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COMPANY INFORMATION

Concurrent Technologies PLC (LSE - CNC)

October 2006

Company Eye Ranking

37/50

EDITOR'S NOTE

Concurrent Technologies Plc manufactures high-end embedded computer products for critical applications in the defense, transportation, communications and industrial markets.

The company experienced a strong start to the year and a continuation of the trend witnessed in 2005.

For the six month ended 30 June 2006 Concurrent Technologies Plc reported pre tax profit up 93%.

We believe the company has a strong growth potential and it will make a good addition for any short/medium term portfolio investment.

CHART



FUNDAMENTALS

Company Name	Concurrent Technologies PLC
Current Price	35.50
Status	AIM
Market Cap	23.56 m.
Shares in Issue	72.70 m.
Activities	Designs, develops, manufactures and sells high embedded computer products to defence, communication, transportation and industrial markets.
Sector	Technology Hardware & Equipment
Corporate advisor	Brewin Dolphin Securities
Registrar	Share Registrars Ltd

HISTORY

Concurrent Technologies is an international company specializing in the design and manufacture of commercial-off-the-shelf and custom-designed industrial computer boards for real-time embedded applications. The company, which was founded in 1985, has offices in the USA, UK and China.

In addition to its original Multibus II product line, the

company has a wide range of high-performance, Intel processor-based VME and CompactPCI products, which are complemented by an extensive offering of PMC (PCI Mezzanine Card) products. The company offers support for many of today's leading industry standard operating systems.

THE BUSINESS

Concurrent Technologies Plc is engaged in the design, development and supply of embedded computer products to the defense, communication, transportation and industrial markets. The Company's designs and develops single-board computer products for virtual machine environment (VME) and Compact PCI open systems utilizing the established Intel Pentium and Freescale PowerPC processor families. The Company's products are

incorporated into defense systems, telecommunications systems, radar networks, railway signaling control systems, aerospace systems, security and telephone systems, and navigation and process control. The Company also develops software and firmware to facilitate interoperability between products, generate test software both on-board and for production test purposes, and provide support for embedded and real-time operating systems.



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ACTIVITIES

The Group's principal activity is designing, developing, manufacturing and selling single board computers to system integrators and original equipment manufacturers. Main users of the Group

are telecommunications, military, medical, aerospace markets, transportation and industrial system. The Group develops hardware, firmware and software products.

LIST OF CLIENTS

ACT/Technico is a leading supplier of embedded and real-time integrated systems for use in military/aerospace, communications, medical imaging, and semiconductor equipment manufacturing.

Hybricon Corporation manufactures backplanes, card cage/backplane assemblies and complete subsystem interconnect packaging.

Intel Communications

Pentek

SBE architects and provides network communications solutions for an extensive range of applied computing applications.

DEVELOPMENT HIGHLIGHTS

*** 26 May 2006**

Concurrent Technologies Plc, a leading player in the development of high-end embedded computer products announces the launch of the additional range of single board computers supporting Intel® processors, called VP 337/02.

*** 14 March 2005**

Concurrent Technologies, the Colchester manufacturer of high-end embedded computers for

defence, transportation, communications and industrial markets, has opened a business development office in Beijing as it fights to support and develop sales distribution channels and increase the company's profile in the Chinese marketplace.

*** 11 February 2005**

Concurrent Technologies has developed a new single board computer capable of operating in temperatures as extreme as -40°C through to 85°C.

OUTLOOK

The company believe that world demand for single board computers, particularly those powered by Intel® CPUs, continues to grow. One recent study forecast that the world market for CompactPCI® boards will grow by 35% between 2004 and 2009 and that for VME boards will grow by 30% in the same period. Concurrent Technologies PLC has the right range of products for these and the other niches in the single board computer market which they decided some years ago to pursue. The company plans to maintain its focus on specialised customer requirements where the competition is less fierce than in low tech/high volume applications. Concurrent Technologies PLC will also continue to focus on making complex boards suitable for difficult operating environments.

The company is increasingly selected by its target customers as the supplier of their choice, and are

being given the opportunity to quote for an increasing number of opportunities, many of which are also of a larger scale than in the past.

The company believe that its substantial investment in design and development continues to benefit them as they broaden its range of products. By progressing with new board designs that leverage advanced CPU technologies, Concurrent Technologies PLC intend to make its range of hardware products appeal to a larger part of the increasing market. Simultaneously the company intend to keep increasing its investment in software and firmware engineering so as to make its hardware operate with more software products and so make its products even more attractive, and simpler to use, for customers. In many of new products the company will be using low power devices containing two processing cores.



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STRATEGY

The strategy is to support and expand all three of company's existing embedded computer technology architectures as well as introducing products for new architectures.

The Multibus II architecture continues to be accepted by customers, and the company will continue to support it while demand remains satisfactory. Defence and industrial applications still require VME boards and the company believe these will be important markets for them in the long term. The CompactPCI® architecture, including the newer smaller sized 3U version, with its performance

and networking capability, offers the extended bandwidth particularly necessary for communications applications. The new architecture the company has decided to support is called Advanced Mezzanine Card ("AMC").

The company will also continue to look to enhance its capabilities to produce complete embedded computer systems, and to take advantage of opportunities which come from customers who wish to downsize in-house engineering staff and reduce fixed costs by outsourcing.

EXPANSION

During the last 12 months the company has migrated the majority of its board products to be compliant with a new European Union based environmental standard (known as RoHS, for Restriction of Hazardous Substances) which dramatically reduces the amount of lead used in company's products.

The most significant product launch this year so far has been the introduction of the VX 405/04x family of single board computers. This range features new Intel® dual core processors which combine high performance with low power consumption. Concurrent Technologies targeting these products at

existing customers who wish to upgrade, and to wholly new customers being drawn to from competitors. Applications will be within the defence, security, telemetry, industrial control, scientific and aerospace markets. Extended temperature versions of these boards will be available for use in harsher environments.

During this year the company has increased its involvement with the Intel® Communications Alliance, of which they are already a member, and this has already started to yield sales and marketing benefits globally.

DIRECTORS

Michael Collins,
Non-Executive Chairman
Glen Fawcett, Managing Director

ROLLING EPS



P/E RATIO





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SHAREHOLDINGS

	Number	%
Liontrust Investment Services	10,231,339	14.07
I M Keeler	5,021,899	6.9100

	Number	%
Gartmore Investment Management	7,562,493	10.4000
ISIS Asset Management	9,456,319	13.0100

FINANCIAL HISTORY

Profit and loss account for six months ended 30th June 2006

£	Six months to 30 th June	Year Ended 31 st Dec 2005
Turnover	5,829,566	10,678,675
Cost of sales	(3,217,770)	(5,781,965)
Gross profit	2,611,796	4,896,710
Net operating expenses	1,759,143	3,577,112
Group operating profit	852,653	1,319,598
Interest receivable	86,966	101,497
Profit on ordinary activities before taxation	939,619	1,421,095
Taxation on profit on ordinary activities	(232,241)	(294,390)
Profit for the period	707,378	1,126,705
Basic earnings per share	0.97p	1.55p
Diluted earnings per share	0.97p	1.55p

Consolidated Balance Sheet as at 30th June 2006

£	Six months to 30 th June	Year Ended 31 st Dec 2005
Goodwill	-	-
Tangible assets	598,561	543,678
FIXED ASSETS	598,561	543,678
Stocks and work in progress	1,390,274	1,501,554
Debtors	1,925,919	1,832,303
Cash at bank and in hand	4,296,070	3,978,139
CURRENT ASSETS	7,612,263	7,311,996
CREDITORS:		
Amounts falling due within one year	(1,929,495)	(1,852,977)
NET CURRENT ASSETS	5,682,768	5,459,019
TOTAL ASSETS LESS CURRENT LIABILITIES	6,281,329	6,002,697
Provision for liabilities and charges	(47,669)	(38,180)
NET ASSETS	6,233,660	5,964,517
CAPITAL AND RESERVES		
Called up share capital	727,000	727,000
Share premium account	3,405,817	3,405,817
Capital redemption reserve	256,976	256,976
Profit and loss account	1,843,867	1,574,724
EQUITY SHAREHOLDERS' FUNDS	6,233,660	5,964,517

FINANCIAL HIGHLIGHTS

- * Turnover up 26% to Â£5.8m (H1 2005: Â£4.6m)
- * Pre-tax profit up 93% at Â£940k (H1 2005: Â£487k)
- * Cash of Â£4.3m, no borrowings
- * Interim dividend of 0.35 pence per share (2005: 0.25 pence)



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RISK FACTORS

In addition to the other relevant information, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective Investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. There are various risk and other factors associated with an investment of the type described in this document. In particular:

The value of an investment in the Company is largely dependent upon the expertise of the Directors and their ability to identify and acquire or invest in suitable companies or businesses. There can be no certainty that the Company will be able to identify suitable acquisition targets or complete the purchase of any identified targets at a price the Directors consider acceptable. In the event of an aborted acquisition it is likely that resources may have been expended on investigative work and due diligence, which cannot be recovered.

The acquisition of other businesses can involve significant commercial and financial risks and there can be no certainty that any acquired business will not have a material adverse effect on the operations, results or financial position of the Company.

CONTACT

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Newcomen Way,
Colchester, CO4 9WN
United Kingdom

RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	39
Customers	40
Low cost	34
Management	
- corporate governance	35
- quality	38
- shareholding	40
Product	35
Sector	39
Financial evaluation	
Early and profitable exit potential	33
Financial strength	
- cash flow	40
- conservative accounting	37
- need for funding	37
Growth at a reasonable price	40
Risk	31
Overall average rating	37



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FURTHER INFORMATION ABOUT THE RANKING

Competitive advantage

Companies are assessed according to their business model and how this translates into strong and sustainable competitive advantage. This can only be achieved with low cost activities and doing something different from the competition. This 'differentiation' must add value to the customer who is then prepared to pay a premium price. The differentiation is most obvious in the product but it can exist anywhere in the company's value chain of activities, such as

easy payment terms, convenient locations, superior management, and quality of suppliers. Companies that do not achieve competitive advantage because they have the same costs and/or do the same as the competition are marooned in a profitless zone. They helplessly try to compete with the one weapon left open to them, which is the disaster of cutting prices and typically leads to similar retaliation by competitors, with disastrous results.

THE FOLLOWING ELABORATES ON THE RANKING CRITERIA

Competition

How intense is the competition and are there barriers to entry?

Customers

Is the company controlling its customers and therefore its revenue streams? Are customers glued to the company and providing valuable and reliable recurring revenue or are they one-off, or 'transactional', providing shaky revenue? The company should ideally have weak and numerous customers.

Low costs

Has the company achieved low cost activities thus allowing more of the top line revenue to trickle down to the profit line?

Management

Is there good corporate governance? What is the quality of management, as this is crucial to any business? Are the directors' shareholdings significant but not so large that they control the company?

Product

Is the product different from the competition and adds value to the customer? Are there threatening substitutes? Does it have a powerful brand?

Sector

Is the company in an attractive sector that is profitable and adds value?

Services tend to be more protected than products from international competition. Does the sector ride the tailwind of multi-year mega trends? Is the business well positioned in the current stage of the economic cycle? What is its resistance to a recession?

Profitable exit potential

What is the potential for selling the share profitably? This is more applicable to pre-flotation investments.

Financial strength

Does the company have strong cash flow, the lifeblood of any business? Is the accounting conservative or is there 'accounting for growth'? Does it need more funding? Is the profit margin healthy and at least equal to its sector? What has been the track record in the growth rate of profits?

Growth at a reasonable price

Does the share offer growth at a reasonable price? This is commonly measured using the PEG. This is the price earnings ratio (PE) divided by the forecast growth rate in earnings per share (EPS). The lower the PEG the better and under 1.0 is considered good for a blue chip company and under 0.6 for a small growth company.

Risk

What is the risk rating of the share due to factors such as new markets, its business model and strategies?

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