

**26 March 2015**

## **Concurrent Technologies Plc Results for the year ended 31 December 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 results for the year to 31 December 2014.

### **Financial Highlights**

- Turnover increased to £12.8m (2013: £11.9m)
- EBITDA increased to £3.0m (2013: £1.9m)
- Profit before Tax increased to £1.7m (2013: £0.5m)
- Cash in business plus deposits increased to £5.6m (2013: £4.9m)
- EPS increased to 2.28 pence (2013: 1.02 pence)
- Dividend increased by 2.86% to 1.80 pence per share for the year (2013: 1.75 pence)

### **Operational Highlights**

- Success with sales associated with telecommunications base station test equipment using AMC architecture.
- Further growth in sales of products associated with scientific applications.
- Continued improvement in VPX™ architecture product sales mainly for defence applications.
- 4 new high performance processor boards, featuring the latest technology including 4th generation Intel® Core™ processors and new low power Intel® Atom™ processors.
- Relaxation of export regulations for most products containing encryption.
- Significant investment in new equipment for R&D and Manufacturing.

### **Michael Collins, Chairman, commented:**

"Our products are used in a wide range of ever more sophisticated, high-reliability computer systems. Continual investment in R&D is critical to ensure a constant expansion of our range of advanced technology products and thereby enhance our competitive position. Our objective remains to design more innovative products for complex, high technology, low to medium volume and high margin applications, including versions for use in harsh environments. We will continue to develop the capabilities of these products with new and complementary software and firmware packages to provide high-speed data transfer, ease of integration and security. We will also continue to strengthen our engineering capabilities."

"The Group started 2015 with a strong order book and the improvement in the situation regarding export licence restrictions is also expected to benefit the Group's prospects throughout the year. We will continue to look for new opportunities and our diverse product range, coupled with investment in applying new technology, will enable us to take advantage of these opportunities in a variety of markets."

## Annual General Meeting

The annual general meeting of Concurrent Technologies Plc will be held at the Company's offices at 4 Gilberd Court, Newcomen Way, Colchester, Essex, CO4 9WN, on 26 May 2015 at 2:30pm.

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## Extracts from the Strategic Report

### Review of Operations

Group revenue for 2014 was in line with expectations at £12.81m (2013: £11.86m). The overall growth of 8% was achieved despite performance continuing to be affected by the problem of having to apply for export licences for advanced technology products to emerging markets where we were anticipating sales growth. The exporting of products containing encryption, which encompassed many of the Company's products, was to a large extent, de-controlled in July 2014. This considerably simplified the exporting of the Company's products to its key markets outside of the EU and USA, and helped to improve our overall exports from 54% reported at the half year, to 60% over the full year (2013: 73%). Despite these difficulties, overall growth in exports to countries other than Europe and USA was 25%.

Another major success this year has been with sales associated with telecommunications test equipment, which has helped sales of our AMC architecture boards grow by 247%, and overall sales for telecommunications applications, by 71%.

Sales associated with scientific applications, especially for particle physics research projects, have also continued to grow, with a 42% increase during the year.

Investment in R&D increased from £2.35m in 2013 to £2.76m in 2014, of which £2.09m was capitalised (2013: £1.70m). The results for this year include a write down of our R&D design assets by £0.45m (2013: £0.84m), due in part to the continuing effects on possible future orders caused by the prior UK export licensing issues.

The Group EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for 2014 was £3.00m (2013: £1.92m). The Group achieved a profit before tax for 2014 of £1.72m (2013: £0.45m). Earnings per share for the year were 2.28 pence (2013: 1.02 pence). The gross margin for the year was 51.2% compared with 50.6% for 2013.

Notwithstanding that the Company has again increased the dividend for 2014 and R&D spending, our cash balances at the year-end have improved to £5.62m (2013: £4.94m) and we have no borrowings.

### Operational Highlights

Four new high performance embedded computers were released during the year, featuring the latest technology including 4th generation Intel<sup>®</sup> Core<sup>™</sup> processors and new low power Intel<sup>®</sup> Atom<sup>™</sup> processors. We have continued our investment in AMC architecture products, which has been rewarded in sales this year, and have also released further low power products in VME and CompactPCI<sup>®</sup> architectures. There has also been continuing growth in sales for our VPX<sup>™</sup> architecture boards, which are mainly used in defence and surveillance related applications, including unmanned vehicles.

Additionally, together with our primary computer boards, we have released further accessory boards and storage modules to complement and give additional functionality to our main products. Another new important project is the development of a GPU accelerator board to augment the processing capability of our Intel<sup>®</sup> processor based AMC boards. GPU accelerated computing is a method of achieving very fast processing of "big data" applications and is

particularly well suited to compute-intensive applications in areas such as scientific, engineering, financial, research, geographic and intelligence.

To assist with the design of environmentally superior products that can operate at extreme temperatures, elevated altitudes and at high shock and vibration levels, we have invested in our own shock and vibration test machine. On the manufacturing side, we have also invested in a powerful X-ray machine which can perform 3D scanning and sectional imaging to enable faster detection of faults inside components and PCBs. In addition, in order to alleviate capacity issues and speed up production throughput, in January 2015, we acquired an additional pick-and-place module for the very fast placement of components on boards.

### Future Plans

Our products are used in a wide range of ever more sophisticated, high-reliability computer systems. Continual investment in R&D is critical to ensure a constant expansion of our range of advanced technology products and thereby enhance our competitive position. Our objective remains to design more innovative products for complex, high technology, low to medium volume and high margin applications, including versions for use in harsh environments. We will continue to develop the capabilities of these products with new and complementary software and firmware packages to provide high-speed data transfer, ease of integration and security. We will also continue to strengthen our engineering capabilities.

The Group started 2015 with a strong order book and the improvement in the situation regarding export licence restrictions is also expected to benefit the Group's prospects throughout the year. We will continue to look for new opportunities and our diverse product range, coupled with investment in applying new technology, will enable us to take advantage of these opportunities in a variety of markets.

### Dividend

The Board has declared a second interim dividend of 1.15 pence per share (2013: 1.10 pence second interim dividend) which when added to the first interim dividend of 0.65 pence per share will make a total of 1.80 pence per share for the year (2013: 1.75 pence). This is an increase of 2.86% on dividends paid for 2013. The total cost of this second interim dividend will amount to £834,906. As in previous years, the Directors do not intend to recommend a final dividend.

### Annual General Meeting

The annual general meeting of Concurrent Technologies Plc will be held at the Company's offices at 4 Gilberd Court, Newcomen Way, Colchester, Essex, CO4 9WN, on 26 May 2015 at 2:30pm.

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

## Consolidated Statement of Comprehensive Income

	Year to 31 December 2014	Year to 31 December 2013
	£	£
<b>CONTINUING OPERATIONS</b>		
<b>Revenue</b>	12,806,315	11,859,180
Cost of sales	6,247,748	5,857,094
<b>Gross profit</b>	6,558,567	6,002,086
Operating expenses	4,892,800	5,614,290
<b>Group operating profit</b>	1,665,767	387,796
Finance income	58,079	66,133
<b>Profit before tax</b>	1,723,846	453,929
Tax	76,148	(275,688)
<b>Profit for the year</b>	1,647,698	729,617
<b>Other Comprehensive Income</b>		
<b>Items that will be reclassified subsequently to profit or loss:</b>		

Exchange differences on translating foreign operations	90,539	(124,637)
Tax relating to components of other comprehensive income	-	-
<b>Other Comprehensive Income for the year, net of tax</b>	90,539	(124,637)
<b>Total Comprehensive Income for the year</b>	1,738,237	604,980
<b>Profit for the period attributable to:</b>		
Equity holders of the parent	1,647,698	729,617
<b>Total Comprehensive Income attributable to:</b>		
Equity holders of the parent	1,738,237	604,980
<b>Earnings per share</b>		
Basic earnings per share	2.28p	1.02p
Diluted earnings per share	2.28p	1.01p

## Consolidated Balance Sheet

	<b>As at 31 December 2014 £</b>	<b>As at 31 December 2013 £</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	608,044	478,131
Intangible assets	6,018,931	5,467,503
Deferred tax assets	73,440	108,396
	<b>6,700,415</b>	<b>6,054,030</b>
<b>Current assets</b>		
Inventories	2,699,658	2,550,556
Trade and other receivables	2,790,426	2,874,354
Current tax assets	307,912	247,240
Other financial assets	-	2,602,689
Cash and cash equivalents	5,624,505	2,340,859
	<b>11,422,501</b>	<b>10,615,698</b>
<b>Total assets</b>	<b>18,122,916</b>	<b>16,669,728</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,279,852	1,164,267
Long term provisions	7,314	10,009
	<b>1,287,166</b>	<b>1,174,276</b>
<b>Current liabilities</b>		
Trade and other payables	2,500,524	1,931,110
Short term provisions	33,922	36,813
Current tax liabilities	665	-
	<b>2,535,111</b>	<b>1,967,923</b>
<b>Total liabilities</b>	<b>3,822,277</b>	<b>3,142,199</b>
<b>Net assets</b>	<b>14,300,639</b>	<b>13,527,529</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	739,000	727,000
Share premium account	3,693,818	3,405,817
Capital redemption reserve	256,976	256,976
Cumulative translation reserve	15,723	(74,816)
Profit and loss account	9,595,122	9,212,552
<b>Equity attributable to equity holders of the parent</b>	<b>14,300,639</b>	<b>13,527,529</b>
<b>Total equity</b>	<b>14,300,639</b>	<b>13,527,529</b>

# Consolidated Cash Flow Statement

	<b>Year to 31 December 2014 £</b>	<b>Year to 31 December 2013 £</b>
<b>Cash flows from operating activities</b>		
Profit before tax for the period	1,723,846	453,929
Adjustments for:		
Finance income	(58,079)	(66,133)
Depreciation	178,059	169,259
Amortisation	1,160,940	1,363,530
Impairment loss	450,000	842,783
Share-based payment	6,279	(94,726)
Exchange differences	29,060	(74,551)
(Increase)/decrease in inventories	(149,102)	417,134
(Increase)/decrease in trade and other receivables	83,928	400,311
Increase/(decrease) in trade and other payables	563,828	426,431
Cash generated from operations	3,988,759	3,837,967
Tax (paid)/received	284	(61,654)
Net cash generated from operating activities	3,989,043	3,776,313
<b>Cash flows from investing activities</b>		
Interest received	58,079	66,133
Cash released from/(placed) on Deposit	2,602,689	(602,689)
Purchases of property, plant and equipment (PPE)	(303,816)	(225,505)
Capitalisation of development costs and purchases of intangible assets	(2,161,809)	(1,726,312)
Net cash used in investing activities	195,143	(2,488,373)
<b>Cash flows from financing activities</b>		
Equity dividends paid	(1,257,305)	(1,214,420)
Issue of Ordinary shares	300,001	-
Purchase of treasury shares	-	(16,625)
Net cash used in financing activities	(957,304)	(1,231,045)
Effects of exchange rate changes on cash and cash equivalents	56,764	(32,964)
<b>Net increase/(decrease) in cash</b>	<b>3,283,646</b>	<b>23,931</b>
Cash at beginning of period	2,340,859	2,316,928
Cash at the end of the period	5,624,505	2,340,859

# Consolidated Statement of Changes in Equity

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Cumulative translation reserve £</b>	<b>Profit and loss account £</b>	<b>Total Equity £</b>
<b>Balance at 1 January 2013</b>	727,000	3,405,817	256,976	49,821	9,862,012	14,301,626
Profit for the period	-	-	-	-	729,617	729,617

Exchange differences on translating foreign operations	-	-	-	(124,637)	-	(124,637)
Total comprehensive income for the period	-	-	-	(124,637)	729,617	604,980
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	(94,726)	(94,726)
Deferred tax on share based payment	-	-	-	-	(53,306)	(53,306)
Dividends paid	-	-	-	-	(1,214,420)	(1,214,420)
Purchase of treasury shares	-	-	-	-	(16,625)	(16,625)
<b>Balance at 31 December 2013</b>	727,000	3,405,817	256,976	(74,816)	9,212,552	13,527,529
Profit for the period	-	-	-	-	1,647,698	1,647,698
Exchange differences on translating foreign operations	-	-	-	90,539	-	90,539
Total comprehensive income for the period	-	-	-	90,539	1,647,698	1,738,237
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	6,279	6,279
Deferred tax on share based payment	-	-	-	-	(14,102)	(14,102)
Dividends paid	-	-	-	-	(1257,305)	(1257,305)
Issue of Ordinary shares	12,000	288,001	-	-	-	300,001
<b>Balance at 31 December 2014</b>	739,000	3,693,818	256,976	15,723	9,595,122	14,300,639

## NOTES

1. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The financial information set out in these preliminary results has been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by European Union. The accounting policies adopted in this results announcement have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the period ended 31 December 2013. The consolidated financial information is presented in sterling (£), which is the company's functional and the Group's presentation currency.
2. The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 December 2014 or 2013, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Annual General Meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not contain statements under section 498(2) or (3) of the Companies Act 2006 in respect of 2013 or 2014 and (iii) did not draw attention to any matters by way of emphasis.
3. The calculation of basic earnings per share is based on the weighted average number of Ordinary Shares in issue during 2014 of 72,278,298 (2013: 71,430,298) allowing for an adjustment made as a consequence of the Company having issued 1,200,000 Ordinary Shares on 08 April 2014 (2013: nil) and on the profit after tax for 2014 of £1,647,698 (2013: £729,617). The calculation of diluted earnings per share incorporates 11,992 Ordinary Shares (2013: 593,207) in respect of performance related employee share options. The profit after tax is the same as for basic earnings per share.
4. The annual general meeting of Concurrent Technologies Plc will be held at the Company's offices at 4 Gilberd Court, Newcomen Way, Colchester, Essex, CO4 9WN, on 26 May 2015 at 2:30pm.

Copies of the Annual Report will be sent to Shareholders and will also be available from the Company's

Registered Office: 4, Gilberd Court, Newcomen Way, Colchester, Essex, CO4 9WN, UK, and on the Company's website: [www.cct.co.uk](http://www.cct.co.uk).

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