

**4 April 2018**

## **Concurrent Technologies Plc**

### **Results for the year ended 31 December 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 results for the year to 31 December 2017.

#### **Financial Highlights**

- Turnover of £16.2m (2016: £16.4m)
- Gross profit increased by 1.0% to £9.0m (2016: £8.9m)
- Gross margin increased to 55.4% (2016: 54.2%)
- EBITDA increased by 2.1% to £4.4m (2016: £4.3m)
- Profit before Tax increased by 2.3% to £3.0m (2016: £2.9m)
- Dividend increased by 5% to 2.20 pence per share for the year (2016: 2.10 pence)
- Cash in business plus deposits increased to £8.4m (2016: £7.8m)

#### **Operational Highlights**

- Several new high performance embedded computer boards and accessory boards as well as modules were released during 2017. These included the new generation quad-core Intel® Xeon® processors.
- In addition to providing the latest high performance and low power units across all of its open architectures for new applications and new customers, the Group's product portfolio allows for practical upgrade paths for its existing long life cycle customers.

#### **Michael Collins, Chairman of Concurrent Technologies Plc, commented:**

"The future outlook for the Group continues to be encouraging as both new and existing customers increasingly require more sophisticated boards and solutions.

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

Competitive advantage can be maintained through continued R&D investment and constant expansion of the Group's range of advanced technology products, in particular targeting products and development systems for harsh environments and expanding the development of additional software and firmware products. The Group will continue to recruit additional engineers in the UK, USA and India to enable this development.

The Board continues to look for worldwide acquisition opportunities but sees many opportunities to grow the business organically into new market areas without taking unacceptable risks.

Sales and new opportunities arising this year have been encouraging and the Group's current healthy order book gives the Board confidence in the Group's performance for the full year."

### **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 22 May 2018 at 2:30pm.

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## **Extracts from the Strategic Report**

### **Review of Operations**

The Group achieved sales of £16.22m (2016: £16.42m). The gross profit increased to £8.99m (2016: £8.89m) while the gross margin for the year improved to 55.4% (2016: 54.2%).

Profit before tax improved to £2.97m (2016: £2.90m) and the earnings per share was 3.79 pence (2016: 3.90 pence). EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for the Group in 2017 also increased to £4.39m (2016: £4.31m).

The Group continued its long-term investment in R&D and invested £3.19m in 2017 (2016: £3.39m), of which £2.13m was capitalised (2016: £2.27m).

The Group continues to have no borrowings and again paid increased dividends during the year. Its cash balances plus short to medium term cash deposits at the year-end improved to £8.41m (2016: £7.78m).

### **Operational Highlights**

Several new high performance embedded computer boards and accessory boards as well as modules were released during 2017. These included the new generation quad-core Intel® Xeon® processors. In addition to providing the latest high performance and low power units across all of its open architectures for

new applications and new customers, the Group's product portfolio allows for practical upgrade paths for its existing long life cycle customers.

### Future Plans

The future outlook for the Group continues to be encouraging as both new and existing customers increasingly require more sophisticated boards and solutions.

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

Competitive advantage can be maintained through continued R&D investment and constant expansion of the Group's range of advanced technology products, in particular targeting products and development systems for harsh environments and expanding the development of additional software and firmware products. The Group will continue to recruit additional engineers in the UK, USA and India to enable this development.

The Board continues to look for worldwide acquisition opportunities but sees many opportunities to grow the business organically into new market areas without taking unacceptable risks.

Sales and new opportunities arising this year have been encouraging and the Group's current healthy order book gives the Board confidence in the Group's performance for the full year.

### Dividend

The Board has declared a second interim dividend of 1.30 pence per share (2016: 1.30 pence) which when added to the first interim dividend of 0.90 pence per share (2016: 0.80 pence) will make a total of 2.20 pence per share for the year (2016: 2.10 pence). This is an increase of 4.8% on dividends paid for 2016. The total cost of this second interim dividend amounted to £945,340. As in previous years, the Directors do not intend to recommend a final dividend.

### Annual General Meeting

The Annual General Meeting this year will be held on 22 May 2018.

*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 2017	Year to 31 December 2016
	£	£
<b>CONTINUING OPERATIONS</b>		
<b>Revenue</b>	16,222,732	16,423,978
Cost of sales	7,231,876	7,529,867
<b>Gross profit</b>	8,990,856	8,894,111
Operating expenses	6,086,516	6,040,302
<b>Group operating profit</b>	2,904,340	2,853,809
Finance income	65,117	48,705
<b>Profit before tax</b>	2,969,457	2,902,514
Tax	213,836	72,609
<b>Profit for the year</b>	2,755,621	2,829,905

<b>Other Comprehensive Income</b>		
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	(189,150)	415,966
Tax relating to components of other comprehensive income	-	-
<b>Other Comprehensive Income for the year, net of tax</b>	(189,150)	415,966
<b>Total Comprehensive Income for the year</b>	2,566,471	3,245,871
<b>Profit for the period attributable to:</b>		
Equity holders of the parent	2,755,621	2,829,905
<b>Total Comprehensive Income attributable to:</b>		
Equity holders of the parent	2,566,471	3,245,871
<b>Earnings per share</b>		
Basic earnings per share	3.79p	3.90p
Diluted earnings per share	3.79p	3.90p

## Consolidated Balance Sheet

	<b>As at 31 December 2017 £</b>	<b>As at 31 December 2016 £</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	482,254	414,209
Intangible assets	7,397,512	6,846,520
Deferred tax assets	170,495	112,128
	8,050,261	7,372,857
<b>Current assets</b>		
Inventories	3,222,800	3,239,855
Trade and other receivables	2,740,335	3,327,629
Current tax assets	135,224	93,156
Other financial assets	2,502,281	1,000,000
Cash and cash equivalents	5,892,304	6,773,083
	14,492,944	14,433,723
<b>Total assets</b>	22,543,205	21,806,580
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,473,815	1,291,468
Long term provisions	4,097	6,699
	1,477,912	1,298,167
<b>Current liabilities</b>		
Trade and other payables	2,332,599	2,810,655
Short term provisions	16,644	23,939
Current tax liabilities	-	-
	2,349,243	2,834,594
<b>Total liabilities</b>	3,827,155	4,132,761
<b>Net assets</b>	18,716,050	17,673,819
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	739,000	739,000
Share premium account	3,699,105	3,693,818
Capital redemption reserve	256,976	256,976
Cumulative translation reserve	305,457	494,607
Profit and loss account	13,715,512	12,489,418
<b>Equity attributable to equity holders of the parent</b>	18,716,050	17,673,819

<b>Total equity</b>	18,716,050	17,673,819
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## Consolidated Cash Flow Statement

	<b>Year to 31 December 2017 £</b>	<b>Year to 31 December 2016 £</b>
<b>Cash flows from operating activities</b>		
Profit before tax for the period	2,969,457	2,902,514
Adjustments for:		
Finance income	(65,117)	(48,705)
Depreciation	194,529	196,370
Amortisation	1,294,457	1,254,826
Impairment loss	286,888	499,509
Loss/(profit) on disposal of property, plant and equipment (PPE)	(3,750)	233,840
Share-based payment	27,448	13,585
Exchange differences	(110,755)	76,461
Decrease/(increase) in inventories	17,055	534,430
(Increase)/decrease in trade and other receivables	587,294	(927,530)
Increase/(decrease) in trade and other payables	(487,953)	558,815
Cash generated from operations	4,709,553	5,294,115
Tax received	(83,808)	116,142
Net cash generated from operating activities	4,625,745	5,410,257
<b>Cash flows from investing activities</b>		
Interest received	65,117	48,705
Cash released from/(placed) on deposit	(1,502,281)	-
Purchases of property, plant and equipment (PPE)	(267,855)	(138,181)
Proceeds from sale of PPE	3,750	-
Capitalisation of development costs and purchases of intangible assets	(2,133,046)	(2,290,889)
Net cash used in investing activities	(3,834,315)	(2,380,365)
<b>Cash flows from financing activities</b>		
Equity dividends paid	(1,599,804)	(1,452,689)
Exercise of share options	-	51,800
Purchase of treasury shares	-	-
Net cash used in financing activities	(1,599,804)	(1,400,889)
Effects of exchange rate changes on cash and cash equivalents	(72,405)	270,265
<b>Net increase/(decrease) in cash</b>	<b>(880,779)</b>	<b>1,899,268</b>
Cash at beginning of period	6,773,083	4,873,815
Cash at the end of the period	5,892,304	6,773,083

## 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>
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<b>Balance at 1 January 2016</b>	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
<b>Transactions with owners:</b>						
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)
Purchase of treasury shares	-	-	-	-	51,800	51,800
<b>Balance at 31 December 2016</b>	739,000	3,693,818	256,976	494,607	12,489,418	17,673,819
Profit for the period	-	-	-	-	2,755,621	2,755,621
Exchange differences on translating foreign operations	-	-	-	(189,150)	-	(189,150)
Total comprehensive income for the period	-	-	-	(189,150)	2,755,621	2,566,471
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	27,448	27,448
Deferred tax on share based payment	-	-	-	-	48,116	48,116
Dividends paid	-	-	-	-	(1,599,804)	(1,599,804)
Transfer of treasury shares	-	5,287	-	-	(5,287)	-
<b>Balance at 31 December 2017</b>	739,000	3,699,105	256,976	305,457	13,715,512	18,716,050

## 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 2016. 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 2017 or 2016, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 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 2016 or 2017 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 2017 of 72,718,490 (2016: 72,635,976) after adjustment for treasury shares and any adjustment made as a consequence of the Company having issued no Ordinary Shares during 2017 (2016: nil) and on the profit after tax for 2017 of £2,755,621 (2016: £2,829,905). The calculation of diluted earnings per share incorporates 3,504 Ordinary Shares (2016: 2,457) 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 22 May 2018 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.gocct.com](http://www.gocct.com).

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