

**02 September 2015**

## **CONCURRENT TECHNOLOGIES PLC**

### **Interim Results for the six months ended 30 June 2015**

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 2015.

#### **Financial Highlights:**

- Turnover up 72% to £9.6m (H1 2014: £5.6m)
- Profit before tax £1.6m (H1 2014: £0.4m)
- Earnings per share for the period 2.06p (H1 2014: 0.56p)
- Interim dividend 0.70p per share (H1 2014: 0.65p)
- Net cash, including cash deposits £5.7m (H1 2014: £4.8m); no borrowings

#### **Operational Highlights:**

- Further increased investment in R&D
- Release of four new high performance products
- Investment in new manufacturing equipment to increase capacity

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

"Our order book is robust, our cash position remains strong and, while our second half performance is not expected to match the first half, we look forward to a satisfactory outcome for the remainder of this year. Continued investment in the Group's diverse and expanding product range and customer base should continue to deliver solid results in the future."

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## **CHAIRMAN'S STATEMENT**

### **Financial Summary**

I am delighted to report an excellent start to 2015 with results significantly ahead of our earlier expectations. The Group turnover was 72% higher than the same period last year at £9.60m (H1 2014: £5.57m), with increases across all our markets together with

an improved gross margin of 48.7% (H1 2014: 48.0%). The unaudited profit before tax for the six months to 30 June 2015 was £1.61m (H1 2014: £0.42m) with associated earnings per share of 2.06 pence (H1 2014: 0.56 pence).

At the end of the period, we had a sound balance sheet with a healthy cash position of £5.70m (H1 2014: £4.85m), notwithstanding an increase in working capital of £0.80m due to increased sales volumes (H1 2014: reduction of £0.46m), increased R&D expenditure and enhanced dividend payments during the first half of 2015.

## **Review of Operations**

Our turnover during the first half of 2015 improved compared to H1 2014. Sales into telecommunication applications have grown by 91%, due mainly to continued sales of AMC architecture computers for test equipment. Defence related revenues have improved by 50% and sales associated with scientific applications, particularly for physics research projects, have increased by 136%.

Investment in R&D has increased with all three teams in the UK, India and USA now operational. Total expenditure on R&D of £1.60m for H1 2015 compares with £1.34m for H1 2014 - an increase of 19%.

New products released during this first half of the year include four new high performance embedded computers, with long life-cycle devices and featuring the latest technology including low power Intel® Atom™ processors and 4th generation Intel® Core™ processors. These provide long term upgrade paths across our product architectures. We have also released further accessory boards to augment the functionality of our main products.

Manufacturing capacity and throughput were increased during the period by the acquisition of an additional fast electronic component placement machine.

## **Future Plans**

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 products are used in a wide range of increasingly sophisticated, high-reliability computer systems and our objective remains to design more innovative products for complex, high technology, low to medium volume and high margin applications. We will continue to expand our range by developing products for the VPX™, VME, AMC and CompactPCI® bus architectures. Many versions of these products will be designed for use in harsh environments. We will continue to develop the capabilities of these products with new and complementary software and firmware packages. These will provide high-speed data transfer, ease of integration and security which will further enhance our product portfolio.

## **Dividend**

The Board has declared an interim dividend of 0.70p per share (H1 2014: 0.65p) - an increase of 7.7%. The total cost of this dividend will amount to £508,203. The ex-dividend date for the interim dividend is 10 September 2015, the record date is 11 September 2015 and the payment date is 18 September 2015.

## **Outlook**

Our order book is robust, our cash position remains strong and, while our second half performance is not expected to match the first half, we look forward to a satisfactory outcome for the remainder of this year. Continued investment in the Group's diverse and expanding product range and customer base should continue to deliver solid results in the future.

Michael Collins  
Chairman

01 September 2015

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited interim results to 30 June 2015

	<i>Note</i>	<b>Six months ended 30/06/15</b>	<b>Six months ended 30/06/14</b>	<b>Year ended 31/12/14</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>CONTINUING OPERATIONS</b>				
<b>Revenue</b>		9,595,467	5,574,557	12,806,315
Cost of sales		4,923,619	2,899,117	6,247,748
<b>Gross profit</b>		4,671,848	2,675,440	6,558,567
Net operating expenses		3,078,775	2,286,611	4,892,800
<b>Group operating profit</b>		1,593,073	388,829	1,665,767
Finance income		17,224	35,509	58,079
<b>Profit before tax</b>		1,610,297	424,338	1,723,846
Tax		112,420	24,923	76,148
<b>Profit for the period</b>		1,497,877	399,415	1,647,698
<b>Other Comprehensive Income</b>				
Exchange differences on translating foreign operations		79,535	(29,037)	90,539
Tax relating to components of other comprehensive income		-	-	-
<b>Other Comprehensive Income for the period, net of tax</b>		79,535	(29,037)	90,539
<b>Total Comprehensive Income for the period</b>		1,577,412	370,378	1,738,237
<b>Profit for the period attributable to:</b>				
Equity holders of the parent		1,497,877	399,415	1,647,698
<b>Total Comprehensive Income attributable to:</b>				
Equity holders of the parent		1,577,412	370,378	1,738,237
<b>Earnings per share</b>				
Basic earnings per share	4	2.06p	0.56p	2.28p
Diluted earnings per share	4	2.06p	0.55p	2.28p

## CONDENSED CONSOLIDATED BALANCE SHEET

unaudited interim results to 30 June 2015

	As at 30/06/15 £	As at 30/06/14 £	As at 31/12/14 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	695,632	609,986	608,044
Intangible assets	6,026,976	5,845,981	6,018,931
Deferred tax assets	105,398	82,813	73,440
	6,828,006	6,538,780	6,700,415
<b>Current assets</b>			
Inventories	4,184,343	2,536,345	2,699,658
Trade and other receivables	3,095,560	2,210,893	2,790,426
Current tax assets	75,565	284,726	307,912
Other financial assets	-	2,585,066	-
Cash and cash equivalents	5,700,287	2,261,771	5,624,505
	13,055,755	9,878,801	11,422,501
<b>Total assets</b>	19,883,761	16,417,581	18,122,916
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,283,929	1,257,824	1,279,852
Long term provisions	10,981	10,009	7,314
	1,294,910	1,267,833	1,287,166
<b>Current liabilities</b>			
Trade and other payables	3,488,379	1,708,720	2,500,524
Short term provisions	33,726	36,813	33,922
Current tax liabilities	3,072	2,998	665
	3,525,177	1,748,531	2,535,111
<b>Total liabilities</b>	4,820,087	3,016,364	3,822,277
<b>Net assets</b>	15,063,674	13,401,217	14,300,639
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	739,000	739,000	739,000
Share premium account	3,693,818	3,693,818	3,693,818
Capital redemption reserve	256,976	256,976	256,976
Cumulative translation reserve	95,258	(103,853)	15,723
Profit and loss account	10,278,622	8,815,276	9,595,122
<b>Equity attributable to equity holders of the parent</b>	15,063,674	13,401,217	14,300,639
<b>Total equity</b>	15,063,674	13,401,217	14,300,639

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

unaudited interim results to 30 June 2015

	Six months ended 30/06/15 £	Six months ended 30/06/14 £	Year ended 31/12/14 £
<b>Cash flows from operating activities</b>			
Profit before tax for the period	1,610,297	424,338	1,723,846

Adjustments for:			
Finance income	(17,224)	(35,509)	(58,079)
Depreciation	106,821	85,070	178,059
Amortisation	638,198	588,056	1,160,940
Impairment loss	505,727	-	450,000
Share-based payment	9,787	2,814	6,279
Exchange differences	94,681	15,635	29,060
(Increase)/decrease in inventories	(1,484,685)	14,211	(149,102)
(Increase)/decrease in trade and other receivables	(305,134)	663,461	83,928
Increase/(decrease) in trade and other payables	991,326	(222,390)	563,828
Cash generated from operations	2,149,794	1,535,686	3,988,759
Tax received/(paid)	105,193	45,628	284
Net cash generated from operating activities	2,254,987	1,581,314	3,989,043
<b>Cash flows from investing activities</b>			
Interest received	17,224	35,509	58,079
Cash placed on deposit	-	-	2,602,689
Purchases of property, plant and equipment	(195,398)	(217,066)	(303,816)
Purchases of intangible assets	(1,152,257)	(966,532)	(2,161,809)
Net cash used in investing activities	(1,330,431)	(1,148,089)	195,143
<b>Cash flows from financing activities</b>			
Equity dividends paid	(834,904)	(785,404)	(1,257,305)
Cash received from share issue	-	300,001	300,001
Net cash used in financing activities	(834,904)	(485,403)	(957,304)
Effects of exchange rate changes on cash and cash equivalents	(13,870)	(26,910)	56,764
<b>Net increase/(decrease) in cash</b>	<b>75,782</b>	<b>(79,088)</b>	<b>3,283,646</b>
Cash at beginning of period	5,624,505	2,340,859	2,340,859
Cash at the end of the period	5,700,287	2,261,771	5,624,505

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

unaudited interim results to 30 June 2015

	Share capital	Share Premium	Capital redemption reserve	Cumulative Profit translation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>Balance at 1 January 2014</b>	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
<b>Balance at 30 June 2014</b>	<b>739,000</b>	<b>3,693,818</b>	<b>256,976</b>	<b>(103,853)</b>	<b>8,815,276</b>	<b>13,401,217</b>
Profit for the period	-	-	-	-	1,248,283	1,248,283

Exchange differences on translating foreign operations	-	-	-	119,576	-	119,576
Total recognised comprehensive income for the period	-	-	-	119,576	1,248,283	1,367,859
Share-based payment	-	-	-	-	3,465	3,465
Deferred tax on share based payment	-	-	-	-	(1)	(1)
Dividends paid	-	-	-	-	(471,901)	(471,901)
<b>Balance at 31 December 2014</b>	<b>739,000</b>	<b>3,693,818</b>	<b>256,976</b>	<b>15,723</b>	<b>9,595,122</b>	<b>14,300,639</b>
Profit for the period	-	-	-	-	1,497,877	1,497,877
Exchange differences on translating foreign operations	-	-	-	79,535	-	79,535
Total recognised comprehensive income for the period	-	-	-	79,535	1,497,877	1,577,412
Share-based payment	-	-	-	-	9,787	9,787
Deferred tax on share based payment	-	-	-	-	10,740	10,740
Dividends paid	-	-	-	-	(834,904)	(834,904)
<b>Balance at 30 June 2015</b>	<b>739,000</b>	<b>3,693,818</b>	<b>256,976</b>	<b>95,258</b>	<b>10,278,622</b>	<b>15,063,674</b>

## 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 1 September 2015.

The information relating to the six months ended 30 June 2015 and 30 June 2014 is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014, 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 2015. 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 2014, 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 2014, 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 01 January 2015 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:

	<b>Six months ended 30/06/15 £</b>	<b>Six months ended 30/06/14 £</b>	<b>Year ended 31/12/14 £</b>
Profit attributable to ordinary equity holders	1,497,877	399,415	1,647,698
	<b>Six months ended 30/06/15 N°</b>	<b>Six months ended 30/06/14 N°</b>	<b>Year ended 31/12/14 N°</b>
Weighted average number of ordinary shares for basic earnings per share	72,600,490	71,950,766	72,278,298
Adjustment for share options	7,872	22,337	11,992
Weighted average number of ordinary shares for diluted earnings per share	72,608,362	71,973,103	72,290,290

### 5. Post reporting date events

There were no material events subsequent to the end of the interim reporting period that have not been reflected in these interim financial statements.

### 6. Shareholder Communication

A copy of this interim statement is available from the Company's Registered Office at 4 Gilbert Court, Newcomen Way, Colchester, Essex, CO4 9WN, UK and from the Company's website at [www.cct.co.uk](http://www.cct.co.uk).

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