RNS Number : 8998P
Concurrent Technologies PLC
26 August 2014

26 August 2014

CONCURRENT TECHNOLOGIES PLC

Interim Results for the six months ended 30 June 2014

Concurrent Technologies Plc (the "Company"), a world leading specialist in the design and manufacture of high-end embedded computer products, for critical applications in the defence, aerospace, transportation, telecommunications, scientific and industrial markets, announces interim results for the six months to 30 June 2014.

Highlights:

- Turnover £5.6m (H1 2013: £5.3m)
- Profit before tax £0.4m (H1 2013: £0.4m)
- Earnings per share for the period 0.56p (H1 2013: 0.66p)
- Interim dividend 0.65p per share (H1 2013: 0.65p)
- Net cash, including cash deposits £4.8m (H1 2013: £5.3m); no borrowings

Operational Highlights:

- Release of four new products
- Increased investment in R&D and creation of engineering facility in the USA
- Investment in new X-ray equipment for manufacturing

Michael Collins, Chairman, commented:

"Our order book is good and our cash position remains strong. With the introduction by the UK Government of the more flexible licensing system, we can now focus on restoring customer confidence in those areas affected. How long it will take to recover from the effects of UK export licensing regulations, and what their full impact might be, remains difficult to assess at this time, but the Board is confident that the resolution of the major export licensing issues, together with the diversity of the Company's product range and customer base, will generate sound results."

Enquiries:

Concurrent Technologies Plc
Glen Fawcett, Managing Director +44 (0)1206 752 626

Newgate Threadneedle (Financial PR)
Caroline Forde +44 (0)207 653 9850
Robyn McConnachie

Cenkos Securities plc (NOMAD)
Neil McDonald +44 (0)131 220 9771
Beth McKiernan +44 (0)131 220 9778

CHAIRMAN'S STATEMENT

Financial Summary

Given the backdrop of continuing export licence problems for customers in many markets, I am pleased to report a satisfactory start to 2014. The Group achieved a profit before tax for the six months to 30 June 2014 of £424,338 (H1 2013: £370,528) with associated earnings per share of 0.56 pence (H1 2013: 0.66 pence). Turnover for the period was £5,574,557 (H1 2013: £5,319,772), with a significant increase in sales into telecommunications applications. Our cash balances (including cash deposits) at 30 June 2014 remain healthy at £4,846,837 (H1 2013: £5,331,742) even after paying an increased dividend after the year end, and continued investment in R&D at a slightly increased level compared to the first half of 2013.

Review of Operations

Turnover during the first half of 2014 was in line with expectations although exports have fallen to 54% of turnover (H1 2013: 72%) which was expected due to the application of UK Government export control regulations to our advanced technology products incorporating encryption technology. As a consequence of these export controls, the Board has determined that a further write down in the value of certain designs may be required; the exact amount will be finalised at the year end and incorporated into the results for the full year ending 31 December 2014.

Throughout the second half of 2013 and the first half of 2014, the Company has been working closely with BIS (Department for Business, Innovation and Skills) which has been reviewing the current system of controls. In mid-July 2014, we were notified that BIS had published a generally applicable export licence that substantially decontrols the exporting of encryption products of the type that the Company produces. This licence will considerably simplify the exporting of affected products to key markets outside of the EU and USA.

We have continued to invest in the development of our expanding product ranges and we have released four new products during the first half of this financial year. Two of these are based on the AMC architecture and a further two feature the Intel® Atom™ processor. The latter products are low power computers specifically targeted to offer excellent performance per Watt and are based on the VME and CompactPCI® bus architectures. These single board computers are suitable for applications in our usual markets and support a range of industry standard operating systems.

The Group has implemented its plan to establish an engineering facility in Massachusetts, USA, and US engineers are already augmenting the UK and Indian engineering teams.

We have also invested in new X-ray equipment in our manufacturing facility, which is able to perform 3D scanning and make sectional images. This has substantially improved our ability to see inside ever smaller and more complex components and parts of our products to identify faults and ensure the highest quality of manufacture.

The executive directors exercised their share options 8th April 2014, resulting in an issue of 1.2m shares and an inflow of £300,000 cash.

Future Plans

Our strategy is to continue to expand our range by developing products for the VPX™, VME, AMC and CompactPCI® bus architectures in complex, high technology, low to medium volume and high margin applications. Many versions of these products will be designed for use in harsh environments. The continuing development of new and complementary software packages to provide high-speed data transfer, ease of integration and security will further enhance our product portfolio. We will also continue to recruit in the USA to build up our engineering team there.

Dividend

The Board has declared a first interim dividend that will be maintained at the same level as that for last year, namely, 0.65p per share (H1 2013: 0.65p). The total cost of this dividend will amount to £471,903. The ex-dividend date for the interim dividend is 10 September 2014, the record date is 12 September 2014 and the payment date is 26 September 2014.

Outlook

Our order book is good and our cash position remains strong. With the introduction by the UK Government of the more flexible licensing system, we can now focus on restoring customer confidence in those areas affected. How long it will take to recover from the effects of UK export licensing regulations, and what their full impact might be, remains difficult to assess at this time, but the Board is confident that the resolution of the major export licensing issues, together with the diversity of the Company's product range and customer base, will generate sound results.

Michael Collins
Chairman

22 August 2014

All companies and product names are trademarks of their respective organisations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited interim results to 30 June 2014

	Note	**Six months ended 30/06/14**	**Six months ended 30/06/13**	**Year ended 31/12/13**
		£	**£**	**£**
CONTINUING OPERATIONS				
Revenue		5,574,557	5,319,772	11,859,180
Cost of sales		2,899,117	2,611,202	5,857,094
Gross profit		2,675,440	2,708,570	6,002,086
Net operating expenses		2,286,611	2,369,420	5,614,290
Group operating profit		388,829	339,150	387,796
Finance income		35,509	31,378	66,133
Profit before tax		424,338	370,528	453,929
Tax		24,923	(102,822)	(275,688)
Profit for the period		399,415	473,350	729,617
Other Comprehensive Income				
Exchange differences on translating foreign operations		(29,037)	127,433	(124,637)
Tax relating to components of other comprehensive income		-	-	-
Other Comprehensive Income for the period, net of tax		(29,037)	127,433	(124,637)

Total Comprehensive Income for the period		370,378	600,783	604,980
Profit for the period attributable to:				
Equity holders of the parent		399,415	473,350	729,617
Total Comprehensive Income attributable to:				
Equity holders of the parent		370,378	600,783	604,980
Earnings per share				
Basic earnings per share	*4*	0.56p	0.66p	1.02p
Diluted earnings per share	*4*	0.55p	0.66p	1.01p

CONDENSED CONSOLIDATED BALANCE SHEET

unaudited interim results to 30 June 2014

	As at 30/06/14 £	As at 30/06/13 £	As at 31/12/13 £
ASSETS			
Non-current assets			
Property, plant and equipment	609,986	393,125	478,131
Intangible assets	5,845,981	6,262,359	5,467,503
Deferred tax assets	82,813	190,303	108,396
Other financial assets	-	1,000,000	-
	6,538,780	7,845,787	6,054,030
Current assets			
Inventories	2,536,345	2,828,830	2,550,556
Trade and other receivables	2,210,893	2,092,746	2,874,354
Current tax assets	284,726	186,933	247,240
Other financial assets	2,585,066	1,000,000	2,602,689
Cash and cash equivalents	2,261,771	3,331,742	2,340,859
	9,878,801	9,440,251	10,615,698
Total assets	16,417,581	17,286,038	16,669,728
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,257,824	1,315,342	1,164,267
Long term provisions	10,009	-	10,009
	1,267,833	1,315,342	1,174,276
Current liabilities			
Trade and other payables	1,708,720	1,751,526	1,931,110
Short term provisions	36,813	39,746	36,813
Current tax liabilities	2,998	26,196	-
	1,748,531	1,817,468	1,967,923
Total liabilities	3,016,364	3,132,810	3,142,199
Net assets	13,401,217	14,153,228	13,527,529
EQUITY			
Capital and reserves			
Share capital	739,000	727,000	727,000
Share premium account	3,693,818	3,405,817	3,405,817
Capital redemption reserve	256,976	256,976	256,976

Cumulative translation reserve	(103,853)	177,254	(74,816)
Profit and loss account	8,815,276	9,586,181	9,212,552
Equity attributable to equity holders of the parent	13,401,217	14,153,228	13,527,529
Total equity	13,401,217	14,153,228	13,527,529

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

unaudited interim results to 30 June 2014

	Six months ended 30/06/14	**Six months ended 30/06/13**	**Year ended 31/12/13**
	£	**£**	**£**
Cash flows from operating activities			
Profit before tax for the period	424,338	370,528	453,929
Adjustments for:			
Finance income	(35,509)	(31,378)	(66,133)
Depreciation	85,070	84,320	169,259
Amortisation	588,056	687,446	1,363,530
Impairment loss	-	-	842,783
Loss on disposal of property, plant and equipment	-	-	-
Share-based payment	2,814	5,553	(94,726)
Exchange differences	15,635	69,188	(74,551)
(Increase)/decrease in inventories	14,211	138,860	417,134
(Increase)/decrease in trade and other receivables	663,461	1,181,919	400,311
Increase/(decrease) in trade and other payables	(222,390)	239,771	426,431
Cash generated from operations	1,535,685	2,746,207	3,837,967
Tax received/(paid)	45,628	(30,154)	(61,654)
Net cash generated from operating activities	1,581,313	2,716,053	3,776,313
Cash flows from investing activities			
Interest received	35,509	31,378	66,133
Cash placed on deposit	-	-	(602,689)
Purchases of property, plant and equipment	(217,066)	(40,676)	(225,505)
Purchases of intangible assets	(966,532)	(1,001,051)	(1,726,312)
Net cash used in investing activities	(1,148,088)	(1,010,349)	(2,488,373)
Cash flows from financing activities			
Equity dividends paid	(785,404)	(750,123)	(1,214,420)
Cash received from share issue	300,000	-	-
Purchase of treasury shares	-	-	(16,625)
Net cash used in financing activities	(485,404)	(750,123)	(1,231,045)
Effects of exchange rate changes on cash and cash equivalents	(26,909)	59,233	(32,964)
Net increase/(decrease) in cash	(79,088)	1,014,814	23,931
Cash at beginning of period	2,340,859	2,316,928	2,316,928
Cash at the end of the period	2,261,771	3,331,742	2,340,859

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Capital redemption reserve	Cumulative translation reserve	Profit and loss account	Total equity
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2013	727,000	3,405,817	256,976	49,821	9,862,012	14,301,626
Profit for the period	-	-	-	-	473,350	473,350
Exchange differences on translating foreign operations	-	-	-	127,433	-	127,433
Total recognised comprehensive income for the period	-	-	-	127,433	473,350	600,783
Share-based payment	-	-	-	-	5,553	5,553
Deferred tax on share based payment	-	-	-	-	(4,611)	(4,611)
Dividends paid	-	-	-	-	(750,123)	(750,123)
Sale of treasury shares	-	-	-	-	-	-
Balance at 30 June 2013	727,000	3,405,817	256,976	177,254	9,586,181	14,153,228
Profit for the period	-	-	-	-	256,267	256,267
Exchange differences on translating foreign operations	-	-	-	(252,070)	-	(252,070)
Total recognised comprehensive income for the period	-	-	-	(252,070)	256,267	4,197
Share-based payment	-	-	-	-	(100,279)	(100,279)
Deferred tax on share based payment	-	-	-	-	(48,695)	(48,695)
Dividends paid	-	-	-	-	(464,297)	(464,297)
Purchase of treasury shares	-	-	-	-	(16,625)	(16,625)
Balance at 31 December 2013	727,000	3,405,817	256,976	(74,816)	9,212,552	13,527,529
Profit for the period	-	-	-	-	399,415	399,415
Exchange differences on translating foreign operations	-	-	-	(29,037)	-	(29,037)
Total recognised comprehensive income for the period	-	-	-	(29,037)	399,415	370,378
Share-based payment	-	-	-	-	2,814	2,814
Deferred tax on share based payment	-	-	-	-	(14,101)	(14,101)
Dividends paid	-	-	-	-	(785,404)	(785,404)
Issue of ordinary shares	12,000	288,001	-	-	-	300,001
Purchase of treasury shares	-	-	-	-	-	-
Balance at 30 June 2014	739,000	3,693,818	256,976	(103,853)	8,815,276	13,401,217

NOTES TO THE INTERIM REPORT

1. General information

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

Concurrent Technologies Plc ("the Company") is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. Concurrent Technologies Plc shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's condensed consolidated interim financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company.

These condensed consolidated interim financial statements, which are unaudited, have been approved for issue by the Board of Directors on 26 August 2014.

The information relating to the six months ended 30 June 2014 and 30 June 2013 is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2013, prepared under adopted IFRS (International Financial Reporting Standards), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report in accordance with Chapter 3 of Part 16 of the Companies Act 2006 in relation to those accounts was unqualified.

2. Summary of significant accounting policies

2.1 Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2014. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013, which have been prepared in accordance with IFRSs.

The accounting policies applied and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those financial statements. The accounting policies have been consistently applied to all the periods presented.

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2014 that would be expected to have a material impact on the results or financial position of the Group.

2.2 Taxation

Current tax expense is recognised in these condensed consolidated interim financial statements based on estimated effective tax rates for the full year.

3. Segmental reporting

The Directors consider that the Group is engaged in a single segment of business, being design, manufacture and supply of high-end embedded computer products, and that therefore the Company has only a single operating segment. The key measure of performance used by the Board to assess the Group's performance is the Group's profit before tax, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed consolidated interim financial statements.

4. 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 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:

	Six months ended 30/06/14 £	**Six months ended 30/06/13 £**	**Year ended 31/12/13 £**
Profit attributable to ordinary equity holders	399,415	473,350	729,617

	Six months ended 30/06/14 N°	Six months ended 30/06/13 N°	Year ended 31/12/13 N°
Weighted average number of ordinary shares for basic earnings per share	71,950,766	71,440,490	71,430,298
Adjustment for share options	22,337	653,499	593,207
Weighted average number of ordinary shares for diluted earnings per share	71,973,103	72,093,989	72,023,505

5. Copies of this report will be sent to shareholders and are available at the Company's Registered Office.

END

IR LIFFTTDIVFIS Anonymous (not verified) Half Yearly Report 21988798 A Tue, 08/26/2014 - 07:00 Results and Trading Reports CNC