

26 August 2016

CONCURRENT TECHNOLOGIES PLC
(the "Company")

Interim Results for the six months ended 30 June 2016

Concurrent Technologies Plc (AIM: CNC), 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 2016.

Financial Highlights:

- Turnover for period £9.0m (H1 2015: £9.6m)
- Improvement in Gross Margins to 54.8% (H1 2015: 48.7%)
- Profit before tax £1.5m (H1 2015: £1.6m)
- Earnings per share for the period 2.12p (H1 2015: 2.06p)
- Interim dividend declared 0.80p per share (H1 2015: 0.70p), an increase of 14.3%
- Net cash, including cash deposits £8.2m (H1 2015: £5.7m); no borrowings

Operational Highlights:

- Exports increased to 81% of total revenues
- Continued high level of investment in R&D
- Introduction of development platforms

Michael Collins, Chairman, commented:

"After a strong performance in the first half of the year we have started the second half with a healthy order book and balance sheet. The outlook for the remainder of this year remains positive."

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CHAIRMAN'S STATEMENT

Financial Summary

I am very pleased to report an excellent start to 2016, continuing the strong performance seen at the end of 2015. EBITDA for the six months to 30 June 2016 was £2.2m (H1 2015: £2.3m). The unaudited profit before tax for the same period was £1.5m (H1 2015: £1.6m) with associated earnings per share of 2.12 pence (H1 2015: 2.06 pence). Group Revenues at £9.0m (H1 2015: £9.6m) were slightly below the exceptional performance of the first half of last year. Gross Margins were much improved at 54.8% (H1 2015: 48.7%).

The Group balance sheet is also stronger and our cash balances (including cash deposits) at 30 June 2016 were £8.2m (H1 2015: £5.7m), despite the increased dividend payment made during the period and R&D expenditure having been maintained at the same levels as the first half of 2015 (£1.6m).

Dividend

The Board has declared a first interim dividend of 0.80p per share (H1 2015: 0.70p) - an increase of 14.3%. The total cost of this dividend will amount to £580,948. The ex-dividend date for the interim dividend is 15 September 2016, the record date is 16 September 2016 and the payment date is 30 September 2016.

Review of Operations

Defence related revenues increased significantly during the first six months compared to the first half of 2015. Revenues were generated from all regions but predominantly from the US. Sales related to industrial applications have also improved during the period due mainly to demand from overseas customers. Exports have increased to 81% of total Group revenues (H1 2015: 52%)

We have continued to extend our VPX™ product range by offering development platforms which provide our customers with a quick start to assist them in the development of their systems.

The majority of the Company's world-wide transactions are conducted in sterling and in US dollars and so, following the recent sharp decline in the value of sterling against the US dollar, the Company conducted an additional review of its financial risk and trading plans. The review confirmed that the Company's exposure to exchange risk in the short to medium term is still mitigated to a large extent by the ability to offset receipts from sales against payments for purchases in the same currency. We can also expect to benefit from dollar denominated exports to the USA in the short term.

Future Plans

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, particularly for military applications and we continue to recruit engineers in our design facilities in the UK, US and India, to enable the Company to develop more sophisticated ruggedized versions of our products.

Complementary software and firmware packages continue to be developed to provide high-speed data transfer, ease of integration and security which further enhance our product portfolio. We will maintain our strategy of designing more innovative products for complex, high technology, low to medium volume and high margin applications.

Outlook

After a strong performance in the first half of the year we have started the second half with a healthy order book and balance sheet. The outlook for the remainder of this year remains positive.

Michael Collins
Chairman

25 August 2016

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited interim results to 30 June 2016

	<i>Note</i>	Six months ended 30/06/16	Six months ended 30/06/15	Year ended 31/12/15
		£	£	£
CONTINUING OPERATIONS				
Revenue		8,970,694	9,595,467	17,073,829
Cost of sales		4,054,125	4,923,619	8,437,564
Gross profit		4,916,569	4,671,848	8,636,265
Net operating expenses		3,397,753	3,078,775	5,945,140
Group operating profit		1,518,816	1,593,073	2,691,125
Finance income		26,336	17,224	42,292
Profit before tax		1,545,152	1,610,297	2,733,417
Tax		4,824	112,420	(21,351)
Profit for the period		1,540,328	1,497,877	2,754,768
Other Comprehensive Income				
Exchange differences on translating foreign operations		223,385	79,535	62,918
Tax relating to components of other comprehensive income		-	-	-
Other Comprehensive Income for the period, net of tax		223,385	79,535	62,918
Total Comprehensive Income for the period		1,763,713	1,577,412	2,817,686
Profit for the period attributable to:				
Equity holders of the parent		1,540,328	1,497,877	2,754,768
Total Comprehensive Income attributable to:				
Equity holders of the parent		1,763,713	1,577,412	2,817,686
Earnings per share				
Basic earnings per share	4	2.12p	2.06p	3.79p
Diluted earnings per share	4	2.12p	2.06p	3.79p

CONDENSED CONSOLIDATED BALANCE SHEET

unaudited interim results to 30 June 2016

	As at 30/06/16 £	As at 30/06/15 £	As at 31/12/15 £
ASSETS			
Non-current assets			
Property, plant and equipment	643,786	695,632	690,357
Intangible assets	6,397,135	6,026,976	6,307,044
Deferred tax assets	101,361	105,398	129,647
	7,142,282	6,828,006	7,127,048
Current assets			
Inventories	2,870,131	4,184,343	3,774,285
Trade and other receivables	2,642,486	3,095,560	2,520,573
Current tax assets	163,180	75,565	284,419
Other financial assets	-	-	1,000,000
Cash and cash equivalents	8,179,993	5,700,287	4,873,815
	13,855,790	13,055,755	12,452,092
Total assets	20,998,072	19,883,761	19,580,140
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,280,077	1,283,929	1,305,237
Long term provisions	10,398	10,981	9,968
	1,290,475	1,294,910	1,315,205
Current liabilities			
Trade and other payables	2,938,487	3,488,379	2,411,524
Short term provisions	32,712	33,726	31,897
Current tax liabilities	6,735	3,072	-
	2,977,934	3,525,177	2,443,421
Total liabilities	4,268,409	4,820,087	3,758,626
Net assets	16,729,663	15,063,674	15,821,514
EQUITY			
Capital and reserves			
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	302,026	95,258	78,641
Profit and loss account	11,737,843	10,278,622	11,053,079
Equity attributable to equity holders of the parent	16,729,663	15,063,674	15,821,514
Total equity	16,729,663	15,063,674	15,821,514

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

unaudited interim results to 30 June 2016

	Six months ended 30/06/16 £	Six months ended 30/06/15 £	Year ended 31/12/15 £
Cash flows from operating activities			
Profit before tax for the period	1,545,152	1,610,297	2,733,417
Adjustments for:			
Finance income	(26,336)	(17,224)	(42,292)
Depreciation	98,966	106,821	224,778
Amortisation	627,065	638,198	1,254,083
Impairment loss	499,509	505,727	690,201
Loss on disposal of property, plant and equipment	-	-	(1,334)
Share-based payment	1,139	9,787	26,192
Exchange differences	272,299	94,681	86,711
(Increase)/decrease in inventories	904,154	(1,484,685)	(1,074,627)
(Increase)/decrease in trade and other receivables	(121,913)	(305,134)	269,853
Increase/(decrease) in trade and other payables	528,208	991,326	(88,371)
Cash generated from operations	4,328,243	2,149,794	4,078,611
Tax received/(paid)	120,715	105,193	48,956
Net cash generated from operating activities	4,448,958	2,254,987	4,127,567
Cash flows from investing activities			
Interest received	26,336	17,224	42,292
Cash placed on deposit	1,000,000	-	(1,000,000)
Purchases of property, plant and equipment (PPE)	(43,728)	(195,398)	(305,874)
Proceeds from sale of PPE			1,500
Purchases of intangible assets	(1,214,874)	(1,152,257)	(2,231,637)
Net cash used in investing activities	(232,266)	(1,330,431)	(3,493,719)
Cash flows from financing activities			
Equity dividends paid	(870,942)	(834,904)	(1,343,141)
Sale/(Purchase) of treasury shares	19,800	-	(15,461)
Net cash used in financing activities	(851,142)	(834,904)	(1,358,602)
Effects of exchange rate changes on cash and cash equivalents	(59,372)	(13,870)	(25,936)
Net increase/(decrease) in cash	3,306,178	75,782	(750,690)
Cash at beginning of period	4,873,815	5,624,505	5,624,505
Cash at the end of the period	8,179,993	5,700,287	4,873,815

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

unaudited interim results to 30 June 2016

	Share capital £	Share Premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2015	739,000	3,693,818	256,976	15,723	9,595,122	14,300,639
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)
Balance at 30 June 2015	739,000	3,693,818	256,976	95,258	10,278,622	15,063,674
Profit for the period	-	-	-	-	1,256,891	1,256,891
Exchange differences on translating foreign operations	-	-	-	(16,617)	-	(16,617)
Total recognised comprehensive income for the period	-	-	-	(16,617)	1,256,891	1,240,274
Share-based payment	-	-	-	-	16,405	16,405
Deferred tax on share based payment	-	-	-	-	24,859	24,859
Dividends paid	-	-	-	-	(508,237)	(508,237)
Purchase of treasury shares	-	-	-	-	(15,461)	(15,461)
Balance at 31 December 2015	739,000	3,693,818	256,976	78,641	11,053,079	15,821,514
Profit for the period	-	-	-	-	1,540,328	1,540,328
Exchange differences on translating foreign operations	-	-	-	223,385	-	223,385
Total recognised comprehensive income for the period	-	-	-	223,385	1,540,328	1,763,713
Share-based payment	-	-	-	-	1,139	1,139
Deferred tax on share based payment	-	-	-	-	(5,561)	(5,561)
Dividends paid	-	-	-	-	(870,942)	(870,942)
Sale of treasury shares	-	-	-	-	19,800	19,800
Balance at 30 June 2016	739,000	3,693,818	256,976	302,026	11,737,843	16,729,663

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 25 August 2016.

The information relating to the six months ended 30 June 2016 and 30 June 2015 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 2015, prepared in accordance with IFRSs (International Financial Reporting Standards) as adopted by the European Union, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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 2016. 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 2015, which have been prepared in accordance with adopted IFRSs.

The accounting policies applied and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2015, 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 2016 that would be expected to have a material impact on the results or financial position of the Group.

2.2 Going Concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

2.3 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 30/06/16	Six months ended 30/06/15	Year ended 31/12/15
	£	£	£
Profit attributable to ordinary equity holders	1,540,328	1,497,877	2,754,768
	Six months ended 30/06/16	Six months ended 30/06/15	Year ended 31/12/15
	N°	N°	N°
Weighted average number of ordinary shares for basic earnings per share	72,604,009	72,600,490	72,594,150
Adjustment for share options	481	7,872	-
Weighted average number of ordinary shares for diluted earnings per share	72,604,490	72,608,362	72,594,150

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.

This information is provided by RNS
The company news service from the London Stock Exchange

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Results and Trading Reports CNC