)	(7,783)
Charge for the year	1,274,476	53,655	1,328,131
Impairment loss	236,733	-	236,733
At 31 December 2012	4,595,900	657,334	5,253,234
NET BOOK VALUE			
At 31 December 2011	5,281,385	97,607	5,378,992
At 31 December 2012	5,877,794	70,866	5,948,660

Other Intangible Assets comprise software licences

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'

Impairment Loss

At the end of the year the Directors reviewed the development projects and a number were written down to their recoverable value based on expected future sales None of the individual impairments are considered to be material

Notes to the Financial Statements (continued)

Note 12 (continued) **INTANGIBLE ASSETS**

COMPANY

	Development Costs £	Other £	Total £
COST			
At 1 January 2011	6,287,576	545,525	6,833,101
Additions	2,078,500	31,959	2,110,459
At 31 December 2011	8,366,076	577,484	8,943,560
Additions	2,107,618	20,270	2,127,888
At 31 December 2012	10,473,694	597,754	11,071,448
AMORTISATION			
At 1 January 2011	1,908,791	464,258	2,373,049
Charge for the year	919,802	40,498	960,300
Impairment loss	256,098	-	256,098
At 31 December 2011	3,084,691	504,756	3,589,447
Charge for the year	1,274,476	38,243	1,312,719
Impairment loss	236,733	-	236,733
At 31 December 2012	4,595,900	542,999	5,138,899
NET BOOK VALUE			
At 31 December 2011	5,281,385	72,728	5,354,113
At 31 December 2012	5,877,794	54,755	5,932,549

Other Intangible Assets comprise software licences

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'

Impairment Loss

At the end of the year the Directors reviewed the development projects and a number were written down to their recoverable value based on expected future sales None of the individual impairments are considered to be material

Notes to the Financial Statements (continued)

Note 13 **DEFERRED TAX**

	Share-based payments	Accelerated capital allowances	Tax Losses	Other	Total
	£	£	£	£	£
GROUP					
At 1 January 2011	55,547	(1,264,554)	80,545	66,020	(1,062,442)
Credited/(charged) to statement of comprehensive income	(530)	(123,218)	(12,998)	(9,707)	(146,453)
Credited/(charged) to equity	28,204	-	-	-	28,204
At 31 December 2011	83,221	(1,387,772)	67,547	56,313	(1,180,691)
Credited/(charged) to statement of comprehensive income	(643)	(16,914)	(14,553)	(30,116)	(62,226)
Credited/(charged) to equity	26,554	-	-	-	26,554
At 31 December 2012	109,132	(1,404,686)	52,994	26,197	(1,216,363)

A deferred tax asset of £52,994 (2011 £67,547) in respect of carried forward tax losses has been recognised on the basis that the Directors believe it will be realised, more likely than not, against future taxable profits of Group companies

	Share-based payments	Accelerated capital allowances	Tax Losses	Other	Total
COMPANY					
At 1 January 2011	55,547	(1,251,290)	-	-	(1,195,743)
Credited/(charged) to statement of comprehensive income	(530)	(125,884)	-	-	(126,414)
(Charged) to equity	28,204	-	-	-	28,204
At 31 December 2011	83,221	(1,377,174)	-	-	(1,293,953)
Credited/(charged) to statement of comprehensive income	(643)	(23,751)	-	-	(24,394)
Credited/(charged) to equity	26,554	-	-	-	26,554
At 31 December 2012	109,132	(1,400,925)	-	-	(1,291,793)

Notes to the Financial Statements (continued)

Note 14 **INVESTMENTS**

COMPANY

	31 December 2012 £	31 December 2011 £
Investment in subsidiary companies		
shares at cost	19,705	19,705
capital contribution	1,361,656	1,361,656
Equity-settled share-based payment	47,252	42,072
Total investment in subsidiary companies	1,428,613	1,423,433

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2012 are

Name	Place of Incorporation	Class of Share	Percentage Held	Nature of Business
By Company				
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	99 999 %	R&D Services for Company
Concurrent Technologies Inc	California, USA	Ordinary	100 %	Sale & Service of Company products
By Concurrent Technologies Inc				
Omnibyte Corporation	Illinois, USA	Ordinary	100 %	Dormant
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	0 001 %	R&D Services for Company

Note 15 **INVENTORIES**

	Group 31 December 2012 £	Company 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2011 £
Raw materials	1,228,948	1,228,948	1,235,092	1,235,092
Work in progress	1,664,787	1,664,787	1,328,507	1,328,507
Finished goods	73,955	73,955	63,061	63,061
	2,967,690	2,967,690	2,626,660	2,626,660

During 2012, a reduction has been made to the provision for obsolete and slow moving inventories of £218,890 (2011 increased by £11,512) The fair value of inventories less selling costs is expected to exceed balance sheet value

Notes to the Financial Statements (continued)

Note 16 TRADE AND OTHER RECEIVABLES

	Group 31 December 2012 £	Company 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2011 £
Trade receivables	2,876,316	1,407,761	2,027,039	1,478,743
Prepayments and accrued income	398,349	249,527	363,338	212,794
Amounts due from subsidiary undertakings	-	762,520	-	508,201
	3,274,665	2,419,808	2,390,377	2,199,738

The Directors consider that the carrying amount of trade and other payables approximate to their fair value Trade receivables have been reviewed for indicators of impairment and a provision has been recorded as outlined below

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
At 1 January	26,008	14,032	57,173	-
Charged/(credited) to statement of comprehensive income	(20,081)	(13,670)	(31,165)	14,032
At 31 December	5,927	362	26,008	14,032

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

	Group 31 December 2012 £	Company 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2011 £
Less than 1 year	48,598	19,052	414,306	397,565
More than 1 year	-	-	-	-
	48,598	19,052	414,306	397,565

Note 17 TRADE AND OTHER PAYABLES

	Group 31 December 2012 £	Company 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2011 £
Trade payables	1,102,090	1,077,529	1,184,372	1,166,228
Amounts owed to subsidiary undertakings	-	111,918	-	121,523
Other creditors	46,160	-	51,730	-
Other taxes and social security costs	104,138	98,616	107,286	99,827
Accruals and deferred income	259,367	135,690	355,183	219,875
	1,511,755	1,423,753	1,698,571	1,607,453

The Directors consider that the carrying amount of trade and other payables approximate to their fair value

Note 18 FINANCIAL INSTRUMENTS

Financial Instruments by category

The carrying amount of financial assets presented in the balance sheet relate to the following measurement categories as defined in IAS 39

	Loans and receivables £	Other (non-IAS 39) £	Total for line item £
GROUP			
2011 Non-current			
Other financial assets	1,000,000	-	1,000,000
2011 Current			
Trade and other receivables	2,062,287	328,090	2,390,377
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	3,594,131	-	3,594,131
Total for category	6,656,418	328,090	6,984,508
2012 Non-current			
Other financial assets	1,000,000	-	1,000,000
2012 Current			
Trade and other receivables	2,906,461	368,204	3,274,665
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	2,316,928	-	2,316,928
Total for category	6,223,389	368,204	6,591,593
COMPANY			
2011 Non-current			
Other financial assets	1,000,000	-	1,000,000
2011 Current			
Trade and other receivables	2,022,193	177,545	2,199,738
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	1,457,681	-	1,457,681
Total for category	4,479,874	177,545	4,657,419
2012 Non-current			
Other financial assets	1,000,000	-	1,000,000
2012 Current			
Trade and other receivables	2,200,426	219,382	2,419,808
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	741,287	-	741,287
Total for category	3,941,713	219,382	4,161,095

The carrying amount of financial liabilities presented in the balance sheet relate to the following measurement categories as defined in IAS 39

	Financial Liabilities measured at amortised cost £	Other (non-IAS 39) £	Total for line item £
GROUP			
2011 Current			
Trade and other payables	1,343,388	355,183	1,698,571
2012 Current			
Trade and other payables	1,252,388	259,367	1,511,755
COMPANY			
2011 Current			
Trade and other payables	1,387,578	219,875	1,607,453
2012 Current			
Trade and other payables	1,288,063	135,690	1,423,753

Other financial assets

Loans & receivables above include UK sterling high interest bank deposits, under the heading of Other financial assets

Notes to the Financial Statements (continued)

Note 19 **PROVISIONS**

GROUP AND COMPANY

	Product Warranty £
Carrying amount at 1 January 2012	82,990
Reduction in provisions	(11,643)
Amount utilised	(31,601)
Carrying amount at 31 December 2012	39,746

Provisions have been analysed between current and non-current as follows

Current	39,746
Non-current	-

Warranties are provided for on the basis of management's best estimate of the Group's liability under 24 month warranties granted on its hardware products based on past experience

Note 20 **COMMITMENTS**

Operating Leases

The Group leases various premises and plant and machinery under non-cancellable operating lease agreements The leases have varying terms, escalation clauses and renewal rights

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	Group 31 December 2012 £	Company 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2011 £
Within 1 year	167,695	139,314	218,997	126,235
Within 2-5 years	500,741	500,000	501,686	500,926
After 5 years	1,085,531	1,085,531	1,210,531	1,210,531
	1,753,967	1,724,845	1,931,214	1,837,692

The Company's operating lease commitment is substantially the amount due under the lease of its main UK site terminating on 31 August 2026

In addition, the Group's operating lease commitments are substantially a lease for a building housing R & D services which terminates on 31 March 2013

At the end of the year there were no capital expenditure commitments (2011 £nil)

Note 21 **SHARE CAPITAL**

	31 Dec 2012 £	31 Dec 2011 £	31 Dec 2010 £
Authorised share capital			
Ordinary shares (240,000,000 of 1p each)	2,400,000	2,400,000	2,400,000
Allotted, issued and fully paid share capital			
Ordinary shares (72,700,012 of 1p each)	727,000	727,000	727,000

During 2012 the Company purchased 45,000 Ordinary Shares (2011 nil) with an aggregate nominal value of £450 (2011 £nil) to hold in Treasury

At 31 December 2012 the Company held 1,259,522 Ordinary Shares (2011 1,224,522) with an aggregate nominal value of £12,595 (2011 £12,245) in Treasury

Note 22 **PENSION SCHEME**

The Company operates a Group Personal Pension Scheme, which all permanent employees may join The Scheme, which is a defined contribution scheme, is independent of the Company's finances The Company's contributions are based on between 5 5% and 13 5% of members' gross salaries, dependent upon the length of service of the individual The total charge to operating expenses in the statement of comprehensive income is disclosed in Note 10 Staff Costs Pension contributions payable to the Scheme at the end of the year were £nil (2011 £nil)

Note 23 **FINANCIAL RISK MANAGEMENT**

The Group is exposed to various risks in relation to financial instruments The Group's financial assets and liabilities by category are summarised in note 18 The main types of risks are market risk, credit risk and liquidity risk The Group's policy in respect of financial risk management is referred to in the report on Corporate Governance

The Group does not actively engage in the trading or holding of financial assets for speculative purposes The most significant financial risks to which the Group is exposed are described below

Market Risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which result from its operating activities

Foreign currency sensitivity

A number of transactions are conducted by companies in the Group in currencies other than their functional currency which give rise to monetary assets and liabilities denominated in other currencies The Group's exposure to foreign currency exchange risk is mitigated to a large extent by natural hedging, as assets in currency are matched by liabilities in the same currency The value of monetary assets and liabilities of the Group not held in functional currencies at the balance sheet date were as follows

Net foreign currency monetary assets/(liabilities)

	2012 US Dollar £	2012 Euro £	2012 Indian Rupee £	2011 US Dollar £	2011 Euro £	2011 Indian Rupee £
Company	317,829	146,330	-	272,809	348,699	-
Group	2,403,271	146,330	130,713	2,351,831	348,699	57,429

	2012 US Dollar £	2012 Euro £	2012 Indian Rupee £
If sterling had strengthened by 5% against all three currencies			
Impact on net Company result for the year	(15,135)	(6,968)	-
Impact on net Group result for the year	(114,441)	(6,968)	(6,224)
If sterling had weakened by 5% against all three currencies			
Impact on net Company result for the year	16,728	7,702	-
Impact on net Group result for the year	126,488	7,702	6,880

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk

Notes to the Financial Statements (continued)

Note 23 (continued)

Credit Risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds, etc The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below

	2012	2011
Classes of financial assets – carrying amounts	£	£
Fixed term cash deposits	2,000,000	2,000,000
Cash and cash equivalents	2,316,928	3,594,131
Trade and other receivables	2,906,461	2,062,287
	7,223,389	7,656,418

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls Where available, appropriate and at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used The Group's policy is to deal only with creditworthy counterparties

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality None of the Group's financial assets are secured by collateral or other credit enhancements

Some of the unimpaired trade receivables are past due as at the reporting date Information on financial assets past due but not impaired is given in note 16

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics Trade receivables are spread over a number of customers in various industries and geographical areas Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good

The credit risk for cash and cash equivalents and fixed term cash deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a week-to-week basis and by monthly forecasting Long-term liquidity needs for a 12 month lookout period are identified monthly

The Group's objective is to maintain cash to meet its liquidity requirements for the forseeable future This objective was met for the reporting periods Funding for long-term liquidity needs is assessed by the Board on a regular basis

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables The Group's existing cash resources and trade receivables (see note 18) exceed the current cash outflow requirements Cash flows from trade and other receivables are all contractually due within 3 months

Note 24 **CAPITAL MANAGEMENT**

The Group's objectives when managing capital are

(i) to ensure the Group's ability to continue as a going concern
(ii) to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Consolidated Balance Sheet

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets There were no changes in the Group's approach to capital management during the year Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

Capital for the reporting periods under review is summarised as follows

	Group 2012 £	Group 2011 £
Total Equity	14,247,178	13,623,616
Cash and cash equivalents	(2,316,928)	(3,594,131)
Capital	11,930,250	10,029,485
Total Equity & Overall financing	14,247,178	13,623,616
Capital to Overall financing ratio	0 84	0 74

Note 25 **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with its subsidiaries during the period

	Company 2012 £	Company 2011 £
Sales to subsidiaries	4,309,394	4,628,692
Purchases from subsidiaries	1,120,099	1,030,598
Equity-settled share-based payment to employees of subsidiaries	5,180	7,671
Amounts owed by subsidiaries as at 31 December (Note 16)	762,520	508,201
Amounts owed to subsidiaries as at 31 December (Note 17)	(111,918)	(121,523)

Dividends paid to Directors during 2012 amounted to £146,720 (2011 £139,647)

Transactions with Key Management Personnel during the period

Key Management Personnel are the Company's Board Key Management Personnel remuneration includes the following expenses

	Group & Company 2012 £	Group & Company 2011 £
Short term employee benefits	603,924	612,234
Post-employment benefits	40,743	39,556
Share based payment (IFRS 2)	-	1,366
	644,667	653,156

Mr C Thomson's remuneration and expenses are paid to Sanibel Ltd

Note 26 **SHARE-BASED PAYMENT**

The Company operates an Enterprise Management Incentive Share Option Scheme

The Scheme provides for a grant price equal to the quoted market price of the Group's shares on the date of grant Options cannot be exercised until three years after grant date and exercise is conditional upon Group average basic earnings per Ordinary Share, for the complete years commencing 1 January of the year of grant and ending with the year most immediately prior to the exercise of the option, having increased by 5% or 10% compound over such period The latest date for exercise of options is ten years after grant date and exercise of options is subject to continued employment with the Group

	2012 Options No	2012 Weighted average price pence	2011 Options No	2011 Weighted average price pence
Outstanding at 1 January	2,555,890	30 91	2,855,810	31 09
Granted	77,000	48 50	110,000	42 75
Exercised	(10,000)	21 00	(51,478)	32 90
Forfeited	(21,000)	26 50	(358,442)	35 75
Outstanding at 31 December	2,601,890	31 50	2,555,890	30 91
Weighted average share price at date of exercise		50 50		45 03
Exercisable at 31 December	1,253,000	24 92	1,855,890	28 92

Options outstanding at 31 December 2012 had exercise prices ranging from 19 0 pence to 48 5 pence and a weighted average remaining contractual life of 3 67 years

The inputs to the binomial option pricing model for options granted over the period were as follows

	2012	2011
Weighted average share price (pence)	47 00	41 00
Weighted average exercise price (pence)	48 50	42 75
Range of expected volatility (%)	41 86	44 70
Expected life (years)	10	10
Range of risk-free rate (%)	1 73	3 80
Range of expected dividend yield (%)	3 5-4 2	3 7-4 6
Range of expected forfeitures (%)	8-10	10
Range of early exercise factors (multiple)	1 1-1 2	1 1
Weighted average fair value (pence)	8 20	7 85

The expected volatility is based on historical volatility of the Group's share price over the previous ten years The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the expected option life The effect of blackout periods, where shares cannot be traded by employees due to regulatory restrictions, has been factored into the model The periods are the two months following the Group's year end date of 31 December and interim results date of 30 June each year

The Group recognised total expenses during 2012 of £11,941 (2011 £16,156) relating to equity-settled share-based payment transactions

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Concurrent Technologies Plc (the "Company") will be held in the Quality Hotel Colchester (was Ramada Hotel), A12/A120 junction, Old Ipswich Road, Colchester, Essex, CO7 7QY, on 28 May 2013 at 2 00 p m for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions in the cases of Resolutions 1, 2, 3, 4 and 5 and as Special Resolutions in the case of Resolutions 6 and 7

ORDINARY BUSINESS

Resolution 1 To receive the audited Financial Statements of the Company for the year ended 31 December 2012 and the Reports of the Directors and Auditors thereon

Resolution 2 To re-appoint Grant Thornton UK LLP, as Auditors to the Company and to authorise the Directors to determine the amount of their remuneration

Resolution 3 To re-appoint as a Director of the Company Mr D Evans-Hughes, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election

Resolution 4 To re-appoint as a Director of the Company Mr C Thomson, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election

SPECIAL BUSINESS
ORDINARY RESOLUTION

Resolution 5 THAT

in substitution for all existing and unexercised authorities the Directors be and are hereby generally and unconditionally authorised for the purposes of s551 of the Companies Act 2006 ("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 2014 to exercise all or any powers of the Company to allot relevant securities of the Company (as defined in s560 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 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 unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired

SPECIAL RESOLUTIONS

Resolution 6 THAT

in substitution for all existing and unexercised authorities subject to the passing of the immediately preceding Resolution, the Directors of the Company be and they are hereby empowered pursuant to s570 of the Act to allot equity securities (as defined in s560 of the Act) of the Company pursuant to the authority conferred upon them by the preceding Resolution as if s561(1) of the Act did not apply to such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by Special Resolution of the Company in general meeting, shall be limited

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of 5 per cent of the aggregate nominal value of the issued ordinary share capital of the Company in respect of any other issues for cash consideration,

and shall expire on the earlier of the date of the next annual general meeting of the Company to be held in 2014 or 15 months from the date of the passing of the Resolution save that the Company 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 in pursuance of such offer or agreement as if the power conferred by this Resolution had not expired

Notice of Annual General Meeting (continued)

Resolution 7 THAT

the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Act) of ordinary shares provided that

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 7,270,001 (representing 10 per cent of the issued ordinary share capital),

(b) the minimum price which may be paid for an ordinary share is one penny,

(c) 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,

(d) this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2014 or within 15 months from the date of the passing of this Resolution whichever is earlier, and

(e) 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 pursuant of any such contract or contracts

By order of the Board

Cargil Management Services Limited
Company Secretary
08 April 2013

Notice of Annual General Meeting (continued)

Notes

1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company You can only appoint a proxy using the procedures set out in these notes

2 Appointment of a proxy does not preclude you from attending the meeting and voting in person If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated

3 A proxy does not need to be a member of the Company but must attend the meeting to represent you To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided If you sign and return this proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give him or her the relevant instructions directly

4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares You may not appoint more than one proxy to exercise rights attached to any one share

5 To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X' If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting

6 To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL or by facsimile transmission to 01252 719 232,
- alternatively, the completed proxy form can be scanned and emailed to proxies@shareregistrars uk com,
- and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting

7 In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company

8 Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form and received by the registrars no later than 48 hours (excluding non-business days) prior to the Meeting

9 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)

10 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence

CONCURRENT TECHNOLOGIES PLC

Form of Proxy

I / We (names in full)

of

hereby appoint the Chairman of the Meeting or (delete as appropriate) as my/our proxy to attend, to speak and to vote in respect of the shares registered in my/our name(s) at the Annual General Meeting of Concurrent Technologies Plc to be held in the Quality Hotel Colchester (was Ramada Hotel), A12/A120 junction, Old Ipswich Road, Colchester, Essex, CO7 7QY, on 28 May 2013 and at any adjournment thereof

Ordinary Business	**FOR**	**AGAINST**	**ABSTAIN**
1 To receive the Report and Accounts for year ended 31 December 2012			
2 To re-appoint Grant Thornton UK LLP as Auditors			
3 To re-appoint Mr D Evans-Hughes as a Director			
4 To re-appoint Mr C Thomson as a Director			
Special Business Ordinary Resolution			
5 To give authority under s551 of the Companies Act 2006			
Special Business Special Resolution			
6 To disapply the statutory pre-emption rights under s570 Companies Act 2006			
7 To approve the purchase of the Company's Ordinary Shares			

Please indicate with an "X" in the appropriate space how you wish your vote to be cast If you do not indicate how you wish your proxy to use your vote on any particular matter, the proxy will exercise discretion as to how to vote or whether to abstain from voting

Signature(s) or Common Seal

Dated