

24 March 2017

Concurrent Technologies Plc

Results for the year ended 31 December 2016

Concurrent Technologies Plc (AIM: CNC), a world leading specialist in the design and manufacture of high-end embedded computer boards for critical applications, announces results for the year to 31 December 2016.

Financial Highlights

- Turnover of £16.4m (2015: £17.1m)
- Gross profit increased by 3.0% to £8.9m (2015: £8.6m)
- Gross margin increased to 54.2% (2015: 50.6%)
- EBITDA increased by 3.2% to £4.3m (2015: £4.2m)
- Profit before Tax increased by 6.2% to £2.9m (2015: £2.7m)
- EPS increased by 2.9% to 3.90 pence (2015: 3.79 pence)
- Dividend increased by 10.5% to 2.10 pence per share for the year (2015: 1.90 pence)
- Cash in business plus deposits increased by 32.3% to £7.8m (2015: £5.9m)

Operational Highlights

- Four new high performance embedded computers were released during 2016, two of which featured new generation Intel® Xeon® processors
- All architectures for new applications and new customers include low power units and allow for practical upgrade paths for existing long life cycle customers
- Released further sophisticated high bandwidth switching boards supplementing functionality of main products

Michael Collins, Chairman of Concurrent Technologies Plc, commented:

"We are currently witnessing numerous opportunities to introduce our highly innovative technology to new and existing customers. To best meet these opportunities our strategy is to continue to invest in R&D to ensure a constant expansion of our advanced product range.

We continue to look for acquisition options but there is plenty of scope for

internal organic growth where we continue to see many opportunities to grow the business into new market areas without taking unacceptable risks.

Sales and new interest in our products and services arising this year have been encouraging and our current healthy order book gives us confidence in our performance for 2017."

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 25 May 2017 at 2:30pm.

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Extracts from the Strategic Report

Review of Operations

The Group achieved excellent results in 2016, with sales of £16.42m (2015: £17.07m). The Revenue for 2015 included significant orders from one customer which as anticipated by the Board, were not repeated at such a high level in 2016.

Despite the fall in revenues, gross profit increased to £8.89m (2015: £8.64m). The gross margin for the year increased to 54.2% (2015: 50.6%).

Profit before tax was £2.90m (2015: £2.73m). Earnings per share were 3.90 pence (2015: 3.79 pence).

EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for the Group in 2016 was £4.31m (2015: £4.17m).

The Total Comprehensive Income for the year was £3.25m which included £0.42m of income resulting from exchange differences on translating foreign operations. This substantially arose from a significant devaluation of sterling against other currencies in June 2016.

We continued to increase our investment in R&D from £3.05m in 2015 to £3.39m in 2016, of which £2.27m was capitalised (2015: £2.20m).

The Group continues to have no borrowings. We have again paid increased dividends during the year and our cash balances plus short to medium term cash deposits at the year-end improved to £7.78m (2015: £5.87m).

Operational Highlights

Four new high performance embedded computers were released during 2016.

Two of these, featured the latest technology processors including the new generation Intel® Xeon® processors. As well as providing the latest high performance and low power units across all of our architectures for new applications and new customers, these computer boards also allow for practical upgrade paths for our existing long life cycle customers. In addition to these two main computer boards, we also released further sophisticated high bandwidth switching boards to supplement the functionality of our main products providing, for example, faster and easier network connectivity.

Future Plans

Our core business is resilient and there are many opportunities to introduce our highly innovative technology to new and existing customers.

We will continue our investment in R&D to ensure a constant expansion of our range of advanced technology products and thereby enhance our competitive position. Additional R&D engineers will be recruited in the UK, USA and India to design more products for complex, high technology, low to medium volume and high margin applications, along with producing versions targeted for use in harsh environments, including military applications.

The key to continued success is to expand our range of products, with a particular focus on the VPX bus architecture. In addition to boards and associated software we have recently started to provide development systems based on the VPX and MicroTCA® architectures. These development systems will enable users to reduce their own product development times.

We continue to look for acquisition opportunities but there is plenty of scope for internal organic growth where we continue to see many opportunities to grow the business into new market areas without taking unacceptable risks.

Sales and new opportunities arising this year have been encouraging and our current healthy order book gives us confidence in our performance for the full year.

Dividend

The Board has declared a second interim dividend of 1.30 pence per share (2015: 1.20 pence) which when added to the first interim dividend of 0.80 pence per share (2015: 0.70 pence) will make a total of 2.10 pence per share for the year (2015: 1.90 pence). This is an increase of 10.5% on dividends paid for 2015. The total cost of this second interim dividend will amount to £945,340. 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 Gilbert Court, Newcomen Way, Colchester, Essex, CO4 9WN, on 25 May 2017 at 2:30pm.

All trademarks, registered trademarks and trade names used in this announcement are the property of their respective owners.

Consolidated Statement of Comprehensive Income

	Year to 31 December 2016	Year to 31 December 2015
CONTINUING OPERATIONS	£	£
Revenue	16,423,978	17,073,829
Cost of sales	7,529,867	8,437,564

Gross profit	8,894,111	8,636,265
Operating expenses	6,040,302	5,945,140
Group operating profit	2,853,809	2,691,125
Finance income	48,705	42,292
Profit before tax	2,902,514	2,733,417
Tax	72,609	(21,351)
Profit for the year	2,829,905	2,754,768
Other Comprehensive Income		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	415,966	62,918
Tax relating to components of other comprehensive income	-	-
Other Comprehensive Income for the year, net of tax	415,966	62,918
Total Comprehensive Income for the year	3,245,871	2,817,686
Profit for the period attributable to:		
Equity holders of the parent	2,829,905	2,754,768
Total Comprehensive Income attributable to:		
Equity holders of the parent	3,245,871	2,817,686
Earnings per share		
Basic earnings per share	3.90p	3.79p
Diluted earnings per share	3.90p	3.79p

Consolidated Balance Sheet

	As at 31 December 2016 £	As at 31 December 2015 £
ASSETS		
Non-current assets		
Property, plant and equipment	414,209	690,357
Intangible assets	6,846,520	6,307,044
Deferred tax assets	112,128	129,647
	7,372,857	7,127,048
Current assets		
Inventories	3,239,855	3,774,285
Trade and other receivables	3,327,629	2,520,573
Current tax assets	93,156	284,419
Other financial assets	1,000,000	1,000,000
Cash and cash equivalents	6,773,083	4,873,815
	14,433,723	12,453,092
Total assets	21,806,580	19,580,140
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,291,468	1,305,237
Long term provisions	6,699	9,968
	1,298,167	1,315,205
Current liabilities		
Trade and other payables	2,810,655	2,411,524
Short term provisions	23,939	31,897
Current tax liabilities	-	-
	2,834,594	2,443,421
Total liabilities	4,132,761	3,758,626

Net assets	17,673,819	15,821,514
EQUITY		
Capital and reserves		
Share capital	739,000	739,000
Share premium account	3,693,818	3,693,818
Capital redemption reserve	256,976	256,976
Cumulative translation reserve	494,607	78,641
Profit and loss account	12,489,418	11,053,079
Equity attributable to equity holders of the parent	17,673,819	15,821,514
Total equity	17,673,819	15,821,514

Consolidated Cash Flow Statement

	Year to 31 December 2016 £	Year to 31 December 2015 £
Cash flows from operating activities		
Profit before tax for the period	2,902,514	2,733,417
Adjustments for:		
Finance income	(48,705)	(42,292)
Depreciation	196,370	224,778
Amortisation	1,254,826	1,254,083
Impairment loss	499,509	690,201
Loss/(profit) on disposal of property, plant and equipment (PPE)	233,840	(1,334)
Share-based payment	13,585	26,192
Exchange differences	76,461	86,711
Decrease/(increase) in inventories	534,430	(1,074,627)
(Increase)/decrease in trade and other receivables	(927,530)	269,853
Increase/(decrease) in trade and other payables	558,815	(88,371)
Cash generated from operations	5,294,115	4,078,611
Tax received	116,142	48,956
Net cash generated from operating activities	5,410,257	4,127,567
Cash flows from investing activities		
Interest received	48,705	42,292
Cash released from/(placed) on deposit	-	(1,000,000)
Purchases of property, plant and equipment (PPE)	(138,181)	(305,874)
Proceeds from sale of PPE	-	1,500
Capitalisation of development costs and purchases of intangible assets	(2,290,889)	(2,231,637)
Net cash used in investing activities	(2,380,365)	(3,493,719)
Cash flows from financing activities		
Equity dividends paid	(1,452,689)	(1,343,141)
Exercise of share options	51,800	-
Purchase of treasury shares	-	(15,461)
Net cash used in financing activities	(1,400,889)	(1,358,602)
Effects of exchange rate changes on cash and cash equivalents	270,265	(25,936)
Net increase/(decrease) in cash	1,899,268	(750,690)
Cash at beginning of period	4,873,815	5,624,505
Cash at the end of the period	6,773,083	4,873,815

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 2015	739,000	3,693,818	256,976	15,723	9,595,122	14,300,639
Profit for the period	-	-	-	-	2,754,768	2,754,768
Exchange differences on translating foreign operations	-	-	-	62,918	-	62,918
Total comprehensive income for the period	-	-	-	62,918	2,754,768	2,817,686
Transactions with owners:						
Share-based payment	-	-	-	-	26,192	26,192
Deferred tax on share based payment	-	-	-	-	35,599	35,599
Dividends paid	-	-	-	-	(1,343,141)	(1,343,141)
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	-	-	-	-	2,829,905	2,829,905
Exchange differences on translating foreign operations	-	-	-	415,966	-	415,966
Total comprehensive income for the period	-	-	-	415,966	2,829,905	3,245,871
Transactions with owners:						
Share-based payment	-	-	-	-	13,585	13,585
Deferred tax on share based payment	-	-	-	-	(6,262)	(6,262)
Dividends paid	-	-	-	-	(1,452,689)	(1,452,689)
Transfer of treasury shares	-	-	-	-	51,800	51,800
Balance at 31 December 2016	739,000	3,693,818	256,976	494,607	12,489,418	17,673,819

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 2015. 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 2016 or 2015, but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 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 2015 or 2016 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 2016 of 72,635,976 (2015: 72,594,150)

allowing for any adjustment made as a consequence of the Company having issued no Ordinary Shares during 2016 (2015: nil) and on the profit after tax for 2016 of £2,829,905 (2015: £2,754,768). The calculation of diluted earnings per share incorporates 2,457 Ordinary Shares (2015: nil) 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 25 May 2017 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.

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