

18 September 2017

Concurrent Technologies Plc
(the "Company" or the "Group")

Interim Results for the six months ended 30 June 2017

Concurrent Technologies Plc (AIM: CNC), a world leading specialist in the design and manufacture of high-end embedded computer boards for critical applications, announces interim results for the six months to 30 June 2017.

Financial Highlights

- Turnover of £7.8m (H1 2016: £9.0m)¹
- Gross profit £4.3m (H1 2016: £4.9m)
- Gross margin maintained at 54.8% (H1 2016: 54.8%)
- Profit before tax of £1.4m (H1 2016: £1.5m)
- EPS of 1.84 pence (H1 2016: 2.12 pence)
- Interim dividend increased by 12.5% to 0.90p per share (H1 2016: 0.80p)
- Cash balance (including cash deposits) at 30 June 2017 of £7.9m (H1 2016: £8.2m)

1. H1 2016 turnover was inflated by an exceptional sale

Operational Highlights

- Defence related sales, in particular from US customers, now account for more than half of the Group revenues and continue to drive the business
- Expanding global customer base with exports generating 84% of Group revenues (H1 2016: 81%)
- [£1.2m invested into R&D during the period, resulting in strong pipeline of future product releases](#)
- Release of two new rugged conduction-cooled boards, plus the launch of new range of Intel® Xeon® boards during the period

Michael Collins, Chairman of Concurrent Technologies Plc, commented:

"After a solid performance in the first-half of the year we have started the second-half with an expanding list of customers, many new opportunities and a strong balance sheet. The outlook for the future remains positive."

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About Concurrent Technologies Plc

Concurrent Technologies Plc develops and manufactures high-end embedded computer products for use in a wide range of high performance, long life cycle applications within the telecommunications, defence, security, telemetry, scientific and aerospace markets, including applications within extremely harsh environments. The processor products traditionally feature Intel® processors, including the latest generation Intel® Core™ i7 processors, Intel® Xeon® and Intel® Atom™ processors. More recently NVIDIA® Tegra® K1 devices have been added to the product ranges along with complementary switch and I/O boards. The products are designed to be compliant with industry specifications and support many of today's leading embedded Operating Systems. The products are sold world-wide.

For more information on Concurrent Technologies Plc and its products please visit www.cct.co.uk

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CHAIRMAN'S STATEMENT

Financial Summary

I am pleased to report a good performance for the first-half of 2017, consolidating the strong performances from the last two years.

Revenue for the period was £7.8m (H1 2016: £9.0m), the variance is largely due to an exceptional sale in early 2016 and defence customer delays in H1 2017. Gross profitability was £4.3m (H1 2016: £4.9m). Gross margins were maintained at 54.8% (H1 2016: 54.8%). The unaudited profit before tax for the same period was £1.4m (H1 2016: £1.5m) with associated earnings per share of 1.84 pence (H1 2016: 2.12 pence).

The Group balance sheet has been strengthened with cash balances (including cash deposits) at 30 June 2017 of £7.9m (H1 2016: £8.2m) and total equity increased to £18.0m (H1 2016: £16.7m).

Dividend

The Board has declared a first interim dividend of 0.90p per share (H1 2016: 0.80p) - an increase of 12.5%. The total cost of this dividend will amount to £654,466. The ex-dividend date for this interim dividend is 28 September 2017, the record date is 29 September 2017 and the payment date is 13 October 2017.

Review of Operations

Defence related revenues continue to drive the business, in particular from US customers, who now account for more than half of the Group sales. Exports generated 84% of total Group revenues (H1 2016: 81%). During this reporting period, many new customers have been gained.

The Group invested £1.2m during H1 2017 (H1 2016: £1.2m) in research and development for new products and their associated variants. This investment in innovative engineering solutions should help safeguard revenues in future years. Many products have completed exhaustive testing in the first-half of 2017 and the pipeline for future product releases is encouraging.

The Company still awaits confirmation of the trade and tariff legislation to be agreed by the UK Government with other countries. Because most countries, including the USA and those of the European Union, apply a zero-percentage import tariff rating to our products we don't expect our business to be affected. The vote to leave the European Union has had little impact on trading; the main effect has been seen in the difficulty of recruiting non-UK research and development engineers to work in the UK and we wait to see if this is just a temporary situation.

Future Plans

We will continue to expand our product ranges through the development of new boards and systems together with complementary software. In particular, we will focus on our VPX™ products in both ruggedized and non-ruggedized variants. These new products will be designed for our key market sectors of complex, high technology, low to medium volume and high margin applications.

To improve the development process, the Group will this year invest in

more development equipment including a sophisticated multi-gigabit per second high-speed analyser. In addition, to provide a more flexible response to customer orders, a faster "pick and place" machine will be acquired in mid-2018. This type of machine is used for high-speed, fine-precision placement of surface-mount components onto printed circuit boards.

Outlook

After a solid performance in the first-half of the year we have started the second-half with an expanding list of customers, many new opportunities and a strong balance sheet. The outlook for the future remains positive.

Michael Collins
Chairman

15th September 2017

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited interim results to 30 June 2017

	<i>Note</i>	Six months ended 30/06/17 £	Six months ended 30/06/16 £	Year ended 31/12/16 £
CONTINUING OPERATIONS				
Revenue		7,816,472	8,970,694	16,423,978
Cost of sales		3,536,288	4,054,125	7,529,867
Gross profit		4,280,184	4,916,569	8,894,111
Net operating expenses		2,914,116	3,397,753	6,040,302
Group operating profit		1,366,068	1,518,816	2,853,809
Finance income		30,375	26,336	48,705
Profit before tax		1,396,443	1,545,152	2,902,514
Tax		56,997	4,824	72,609
Profit for the period		1,339,446	1,540,328	2,829,905
Other Comprehensive Income				
Exchange differences on translating foreign operations		(93,622)	223,385	415,966
Tax relating to components of other comprehensive income		-	-	-
Other Comprehensive Income for the period, net of tax		(93,622)	223,385	415,966
Total Comprehensive Income for the period		1,245,824	1,763,713	3,245,871
Profit for the period attributable to:				
Equity holders of the parent		1,339,446	1,540,328	2,829,905
Total Comprehensive Income attributable to:				

Equity holders of the parent	1,245,824	1,763,713	3,245,871
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Earnings per share

Basic earnings per share	4	1.84p	2.12p	3.90p
Diluted earnings per share	4	1.84p	2.12p	3.90p

CONDENSED CONSOLIDATED BALANCE SHEET

unaudited interim results to 30 June 2017

	As at 30/06/17 £	As at 30/06/16 £	As at 31/12/16 £
ASSETS			
Non-current assets			
Property, plant and equipment	391,651	643,786	414,209
Intangible assets	7,369,683	6,397,135	6,846,520
Deferred tax assets	146,023	101,361	112,128
	7,907,357	7,142,282	7,372,857
Current assets			
Inventories	3,334,750	2,870,131	3,239,855
Trade and other receivables	2,526,923	2,642,486	3,327,629
Current tax assets	203,710	163,180	93,156
Other financial assets	-	-	1,000,000
Cash and cash equivalents	7,885,032	8,179,993	6,773,083
	13,950,415	13,855,790	14,433,723
Total assets	21,857,772	20,998,072	21,806,580
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,417,245	1,280,077	1,291,468
Long term provisions	3,986	10,398	6,699
	1,421,231	1,290,475	1,298,167
Current liabilities			
Trade and other payables	2,384,949	2,938,487	2,810,655
Short term provisions	19,932	32,712	23,939
Current tax liabilities	-	6,735	-
	2,404,881	2,977,934	2,834,594
Total liabilities	3,826,112	4,268,409	4,132,761
Net assets	18,031,660	16,729,663	17,673,819
EQUITY			
Capital and reserves			
Share capital	739,000	739,000	739,000
Share premium account	3,684,871	3,693,818	3,693,818
Capital redemption reserve	256,976	256,976	256,976
Cumulative translation reserve	400,985	302,026	494,607
Profit and loss account	12,949,828	11,737,843	12,489,418
Equity attributable to equity holders of the parent	18,031,660	16,729,663	17,673,819
Total equity	18,031,660	16,729,663	17,673,819

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

unaudited interim results to 30 June 2017

	Six months ended 30/06/17 £	Six months ended 30/06/16 £	Year ended 31/12/16 £
Cash flows from operating activities			
Profit before tax for the period	1,396,443	1,545,152	2,902,514
Adjustments for:			
Finance income	(30,375)	(26,336)	(48,705)
Depreciation	77,624	98,966	196,370
Amortisation	620,878	627,065	1,254,826
Impairment loss	31,064	499,509	499,509
Loss on disposal of property, plant and equipment	-	-	233,840
Share-based payment	13,611	1,139	13,585
Exchange differences	(200,228)	272,299	76,461
(Increase)/decrease in inventories	(94,895)	904,154	534,430
(Increase)/decrease in trade and other receivables	800,706	(121,913)	(927,530)
Increase/(decrease) in trade and other payables	(432,426)	528,208	558,815
Cash generated from operations	2,182,402	4,328,243	5,294,115
Tax received/(paid)	(32,395)	120,715	116,142
Net cash generated from operating activities	2,150,007	4,448,958	5,410,257
Cash flows from investing activities			
Interest received	30,375	26,336	48,705
Cash released from/(placed on) deposit	1,000,000	1,000,000	-
Purchases of property, plant and equipment	(56,977)	(43,728)	(138,181)
Proceeds from sale of property, plant and equipment	-	-	-
Purchases of intangible assets	(1,175,613)	(1,214,874)	(2,290,889)
Net cash used in investing activities	(202,215)	(232,266)	(2,380,365)
Cash flows from financing activities			
Equity dividends paid	(945,339)	(870,942)	(1,452,689)
Sale/(purchase) of treasury shares	-	19,800	51,800
Net cash used in financing activities	(945,339)	(851,142)	(1,400,889)
Effects of exchange rate changes on cash and cash equivalents	109,496	(59,372)	270,265
Net increase/(decrease) in cash	1,111,949	3,306,178	1,899,268
Cash at beginning of period	6,773,083	4,873,815	4,873,815
Cash at the end of the period	7,885,032	8,179,993	6,773,083

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

unaudited interim results to 30 June 2017

	Share capital £	Share Premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2016	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
Profit for the period	-	-	-	-	1,289,577	1,289,577
Exchange differences on translating foreign operations	-	-	-	192,581	-	192,581
Total recognised comprehensive income for the period	-	-	-	192,581	1,289,577	1,482,158
Share-based payment	-	-	-	-	12,446	12,446
Deferred tax on share based payment	-	-	-	-	(701)	(701)
Dividends paid	-	-	-	-	(581,747)	(581,747)
Purchase of treasury shares	-	-	-	-	32,000	32,000
Balance at 31 December 2016	739,000	3,693,818	256,976	494,607	12,489,418	17,673,819
Profit for the period	-	-	-	-	1,339,446	1,339,446
Exchange differences on translating foreign operations	-	-	-	(93,622)	-	(93,622)
Total recognised comprehensive income for the period	-	-	-	(93,622)	1,339,446	1,245,824
Share-based payment	-	-	-	-	13,611	13,611
Deferred tax on share based payment	-	-	-	-	43,274	43,274
Dividends paid	-	-	-	-	(945,339)	(945,339)
Sale of treasury shares	-	(8,947)	-	-	9,418	471
Balance at 30 June 2017	739,000	3,684,871	256,976	400,985	12,949,828	18,031,660

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 15th September, 2017.

The information relating to the six months ended 30 June 2017 and 30 June 2016 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 2016, 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 2017. 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 2016, 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 2016, 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 2017 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 30/06/17 £	Six months ended 30/06/16 £	Year ended 31/12/16 £
Profit attributable to ordinary equity holders	1,339,446	1,540,328	2,829,905
	Six months ended 30/06/17 N°	Six months ended 30/06/16 N°	Year ended 31/12/16 N°
Weighted average number of ordinary shares for basic earnings per share	72,718,490	72,604,009	72,635,976
Adjustment for share options	2,457	481	2,457
Weighted average number of ordinary shares for diluted earnings per share	72,720,947	72,604,490	72,638,433

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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