CONCURRENT COMPUTER CORP/DE
Form 10-Q
April 29, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

T	Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
	For the Quarterly Period Ended March 31, 2014
	or
o	Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period from ____ to ____

Commission File No. 0-13150

CONCURRENT COMPUTER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	04-2735766
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4375 River Green Parkway, Suite 100, Duluth, GA 30096
(Address of principal executive offices) (Zip Code)

Telephone: (678) 258-4000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Number of shares of the Registrant's Common Stock, par value $0.01 per share, outstanding as of April 24, 2014 was 9,262,238.

Concurrent Computer Corporation
Form 10-Q
For the Three and Nine Months Ended March 31, 2014

Table of Contents

		Page
	Part I – Financial Information	
Item 1.	Condensed Consolidated Financial Statements	2
	Condensed Consolidated Balance Sheets (Unaudited)	2
	Condensed Consolidated Statements of Operations (Unaudited)	3
	Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)	4
	Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income	5
	Condensed Consolidated Statements of Cash Flows (Unaudited)	6
	Notes to Condensed Consolidated Financial Statements (Unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	25
Item 4.	Controls and Procedures	26
	Part II – Other Information	
Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 3.	Defaults Upon Senior Securities	27
Item 4.	Mine Safety Disclosures	27
Item 5.	Other Information	27
Item 6.	Exhibits	27

Table of Contents

Part I Financial Information

Item 1. Condensed Consolidated Financial Statements

Concurrent Computer Corporation
Condensed Consolidated Balance Sheets
(Dollars in Thousands, Except Per Share Data)

	March 31, 2014 (Unaudited)	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,452	$ 27,927
Accounts receivable, less allowance for doubtful accounts of $78 at March 31, 2014 and $70 at June 30, 2013	18,165	10,701
Inventories	3,609	2,844
Prepaid expenses and other current assets	1,426	2,324
Total current assets	45,652	43,796
Property, plant and equipment, net	2,992	3,102
Intangible assets, net	512	834
Other long-term assets, net	921	737
Total assets	$ 50,077	$ 48,469
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,274	$ 7,671
Deferred revenue	8,590	8,383
Total current liabilities	17,864	16,054
Non-current liabilities:		
Deferred revenue	1,160	1,924
Pension liability	3,115	2,901
Other	1,872	1,805
Total liabilities	24,011	22,684
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Shares of common stock, par value $.01; 14,000,000 authorized;8,981,655 and 8,807,766 issued and outstanding at March 31, 2014 and June 30, 2013, respectively	90	88
Capital in excess of par value	209,464	208,677
Accumulated deficit	(183,494)	(183,085)
Treasury stock, at cost; 37,788 at March 31, 2014 and June 30, 2013	(255)	(255)
Accumulated other comprehensive income	261	360
Total stockholders' equity	26,066	25,785
Total liabilities and stockholders' equity	$ 50,077	$ 48,469

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

Concurrent Computer Corporation
Condensed Consolidated Statements of Operations (Unaudited)
(In Thousands, Except Per Share Amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Revenues:				
Product	$12,197	$10,714	$34,651	$29,777
Service	6,081	6,213	18,662	18,743
Total revenues	18,278	16,927	53,313	48,520
Cost of sales:				
Product	5,495	4,591	15,701	12,439
Service	2,535	2,336	7,906	7,726
Total cost of sales	8,030	6,927	23,607	20,165
Gross margin	10,248	10,000	29,706	28,355
Operating expenses:				
Sales and marketing	3,595	3,527	10,590	10,808
Research and development	3,409	2,878	9,998	8,673
General and administrative	1,984	2,362	5,925	6,352
Total operating expenses	8,988	8,767	26,513	25,833
Operating income	1,260	1,233	3,193	2,522
Interest income	2	8	18	34
Interest expense	(9)	(15)	(41)	(50)
Other expense, net	(31)	(222)	(105)	(391)
Income before income taxes	1,222	1,004	3,065	2,115
Provision for income taxes	140	67	160	180
Net income	$1,082	$937	$2,905	$1,935
Net income per share				
Basic	$0.12	$0.11	$0.33	$0.22
Diluted	$0.12	$0.11	$0.32	$0.22
Weighted average shares outstanding - basic	8,944	8,754	8,897	8,726
Weighted average shares outstanding - diluted	9,090	8,894	9,074	8,873
Cash dividends declared per common share	$0.12	$0.06	$0.36	$0.74

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

Concurrent Computer Corporation
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(In Thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Net income	$1,082	$937	$2,905	$1,935
Other comprehensive income (loss):				
Foreign currency translation adjustment	31	(24)	(114)	(242)
Pension and post-retirement benefits, net of tax	5	2	15	6
Other comprehensive loss	36	(22)	(99)	(236)
Comprehensive income	$1,118	$915	$2,806	$1,699

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

Concurrent Computer Corporation
Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
(Dollars In Thousands)
For the Nine Month Period Ended March 31, 2014

	Common Stock					Treasury Stock		
	Shares	Par Value	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comp. Income	Shares	Cost	Total
Balance at June 30, 2013	8,807,766	$ 88	$ 208,677	$ (183,085)	$ 360	(37,788)	$ (255)	$ 25,785
Comprehensive Income :								
Net income				2,905				2,905
Foreign currency translation adj					(114)			(114)
Pension plan					15			15
Total Comprehensive income								2,806
Dividends declared				(3,330)				(3,330)
Dividends forfeited with restricted stock forfeitures				59				59
Restricted stock compensation expensed			883					883
Lapse of restriction on restricted stock	191,121	2	(2)					-
Repurchase of shares to satisfy minimum tax withholdings on restricted stock releases	(17,232)	-	(94)	(43)				(137)
Balance at March 31, 2014	8,981,655	$ 90	$ 209,464	$ (183,494)	$ 261	(37,788)	$ (255)	$ 26,066

The accompanying notes are an integral part of the condensed consolidated financial statements

Table of Contents

Concurrent Computer Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In Thousands)

	Nine Months Ended March 31,	
	2014	2013
OPERATING ACTIVITIES		
Net income	$2,905	$1,935
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,795	2,426
Share-based compensation	883	593
Other non-cash expenses	1	670
Changes in operating assets and liabilities:		
Accounts receivable	(7,484)	(8,137)
Inventories	(798)	434
Prepaid expenses and other current assets	879	450
Accounts payable and accrued expenses	1,545	1,287
Other long-term assets	(32)	199
Deferred revenue	(557)	544
Other long-term liabilities	225	5
Total adjustments to net income	(3,543)	(1,529)
Net cash (used in) provided by operating activities	(638)	406
INVESTING ACTIVITIES		
Additions to property and equipment	(1,291)	(801)
Net cash used in investing activities	(1,291)	(801)
FINANCING ACTIVITIES		
Dividends paid	(3,378)	(6,478)
Repurchase of shares to satisfy employee tax withholdings	(137)	-
Net cash used in financing activities	(3,515)	(6,478)
Effect of exchange rates on cash and cash equivalents	(31)	(370)
Change in cash and cash equivalents	(5,475)	(7,243)
Cash and cash equivalents at beginning of period	27,927	29,613
Cash and cash equivalents at end of period	$22,452	$22,370
Cash paid during the period for:		
Interest	$22	$20
Income taxes (net of refunds)	$(136)	$856

The accompanying notes are an integral part of the condensed consolidated financial statements

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Overview of Business and Basis of Presentation

We provide software, hardware and professional services for the video market and the high-performance, real-time market. Our business is comprised of two segments for financial reporting purposes, products and services, which we provide for each of these markets.

Our video solutions consist of software, hardware, and services for intelligently streaming video and collecting and analyzing media data. Our video solutions and services are deployed by video service providers for distribution of video to consumers and collection of media data intelligence to manage their video business and operations.

Our real-time products consist of real-time Linux operating systems, development tools and other system software combined, in most cases, with computer platforms and services. These products are sold to a wide variety of companies seeking high-performance, real-time computer solutions in the military, aerospace, financial and automotive markets around the world.

Our condensed consolidated interim financial statements are unaudited and reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of our financial position, results of operations and cash flows at the dates and for the periods indicated. These financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended June 30, 2013.

There have been no changes to our Significant Accounting Policies as disclosed in Note 2 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2013. The results reported in these condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

As of June 30, 2013, we had U.S. federal net operating loss carryforwards of approximately $97,200,000 for income tax purposes which will expire at various dates through 2032. We completed an evaluation of the potential effect of Section 382 of the Internal Revenue Code of 1986 (the “Code”) on our ability to utilize these net operating losses. The study concluded that we have not had an ownership change for the period from July 22, 1993 to June 30, 2013.

Realization of our deferred tax assets is dependent primarily on the generation of future taxable income. In considering the need for a valuation allowance we consider our historical, as well as, future projected operations along with other positive and negative evidence in assessing if sufficient future taxable income will be generated to use the existing deferred tax assets. The following summarizes our conclusions on the need for a valuation allowance in each jurisdiction as of March 31, 2014:

U.S.: As of March 31, 2014, we have realized a three-year cumulative accounting profit in the U.S. While the negative evidence of cumulative losses in recent years is not present at March 31, 2014, we believe that significant uncertainty continues to exist in our domestic operations as our recent improved financial performance in the U.S. has been for a limited time period. We also considered the fact that the three-year cumulative accounting profit included sales to a long time customer that we recently lost and a non-recurring gain from the sale of certain patents. We believe that our history of expired net operating losses, our inability to carryback any net operating losses or credits, a history of inconsistent earnings, and the absence of currently available tax strategies do not provide support for our ability to realize our deferred tax assets at the present time. We believe that it is more likely than not that the benefit from our domestic deferred tax assets will not be realized. In recognition of this risk, we have provided a full valuation allowance on the deferred tax assets relating to our domestic operations as of March 31, 2014.

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

The amount of the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income are increased or if a more sustained profitability is achieved and additional weight may be given to subjective evidence such as our projections for growth. If the positive and negative evidence being evaluated changes and we determine we will be able to realize these deferred tax assets, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets will be recognized as a tax benefit, in the period of such reversal.

United Kingdom (“U.K.”): During the first half of our fiscal year 2014, a change in U.K. tax law relative to treatment of research and development expenses allowed us to release $173,000 of valuation allowances against deferred tax assets that we believe are now realizable as a result of the current period tax law change. We believe that in light of this law change, we will now generate sufficient taxable income to fully utilize our net deferred tax assets in the U.K.

Japan: Our subsidiary in Japan has a long history of profitable operations, and we continue to project profitability in Japan for the foreseeable future. Therefore, we continue to believe that we will fully realize the net deferred tax assets in Japan, and no valuation allowance is needed.

Other Foreign Jurisdictions: We also evaluated the need for a continued full valuation allowance against our foreign deferred tax assets in other jurisdictions. We concluded that a full valuation allowance against our deferred tax assets for other foreign jurisdictions was warranted due to, among other reasons, (i) the realized cumulative accounting losses, (ii) our long history of taxable losses, and (iii) our uncertainty with respect to generating future taxable income in the near term given our recently completed projections and other inherent uncertainties in our business.

Each quarter, we assess the total weight of positive and negative evidence and evaluate whether release of all or any portion of the valuation allowance is appropriate. Should we come to the conclusion that a release of our valuation allowances is required, there would be a significant increase in net income and earnings per share due to the impact on the tax rate.

We recorded $140,000 and $160,000 of income tax provision during the three and nine months ended March 31, 2014, respectively. Our taxable income is primarily due to taxable income earned by our Japan subsidiary and an expected alternative minimum tax liability in the U.S., both of which were partially offset by the aforementioned release of valuation allowances against deferred tax assets in the U.K. We recorded $67,000 and $180,000 of income tax provision during the three and nine months ended March 31, 2013, respectively, primarily due to alternative minimum tax in the United States and taxable income earned by our Japan subsidiary.

Recently Issued Accounting Pronouncements

Adopted

In February 2013, the FASB issued ASU No. 2013-2, Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, providing on disclosure requirements for items reclassified out of accumulated other comprehensive income (“AOCI”). This new guidance requires entities to present (either on the face of the income statement or in the notes) the effects on the line items of the income statement for amounts reclassified out of AOCI. The new guidance was effective for us beginning July 1, 2013 and did not have a material impact on our financial statements.

To Be Adopted

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830) which provides guidance on a parent company's accounting for the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This new guidance requires that the parent release any related cumulative translation adjustment into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The new guidance will be effective for us beginning July 1, 2014. We do not anticipate any material impact on our financial statements upon adoption.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This amendment requires entities to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward or a similar tax loss or a tax credit carryforward, unless certain conditions exist. This guidance is effective prospectively for annual reporting periods (and the interim periods within) beginning after December 15, 2013. Early adoption and retrospective application are permitted. We will adopt this guidance effective July 1, 2014. We expect adoption will not have a material impact on our financial condition, results of operations, or cash flows.

2. Summary of Significant Accounting Policies

Revenue Recognition Policy

We generate revenue from the sale of products and services. We commence revenue recognition when all of the following conditions are met:

- persuasive evidence of an arrangement exists,
- the system has been delivered or the services have been performed,
- the fee is fixed or determinable, and
- collectability of the fee is probable.

Our standard multiple-element contractual arrangements with our customers generally include the delivery of systems with multiple components of hardware and software, certain professional services that typically involve installation and consulting, and ongoing software and hardware maintenance. Product revenue is generally recognized when the product is delivered. Professional services that are of a consultative nature may take place before, or after, delivery of the system, and installation services typically occur within 90 days after delivery of the system. Professional services revenue is typically recognized as the services are performed. Initial maintenance begins after delivery of the system and typically is provided for one to three years after delivery. Maintenance revenue is recognized ratably over the maintenance period. Our product sales are predominantly system sales whereby software and hardware function together to deliver the essential functionality of the combined product. Upon our adoption of ASU 2009-14 on July 1, 2010, sales of these systems were determined to typically be outside of the scope of the software revenue guidance in Topic 985 (previously included in SOP 97-2) and are accounted for under ASU 2009-13.

Our sales model for media data intelligence (“MDI”) products includes the option for customers to purchase: (1) a perpetual license with maintenance; (2) a term license with maintenance and managed services; (3) software as a service; or (4) perpetual license with maintenance and managed services. Revenue from these sales generally is recognized over the term of the various customer arrangements. Professional services attributable to implementation of our MDI products or managed services are essential to the customers’ use of these products and services. We defer commencement of revenue recognition for the entire arrangement until we have delivered the essential professional services or have made a determination that the remaining professional services are no longer essential to the customer. We recognize revenue for managed services and software-as-a-service arrangements once we commence providing the managed or software services and recognize the service revenue ratably over the term of the various customer contracts. In circumstances whereby we sell a term or perpetual license and managed services, we commence revenue recognition after both the software and service are made available to the customer and recognize the revenue from the entire arrangement ratably over the longer of the term license or managed service period, because we believe the managed services to be essential to the functionality of the term or perpetual license.

We evaluate each element in a multiple-element arrangement to determine whether it represents a separate unit of accounting. An element constitutes a separate unit of accounting when the delivered item has standalone value and delivery of the undelivered element is probable and within our control. Our various systems have standalone value because we have either routinely sold them on a standalone basis or we believe that our customers could resell the delivered system on a standalone basis. Professional services have standalone value because we have routinely sold them on a standalone basis, there are similar third party vendors that routinely provide similar professional services, and certain customers perform the installation themselves. Our maintenance has standalone value because we have routinely sold maintenance separately.

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

As a result of the adoption of ASU 2009-13, we allocate revenue to each element in an arrangement based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence ("VSOE"), if available, third party evidence ("TPE"), if VSOE is not available, or estimated selling price ("ESP"), if neither VSOE nor TPE is available. We have typically been able to establish VSOE of fair value for our maintenance and services. We determine VSOE of fair value for professional services and maintenance by examining the population of selling prices for the same or similar services when sold separately, and determining that the pricing population for each VSOE classification is within a very narrow range of the median selling price. For each element, we evaluate at least annually whether or not we have maintained VSOE of fair value based on our review of the actual selling price of each element over the previous 12 month period.

Our product deliverables are typically complete systems comprised of numerous hardware and software components that operate together to provide essential functionality, and we are typically unable to establish VSOE or TPE of fair value for our products. Due to the custom nature of our products, we must determine ESP at the individual component level whereby our ESP for the total system is determined based on the sum of the individual components. ESP for components of our real-time products is typically based upon list price, which is representative of our actual selling price. ESP for components of our video products is based upon our most frequent selling price ("mode") of standalone and bundled sales, based upon a 12 month historical analysis. If a mode selling price is not available, then ESP will be the median selling price of all such component sales based upon a 12 month historical analysis, unless facts and circumstances indicate that another selling price, other than the mode or median selling price, is more representative of our ESP. Our methodology for determining ESP requires judgment, and any changes to pricing practices, the costs incurred to integrate products, the nature of our relationships with our customers, and market trends could cause variability in our ESP or cause us to re-evaluate our methodology for determining ESP. We will update our analysis of mode and median selling price at least annually, unless facts and circumstances indicate that more frequent analysis is required.

Occasionally, we sell software under multiple element arrangements that do not include hardware. Under these software arrangements, we allocate revenue to the various elements based on VSOE of fair value. Our VSOE of fair value is determined based on the price charged when the same element is sold separately. If VSOE of fair value does not exist for all elements in a multiple element arrangement, but does exist for undelivered elements, we recognize revenue using the residual method. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement is recognized as revenue. Where fair value of undelivered elements has not been established, the total arrangement is recognized over the period during which the services are performed.

Fair Value Measurements

The FASB Accounting Standards Codification ("ASC") requires certain disclosures around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and

Level 3	Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

We have money market funds that are highly liquid and have a maturity of three months or less, and as such are considered cash equivalents.

10

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

Our financial assets that are measured at fair value on a recurring basis as of March 31, 2014 are as follows (in thousands):

	As of March 31, 2014 Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash	$12,416	$12,416	$ -	$ -
Money market funds	10,036	10,036	-	-
Cash and cash equivalents	$22,452	$22,452	$ -	$ -

Our financial assets that are measured at fair value on a recurring basis as of June 30, 2013 are as follows (in thousands):

	As of June 30, 2013 Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash	$17,895	$17,895	$ -	$ -
Money market funds	10,032	10,032	-	-
Cash and cash equivalents	$27,927	$27,927	$ -	$ -

3. Basic and Diluted Net Income per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted net income per share is computed by dividing net income by the weighted average number of shares including dilutive common share equivalents. Under the treasury stock method, incremental shares representing the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued are included in the computation. Diluted earnings per common share assumes exercise of outstanding stock options and vesting of restricted stock when the effects of such assumptions are dilutive. Common share equivalents of 106,000 and 182,000 for the three months ended March 31, 2014 and 2013, respectively, were excluded from the calculation as their effect was antidilutive. Common share equivalents of 112,000 and 251,000 for the nine months ended March 31, 2014 and 2013, respectively, were excluded from the calculation as their effect was antidilutive.

The following table presents a reconciliation of the numerators and denominators of basic and diluted net income per share for the periods indicated (dollars and share data in thousands, except per-share amounts):

	Three Months Ended March 31,	Nine Months Ended March 31,

	2014	2013	2014	2013
Basic and diluted earnings per share (EPS) calculation:				
Net income	$1,082	$937	$2,905	$1,935
Basic weighted average number of shares outstanding	8,944	8,754	8,897	8,726
Effect of dilutive securities:				
Restricted stock	129	133	164	147
Stock options	17	7	13	-
Diluted weighted average number of shares outstanding	9,090	8,894	9,074	8,873
Basic EPS	$0.12	$0.11	$0.33	$0.22
Diluted EPS	$0.12	$0.11	$0.32	$0.22

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Share-Based Compensation

As of March 31, 2014, we had share-based compensation plans which are described in Note 11 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2013. We recognize stock compensation expense over the requisite service period of the individual grantees, which generally equals the vesting period. As of March 31, 2014, we had 184,517 stock options outstanding and 318,371 restricted shares outstanding. No restricted shares vested, or were granted or cancelled during the three months ended March 31, 2014, and no stock options were granted or exercised during the three and nine months ended March 31, 2014.

We recorded share-based compensation related to the issuance of stock options and restricted stock to employees and board members as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Share-based compensation expense included in the Statements of Operations:				
Cost of sales	$15	$14	$43	$41
Sales and marketing	43	48	133	116
Research and development	42	37	118	90
General and administrative	154	125	589	346
Total	254	224	883	593
Tax benefit	-	-	-	-
Share-based compensation expense, net of taxes	$254	$224	$883	$593

5. Inventories

Inventories are stated at the lower of cost or market, with cost being determined by using the first-in, first-out method. We reduce our excess and obsolete inventory to market value, if below cost, based upon historical and anticipated usage. The components of inventories are as follows (in thousands):

	March 31, 2014	June 30, 2013
Raw materials	$1,256	$1,091
Work-in-process	328	298
Finished goods	2,025	1,455
Total inventory	$3,609	$2,844

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other Intangible Assets

Intangible assets consist of the following (in thousands):

	March 31, 2014	June 30, 2013
Cost of amortizable intangibles:		
Purchased technology	$7,700	$7,700
Customer relationships	1,900	1,900
Patents	93	78
Total cost of intangibles	9,693	9,678
Less accumulated amortization:		
Purchased technology	(7,700)	(7,497)
Customer relationships	(1,463)	(1,334)
Patents	(18)	(13)
Total accumulated amortization	(9,181)	(8,844)
Total intangible assets, net	$512	$834

Amortization expense was $337,000 and $678,000 for the nine months ended March 31, 2014 and March 31, 2013, respectively.

7. Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses are as follows (in thousands):

	March 31, 2014	June 30, 2013
Accounts payable, trade	$4,400	$2,075
Accrued payroll, vacation, severance and other employee expenses	3,431	4,298
Accrued income taxes	99	130
Dividend payable	85	94
Other accrued expenses	1,259	1,074
Total accounts payable and accrued expenses	$9,274	$7,671

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Concentration of Credit Risk, Segment, and Geographic Information

We operate in two segments, products and services, as disclosed within our condensed consolidated Statements of Operations. We evaluate segment results using revenues and gross margin as the performance measures. Such information is shown on the face of the accompanying Statements of Operations. We do not identify assets on a segment basis. We attribute revenues to individual countries and geographic areas based upon location of our customers. A summary of our revenues by geographic area is as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
United States	$11,647	$9,239	$33,392	$29,431
Canada	457	3,018	2,715	5,062
Total North America	12,104	12,257	36,107	34,493
Japan	2,517	2,266	7,970	8,899
Other Asia Pacific countries	365	996	2,557	1,663
Total Asia Pacific	2,882	3,262	10,527	10,562
Europe	3,183	1,408	6,570	3,461
Other	109	-	109	4
Total revenue	$18,278	$16,927	$53,313	$48,520

In addition, the following summarizes revenues by significant customer where such revenue accounted for 10% or more of total revenues for any one of the indicated periods:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Customer A	25%	<10%	14%	12%
Customer B	<10%	13%	15%	13%
Customer C	<10%	11%	<10%	<10%

We assess credit risk through ongoing credit evaluations of customers' financial condition, and collateral is generally not required. The following summarizes accounts receivable by significant customers for whom accounts receivable were 10% or more of total accounts receivables for any one of the indicated periods:

	March 31, 2014	June 30, 2013
Customer A	23%	<10%
Customer D	11%	<10%
Customer B	<10%	19%

There were no other customers representing 10% or more of our trade receivables at March 31, 2014 and June 30, 2013.

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

The following summarizes purchases from significant vendors where such purchases accounted for 10% or more of total purchases for any one of the indicated periods:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Vendor A	37%	37 %	25%	26 %
Vendor B	15%	16 %	19%	14 %
Vendor C	11%	<10%	14%	<10%

9. Revolving Credit Facility

We had not drawn against our credit line (the "Revolver") with Silicon Valley Bank in the past three years and allowed it to expire on December 31, 2013. We are currently evaluating whether or not to enter into a new credit arrangement, but based upon our existing cash balances, historical cash usage, and anticipated operating cash flow in the near term, we believe that existing cash balances will be sufficient to meet our anticipated working capital, capital expenditure requirements and any dividend payments for at least the next twelve months. We are no longer subject to any covenants as of December 31, 2013.

10. Retirement Plans

The following table provides detail of the components of net periodic benefit cost of our German subsidiary's defined benefit pension plan for the three and nine months ended March 31, 2014 and 2013 (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Service cost	$-	$1	$-	$2
Interest cost	44	48	130	142
Expected return on plan assets	(16)	(19)	(46)	(55)
Amortization of net loss	4	2	14	6
Net periodic benefit cost	$32	$32	$98	$95

We contributed $5,000 and $18,000 to our German subsidiary's defined benefit pension plan during the three and nine months ended March 31, 2014, respectively, and expect to make additional, similar, quarterly contributions during the remaining quarter of our fiscal year 2014. We contributed $9,000 and $26,000 to our German subsidiary's defined benefit plan during the three and nine months ended March 31, 2013, respectively.

We maintain a U.S. employee retirement savings plan that qualifies as a defined contribution plan under Section 401(k) of the Code. We matched 25% of the first 5% of the employee's annual salary invested by the employee in the 401(k) plan during fiscal year 2013. In August 2013, we increased our match to 50% of the first 5% of the employee's annual salary invested by the employee in the 401(k) plan. We contributed $104,000 and $284,000 in matching funds to the 401(k) plan during the three and nine months ended March 31, 2014, respectively. We contributed $54,000 and $136,000 in matching funds to the 401(k) plan during the three and nine months ended March 31, 2013, respectively.

We also maintain a defined contribution plan (the "Stakeholder Plan") for our U.K. based employees. For our U.K. based employees who contribute 4% or more of their salary to the Stakeholder Plan, we match 100% of employee contributions, up to 7% of their salary. We contributed $18,000 and $52,000 to the Stakeholder Plan during the three and nine months ended March 31, 2014, respectively. We contributed $15,000 and $44,000 to the Stakeholder Plan during the three and nine months ended March 31, 2013, respectively.

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Dividends

During the nine months ended March 31, 2014, our Board of Directors approved three quarterly cash dividends. The following summarizes our dividend activity during the nine months ended March 31, 2014:

Record Date	Payment Date	Type	Dividend Per Share	Total
September 16, 2013	September 30, 2013	Quarterly	$0.12	$1,108,000
December 13, 2013	December 27, 2013	Quarterly	$0.12	$1,111,000
March 14, 2014	March 28, 2014	Quarterly	$0.12	$1,111,000

As of March 31, 2014, we have $270,000 of dividends payable to holders of restricted common stock who held restricted shares at the time of dividend record dates and still hold those restricted shares as of March 31, 2014. Such dividends will be paid when the restrictions on a holder's restricted common shares lapse. This dividend payable is divided between current payable and non-current payable in the amounts of $85,000 and $185,000, respectively, based upon the expected vesting date of the underlying shares. These holders of restricted common stock will receive the dividend payments as long as they remain eligible at the vesting date of the shares. During the nine months ended March 31, 2014, $59,000 of dividends payable were returned to capital for restricted shares that were forfeited prior to meeting vesting requirements. Because the participants are not entitled to these dividends unless they complete the requisite performance criteria and service period for the shares to vest, they are not participating dividends as defined under ASC 260-10.

12. Commitments and Contingencies

From time to time, we are involved in litigation incidental to the conduct of our business. We believe that such pending litigation will not have a material adverse effect on our results of operations or financial condition.

We enter into agreements in the ordinary course of business with customers that often require us to defend and/or indemnify the customer against intellectual property infringement claims brought by a third party with respect to our products. For example, we were notified that certain of our customers have settled with or been sued by the following companies, in the noted jurisdictions, regarding the listed patents:

Asserting Party	Jurisdiction	Patents at Issue
Trans Video Electronics Ltd.	U.S. District Court of Delaware	U.S. Patents Nos. 5,594,936 and 5,991,801
LVL Patent Group	U.S. District Court of Delaware	U.S Patent No. 6,044,382
Sprint Communications Company, L.P.	U.S. District Court Eastern District of Pennsylvania	U.S. Patent Nos. 6,754,907 and 6,757,907
FutureVision.com LLC	U.S. District Court Eastern District of Texas	U.S. Patent No. 5,877,755

We continue to review our potential obligations under our indemnification agreements with these customers. From time to time, we also indemnify customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, and environmental claims relating to the use of our products and services or resulting from our acts or omissions, our employees, authorized agents or subcontractors. We have not accrued any material liabilities related to such indemnifications in our financial statements and do not expect any other material costs as a result of such obligations. The maximum potential amount of future payments that we could be required to make is unlimited, and we are unable to estimate any possible loss or range of possible loss.

Table of Contents
CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

Pursuant to the terms of the employment agreements with our executive officers and certain other employees, employment may be terminated by either the respective executive officer or us at any time. In the event the employee voluntarily resigns (except as described below) or is terminated for cause, compensation under the employment agreement will end. In the event an agreement is terminated by us without cause or in certain circumstances constructively by us, the terminated employee will receive severance compensation for a period from 6 to 12 months, depending on the officer, in an annualized amount equal to the respective employee's base salary then in effect. In the event our CEO resigns within three months of a change in control or the CEO's agreement is terminated by us within one year of a change of control other than for due cause, disability or non-renewal by our CEO, our CEO will be entitled to severance compensation multiplied by two. Additionally, if terminated, our CEO and CFO may be entitled to bonuses during the severance period. At March 31, 2014, the maximum contingent liability under these and other executives' agreements is $3,010,000. Our employment agreements with certain of our employees contain certain offset provisions, as defined in their respective agreements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and the related Notes thereto which appear elsewhere herein. Except for the historical financial information, many of the matters discussed in this Item 2 may be considered "forward-looking" statements that reflect our plans, estimates and beliefs. Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the "Cautionary Note Regarding Forward-Looking Statements," elsewhere herein and in other filings made with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended June 30, 2013. References herein to "Concurrent", the "Company", "we", "our" or "us" refer to Concurrent Computer Corporation and its subsidiaries.

Overview

We provide software, hardware and professional services for the video market and the high-performance, real-time market. Our business is comprised of two operating segments for financial reporting purposes, products and services, which we provide for each of these markets.

Our video solutions consist of software, hardware, and services for intelligently streaming video and collecting and analyzing media data. Our video solutions and services are deployed by video service providers for distribution of video to consumers and collection of media data intelligence to manage their video business and operations.

Our real-time products consist of real-time Linux operating systems, development tools and other system software combined, in most cases, with computer platforms and services. These products are sold to a wide variety of companies seeking high-performance, real-time computer solutions in the military, aerospace, financial and automotive markets around the world.

Application of Critical Accounting Estimates

The SEC defines "critical accounting estimates" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. For a complete description of our critical accounting policies, please refer to the "Application of Critical Accounting Policies" in our most recent Annual Report on Form

10-K for the year ended June 30, 2013 filed with the SEC on September 17, 2013.
17

Table of Contents

Results of Operations

The three months ended March 31, 2014 compared to the three months ended March 31, 2013

	Three Months Ended March 31,			
(Dollars in Thousands)	2014	2013	$ Change	% Change
Product revenue	$12,197	$10,714	$1,483	13.8%
Service revenue	6,081	6,213	(132)	(2.1%)
Total revenue	18,278	16,927	1,351	8.0%
Product cost of sales	5,495	4,591	904	19.7%
Service cost of sales	2,535	2,336	199	8.5%
Total cost of sales	8,030	6,927	1,103	15.9%
Product gross margin	6,702	6,123	579	9.5%
Service gross margin	3,546	3,877	(331)	(8.5%)
Total gross margin	10,248	10,000	248	2.5%
Operating expenses:				
Sales and marketing	3,595	3,527	68	1.9%
Research and development	3,409	2,878	531	18.5%
General and administrative	1,984	2,362	(378)	(16.0%)
Total operating expenses	8,988	8,767	221	2.5%
Operating income	1,260	1,233	27	2.2%
Interest expense - net	(7)	(7)	-	0.0%
Other expense - net	(31)	(222)	191	(86.0%)
Income before income taxes	1,222	1,004	218	21.7%
Provision for income taxes	140	67	73	109.0%
Net income	$1,082	$937	$145	15.5%

Product Revenue. Total product revenue for the three months ended March 31, 2014 was $12.2 million, an increase of approximately $1.5 million, or 13.8%, from $10.7 million for the three months ended March 31, 2013. The increase in product revenue resulted from the $1.5 million, or 25.1%, increase in video solutions product revenue for the three months ended March 31, 2014, compared to the same period in the prior year. The period over period increase in video product revenue occurred because we experienced a $1.0 million and $0.7 million increase in video system product revenue in both Europe and Asia, respectively, primarily due to higher purchasing volume from our existing customers in those regions who are expanding their systems and storage capacity. These increases were slightly offset by $0.2 million of various smaller decreases. Fluctuation in video product revenue is often due to the fact that we have a small number of customers making periodic large purchases that account for a significant percentage of revenue.

Service Revenue. Total service revenue for the three months ended March 31, 2014 was $6.1 million, a decrease of $0.1 million, or 2.1%, from $6.2 million for the three months ended March 31, 2013. We experienced a period over period decrease in service revenue due to the $0.2 million, or 5.2%, decrease in video solutions service revenue. The period over period decrease in video solutions service revenue is primarily attributable to a $0.2 decrease in media data intelligence managed services revenue. Partially offsetting the period over period decrease in video solutions service revenue, real-time service revenue increased $0.1 million, or 3.5%, due to a period over period increase in maintenance revenue in the United States. During the current fiscal year, a customer that has accounted for approximately 7.4% of our service revenues during both the current and prior period indicated that it will be winding down its purchase of maintenance services from us in the near future. In the event that we are not able to replace this revenue with new customer revenue and other service revenues going forward, our service revenue may be impacted in the future.

Table of Contents

Product Gross Margin. Product gross margin was $6.7 million for the three months ended March 31, 2014, an increase of approximately $0.6 million, or 9.5%, from $6.1 million for the three months ended March 31, 2013. Product gross margin as a percentage of product revenue decreased to 55.0% for the three months ended March 31, 2014 from 57.2% for the three months ended March 31, 2013. Product margins increased in terms of dollars due to the period over period increase in revenue. Product margins decreased as a percentage of revenue during the three months ended March 31, 2014, compared to the same period in the prior year, primarily due to the mix of customers. We typically experience lower product margins in our European market and we generated 20.7% of our product revenue from customers in Europe during the three months ended March 31, 2014, compared with 8.4% of our product revenue during the three months ended March 31, 2013.

Service Gross Margin. Service gross margin was $3.5 million for the three months ended March 31, 2014, a decrease of approximately $0.3 million, or 8.5%, from $3.9 million for the three months ended March 31, 2013. Gross margin on service revenue decreased to 58.3% of service revenue for the three months ended March 31, 2014 from 62.4% of service revenue for the three months ended March 31, 2013. The decrease in service margin as a percentage of service revenue was primarily due to the $0.1 million, or 2.1% decrease in service revenue during the three months ended March 31, 2013, compared to the same period in the prior year, while incurring $0.2 million of additional service cost of sales. The increase in service cost of sales resulted from additional personnel costs in the current year period to support 1) our focus on generating additional professional services revenue, and 2) the change in our customer geography and mix requiring additional support.

Sales and Marketing. Sales and marketing expenses increased approximately $0.1 million, or 1.9% to $3.6 million for the three months ended March 31, 2014 from $3.5 million for the three months ended March 31, 2013. This period over period increase was primarily due to the increase in our sales and sales support presence in Europe during the three months ended March 31, 2014, compared to the same period of the prior year.

Research and Development. Research and development expenses increased approximately $0.5 million, or 18.5%, to $3.4 million for the three months ended March 31, 2014, from $2.9 million for the three months ended March 31, 2013. This increase was due to a $0.4 million increase in personnel costs during the three months ended March 31, 2014 resulting from an increase in development personnel to support product and strategic growth initiatives, and due to recent salary increases for our research and development group. We also incurred an additional $0.1 million of incentive compensation expense during the three months ended March 31, 2014, compared to the same period in the prior year, as additional development personnel became eligible for incentive compensation that is tied to expected achievement of certain internal and company-wide performance objectives.

General and Administrative. General and administrative expenses decreased approximately $0.4 million, or 16.0%, to $2.0 million for the three months ended March 31, 2014 from $2.4 million for the three months ended March 31, 2013. This decrease was primarily due to a $0.3 million decrease in severance expense from a prior year period reduction in force.

Other expense, net. During the three month periods ended March 31, 2014 and 2013, we incurred approximately $40 thousand and $0.2 million of realized currency translation losses, respectively. These losses resulted from the impact of the decreasing value of the euro in the current period and the euro and Japanese yen in the prior period, relative to the U.S. dollar, on foreign currency transactions related to short-term intercompany accounts which are settled in the normal course of business by our European and Japanese subsidiaries for which the euro and yen are the respective functional currencies.

Provision for Income Taxes. We recorded a $140 thousand income tax provision for the three months ended March 31, 2014 and a $67 thousand income tax provision for the three months ended March 31, 2013. Our tax provision recorded during both periods was primarily attributable to taxable income earned by our subsidiary in Japan and to accrual of alternative minimum tax in the United States, which cannot be offset by net operating loss carryforwards.

In jurisdictions other than the U.K. and Japan, we either generate net operating losses or occasionally utilize some of the net operating loss carryforward amounts. However, because of the cumulative accounting losses in those jurisdictions, we maintain a full valuation allowance on those losses. This results in no net income tax provision impact in those jurisdictions, other than alternative minimum tax in the United States, as of March 31, 2014.

Table of Contents

Net Income. Our net income for the three months ended March 31, 2014 was $1.1 million, or $0.12 per basic and diluted share, compared to net income for the three months ended March 31, 2013 of $0.9 million, or $0.11 per basic and diluted share.

The nine months ended March 31, 2014 compared to the nine months ended March 31, 2013

(Dollars in Thousands)	Nine Months Ended March 31, 2014	2013	$ Change	% Change
Product revenue	$34,651	$29,777	$4,874	16.4 %
Service revenue	18,662	18,743	(81)	(0.4 %)
Total revenue	53,313	48,520	4,793	9.9 %
Product cost of sales	15,701	12,439	3,262	26.2 %
Service cost of sales	7,906	7,726	180	2.3 %
Total cost of sales	23,607	20,165	3,442	17.1 %
Product gross margin	18,950	17,338	1,612	9.3 %
Service gross margin	10,756	11,017	(261)	(2.4 %)
Total gross margin	29,706	28,355	1,351	4.8 %
Operating expenses:				
Sales and marketing	10,590	10,808	(218)	(2.0 %)
Research and development	9,998	8,673	1,325	15.3 %
General and administrative	5,925	6,352	(427)	(6.7 %)
Total operating expenses	26,513	25,833	680	2.6 %
Operating income	3,193	2,522	671	26.6 %
Interest expense - net	(23)	(16)	(7)	43.8 %
Other expense	(105)	(391)	286	(73.1 %)
Income before income taxes	3,065	2,115	950	44.9 %
Provision for income taxes	160	180	(20)	(11.1 %)
Net income	$2,905	$1,935	$970	50.1 %

Product Revenue. Total product revenue for the nine months ended March 31, 2014 was $34.7 million, an increase of $4.9 million, or 16.4%, from $29.8 million for the nine months ended March 31, 2013. The increase in product revenue resulted from the $2.9 million, or 17.7%, increase in video solutions product revenue for the nine months ended March 31, 2014 compared to the same period in the prior year. The period over period increase in video product revenue resulted primarily from the $2.4 million increase in video product revenue in Europe and $0.7 million increase in video product revenue in Japan during the nine months ended March 31, 2014, compared to the same period of the prior year. Our period over period increase in European and Japanese video product revenue resulted from higher purchasing volume from our existing customers in those regions who are expanding their systems and storage capacity. Fluctuation in video product revenue is often due to the fact that we have a small number of customers making periodic large purchases that account for a significant percentage of revenue.

The increase in product revenue also resulted from the $2.0 million, or 14.8%, increase in real-time product revenue for the nine months ended March 31, 2014, compared to the same period in the prior year. The period over period increase in real-time product revenue resulted from our increasing sales volume for a number of our real-time products to customers in the United States and Europe. Specifically, we generated higher sales volume of our 1) iHawk systems and SIMulation Workbench to automotive customers, commercial technology companies, defense contractors and the U.S. government, 2) ImaGen system sales to the United States government, and 3) RedHawk Linux software sales to defense contractors during the current year period. Revenue from defense contractors and the government tend to vary by quarter and year, and are dependent upon government initiatives and funding availability.

Table of Contents

Service Revenue. Total service revenue was approximately $18.7 million for both the nine month periods ended March 31, 2014 and 2013, as we generated approximately the same levels of both video solutions service revenue and real-time service revenue in the current year period and the prior year period. During the current fiscal year, a customer that has accounted for approximately 6.7% and 6.3% of our service revenues during the current and prior periods, respectively, indicated that it will be winding down its purchase of maintenance services from us in the near future. In the event that we are not able to replace this revenue with new customer revenue and other service revenues going forward, our service revenue may be impacted in the future.

Product Gross Margin. Product gross margin was approximately $18.9 million for the nine months ended March 31, 2014, an increase of approximately $1.6 million, or 9.3%, from $17.3 million for the nine months ended March 31, 2013. Product gross margin as a percentage of product revenue decreased to 54.7% for the nine months ended March 31, 2014 from 58.2% for the nine months ended March 31, 2013. Product margins increased in terms of dollars due to the period over period increase in revenue. Product margins decreased as a percentage of product revenue during the nine months ended March 31, 2014, compared to the same period in the prior year, primarily due to the mix of customers. We typically experience lower product margins in our European market and we generated 14.0% of our product revenue from customers in Europe during the nine months ended March 31, 2014, compared with 5.6% of our product revenue during the nine months ended March 31, 2013.

Service Gross Margin. Service gross margin was approximately $10.8 million for the nine months ended March 31, 2014, a decrease of approximately $0.3 million, or 2.4%, from $11.0 million for the nine months ended March 31, 2013. Gross margin on service revenue decreased to 57.6% of service revenue for the nine months ended March 31, 2014 from 58.8% of service revenue for the nine months ended March 31, 2013. The decrease in service margin as a percentage of service revenue was primarily due to the $0.2 million, or 2.3% increase in service cost of sales during the nine months ended March 31, 2013, compared to the same period in the prior year, while generating $0.1 million less service revenue. The increase in service cost of sales resulted from additional personnel costs in the current year period to support 1) our focus on generating additional professional services revenue, and 2) the change in our customer geography and mix requiring additional support.

Sales and Marketing. Sales and marketing expenses decreased approximately $0.2 million, or 2.0% to $10.6 million for the nine months ended March 31, 2014 from $10.8 million for the nine months ended March 31, 2013. This period over period decrease was due to the $0.4 million impact of both the declining value of foreign currencies on our overseas sales expenses and decrease in overseas travel expenses. Partially offsetting these decreasing costs, we incurred an additional $0.2 million in sales personnel costs during the nine months ended March 31, 2014, compared to the same period in the prior year, due to the increase in our sales and sales support presence in Europe.

Research and Development. Research and development expenses increased approximately $1.3 million, or 15.3%, to approximately $10.0 million for the nine months ended March 31, 2014, from $8.7 million for the nine months ended March 31, 2013. This increase was due to a $1.2 million increase in personnel costs during the nine months ended March 31, 2014 resulting from an increase in development personnel to support product and strategic growth initiatives. Additionally, our research and development expenses increased due to a $0.1 million increase in incentive compensation, as additional development personnel became eligible for incentive compensation that is tied to expected achievement of certain internal and company-wide performance objectives.

General and Administrative. General and administrative expenses decreased approximately $0.4 million, or 6.7%, to $5.9 million for the nine months ended March 31, 2014 from approximately $6.3 million for the nine months ended March 31, 2013. This decrease was primarily due to a $0.3 million decrease in severance expense from a prior year period reduction in force. This decrease was also due to a $0.1 million period over period decrease in incentive compensation due to the larger difference between our expected company-wide performance and established performance goals in the current year period, relative to the prior year period.

Other expense, net. During the nine months ended March 31, 2014 and 2013, we incurred approximately $0.1 million and $0.4 million of realized currency translation losses, respectively. These losses resulted from the impact of the decreasing value of the euro and Japanese yen in both periods, relative to the U.S. dollar, on foreign currency transactions related to short-term intercompany accounts which are settled in the normal course of business by our European and Japanese subsidiaries for which the euro and yen are the respective functional currencies.

Table of Contents

Provision for Income Taxes. We recorded a $0.2 million income tax provision during both the nine months ended March 31, 2014 and 2013. Our tax provision recorded during both periods was attributable to alternative minimum tax recorded in the United States and income tax provision recorded by our subsidiary in Japan as a result of its pretax income recorded during the period. However, our current year tax provisions in the United States and Japan were partially offset on a consolidated basis by the release of all valuation allowances against our deferred tax assets in the U.K., during the first half of our fiscal year 2014. A change in U.K. tax law relative to treatment of research and development tax credits allowed us to release valuation allowances against approximately $0.2 million of deferred tax assets that we believe are now realizable as a result of the current period tax law change.

In jurisdictions other than the U.K. and Japan, we either generate net operating losses or occasionally utilize some of the net operating loss carryforward amounts. However, because of the cumulative accounting losses in those jurisdictions, we maintain a full valuation allowance on those losses as discussed below. This results in no net income tax provision impact in those jurisdictions as of March 31, 2014.

Net Income. Our net income for the nine months ended March 31, 2014 was $2.9 million or $0.33 per basic and $0.32 per diluted share, compared to net income for the nine months ended March 31, 2013 of $1.9 million, or $0.22 per basic and diluted share.

Deferred Tax Assets and Related Valuation Allowances

Realization of our deferred tax assets is dependent primarily on the generation of future taxable income. In considering the need for a valuation allowance we consider our historical, as well as, future projected operations along with other positive and negative evidence in assessing if sufficient future taxable income will be generated to use the existing deferred tax assets. The following summarizes our conclusions on the need for a valuation allowance in each jurisdiction as of March 31, 2014:

U.S.: As of March 31, 2014, we have realized a three-year cumulative accounting profit in the U.S. While the negative evidence of cumulative losses in recent years is not present at March 31, 2014, we believe that significant uncertainty continues to exist in our domestic operations as our recent improved financial performance in the U.S. has been for a limited time period. We also considered the fact that the three-year cumulative accounting profit included sales to a longtime customer that we recently lost and a non-recurring gain from the sale of certain patents. We believe that our history of expired net operating losses, our inability to carryback any net operating losses or credits, a history of inconsistent earnings, and the absence of currently available tax strategies do not provide support for our ability to realize our deferred tax assets at the present time. We believe that it is more likely than not that the benefit from our domestic deferred tax assets will not be realized. In recognition of this risk, we have provided a full valuation allowance on the deferred tax assets relating to our domestic operations as of March 31, 2014.

The amount of the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income are increased or if a more sustained profitability is achieved and additional weight may be given to subjective evidence such as our projections for growth. If the positive and negative evidence being evaluated changes and we determine we will be able to realize these deferred tax assets, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets as of March 31, 2014 will be recognized as a tax benefit in the period of reversal.

U.K. - During our fiscal year 2014, a change in U.K. tax law relative to treatment of research and development expenses allowed us to release $0.2 million of valuation allowances against deferred tax assets that we believe are now realizable as a result of the current period tax law change. We believe that in light of this law change, we will now generate sufficient taxable income to fully utilize our net deferred tax assets in the U.K.

Table of Contents
Japan – Our subsidiary in Japan has a long history of profitable operations, and we continue to project profitability in Japan for the foreseeable future. Therefore, we continue to believe that we will fully realize the net deferred tax assets in Japan, and no valuation allowance is needed.

Other Foreign Jurisdictions - We also evaluated the need for a continued full valuation allowance against our foreign deferred tax assets in other jurisdictions. We concluded that a full valuation allowance against our deferred tax assets for other foreign jurisdictions was warranted due to, among other reasons, (i) the realized cumulative accounting losses, (ii) our long history of taxable losses and (iii) our uncertainty with respect to generating future taxable income in the near term given our recently completed projections and other inherent uncertainties in our business.

Each quarter, we assess the total weight of positive and negative evidence and evaluate whether release of all or any portion of the valuation allowance is appropriate. Should we come to the conclusion that a release of our valuation allowances is required, there would be a significant increase in net income and earnings per share in the period of release due to the impact on the tax rate.

Liquidity and Capital Resources

Our liquidity is dependent upon many factors, including sales volume, product and service costs, operating results and the efficiency of asset use and turnover. Our future liquidity will be affected by, among other things:

- our reliance on a small customer base, typically represented by a small number of large, concentrated orders (three customers accounted for 35% of our revenue for the nine months ended March 31, 2014, and three customers accounted for 32% of our revenue for the nine months ended March 31, 2013);

- the rate of growth or decline or change in market, if any, of video solutions market expansions and the pace that video service companies implement, upgrade or replace video solutions technology;

- the impact of the global economic conditions on our business and our customers, including European Union austerity measures;

- the impact of U.S. government sequestration on our business and our customers;

- the rate of growth or decline, if any, of deployment of our real-time products;

- the actual versus anticipated decline in revenue from maintenance and product sales of real-time proprietary systems;

- our future access to capital;

- our ability to manage expenses consistent with the rate of growth or decline in our markets;

- ongoing cost control actions and expenses, including capital expenditures;

- the margins on our product and service sales;

- timing of product shipments, which typically occur during the last month of the quarter;

- the percentage of sales derived from outside the United States where there are generally longer accounts receivable collection cycles;

-

the number of countries in which we operate, which may require maintenance of minimum cash levels in each country and, in certain cases, may restrict the repatriation of cash, by requiring us to maintain levels of capital;

- the rate of growth or decline, if any, of sales to the government and government related entities; and

- the use of cash to pay quarterly and special dividends.

Table of Contents

Uses and Sources of Cash

We used $0.6 million and generated $0.4 million of cash from operating activities during the nine months ended March 31, 2014 and March 31, 2013, respectively. Operating cash outflows during the nine months ended March 31, 2014 were primarily attributable to the timing of accounts receivable collection during the period, as our most recent quarter's sales were heavily weighted toward delivery that occurred during the last few weeks of the quarter. Additionally, current period operating cash outflows resulted from timing of inventory purchases for upcoming customer shipments, relative to time of inventory purchases as of March 31 of the prior year. Also, in the current period, the timing of advance billing for customer maintenance arrangements resulted in lower operating cash flows from deferred revenue activities, relative to the prior year. Our operating cash inflows during the nine months ended March 31, 2013 were generated by operating profits during those periods.

We invested $1.3 million and $0.8 million in property, plant and equipment during the nine months ended March 31, 2014 and 2013, respectively. Capital additions during each of these periods were primarily related to: 1) facilities improvements, 2) development and test equipment for our development group, and 3) demonstration systems used by our sales and marketing group. We expect capital additions to continue at a similar quarterly rate during the remainder of our fiscal year.

During the nine months ended March 31, 2014, our Board of Directors approved three quarterly cash dividends of $0.12 per share. The first dividend was paid on September 30, 2013 to all stockholders of record as of September 16, 2013, aggregating $1.1 million. We also paid an additional $0.1 million of dividends that had been held as dividends payable from previous declarations to restricted shareholders for whom restrictions lapsed during the six months ended December 31, 2013. The second dividend was paid on December 27, 2013 to all stockholders of record as of December 13, 2013, aggregating $1.1 million. The third dividend was paid on March 28, 2014 to all stockholders of record as of March 14, 2014, aggregating $1.1 million. We intend to pay a regular quarterly cash dividend on our common shares subject to, among other things, our results of operations, cash balances, future cash requirements, financial condition, statutory requirements of Delaware law, and other factors that the Board of Directors may deem relevant.

We paid $0.1 million for the repurchase and retirement of shares to settle minimum tax withholdings for employees whose restricted stock awards released during the nine months ended March 31, 2014. This tax settlement method was limited to a short period of time and we do not anticipate any additional repurchases of stock for this purpose.

Our credit line with Silicon Valley Bank expired on December 31, 2013. We have not drawn against the Revolver in the past three years and therefore allowed it to expire. We are no longer subject to any covenants as of December 31, 2013.

At March 31, 2014, we had working capital (current assets less current liabilities) of $27.8 million, including cash and cash equivalents of approximately $22.5 million, and had no material commitments for capital expenditures. At June 30, 2013, we had working capital of $27.7 million, including cash and cash equivalents of approximately $27.9 million. We are currently evaluating whether or not to enter into a new credit arrangement, but based upon our existing cash balances, historical cash usage, and anticipated operating cash flow in the near term, we believe that existing cash balances will be sufficient to meet our anticipated working capital, capital expenditure requirements and any dividend payments for at least the next twelve months.

Off-Balance Sheet Arrangements

We provide indemnifications of varying scope and size to certain customers against claims of intellectual property infringement made by third parties arising from the use of our products and certain other matters. In evaluating estimated losses on these indemnifications, we consider factors such as the degree of probability of an unfavorable outcome and our ability to make a reasonable estimate of the amount of loss. These obligations did not have a material impact on our financial statements during the periods presented. See footnote 12 to the Condensed Consolidated Financial Statements for the additional disclosures regarding indemnification.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this quarterly report may constitute “forward-looking statements” within the meaning of the federal securities laws. When used or incorporated by reference in this report, the words “believes,” “expects,” “estimates,” “anticipates,” and similar expressions, are intended to identify forward-looking statements. Statements regarding future events and developments, our future performance, market share, new market growth, payment of dividends, ability to utilize our net deferred tax assets, and availability of earnings and profits with respect to dividend income, as well as our expectations, beliefs, plans, estimates, or projections relating to the future, are forward-looking statements within the meaning of these laws. Examples of our forward-looking statements in this report include, but are not limited to, the impact of our video solutions strategy on our business, anticipated managed service revenue and cost of sales from our MDI sales, expected level of capital additions, the expected impact of reductions in force on our results of operations, downturn, the expected timing of revenue recognition for MDI sales, our expected cash position, the impact of interest rate changes and fluctuation in currency exchange rates, our sufficiency of cash, the impact of litigation and the payment of dividends. These statements are based on beliefs and assumptions of our management, which are based on currently available information. All forward-looking statements are subject to certain risks and uncertainties that could cause actual events to differ materially from those projected. The risks and uncertainties which could affect our financial condition or results of operations include, without limitation: the potential consolidation of the markets that we serve, United States government sequestration; European austerity measures; delays or cancellations of customer orders; changes in product demand; economic conditions; various inventory risks due to changes in market conditions; margins of video business to capture new business; fluctuations and timing of large video orders; doing business in the People’s Republic of China; uncertainties relating to the development and ownership of intellectual property; uncertainties relating to our ability and the ability of other companies to enforce their intellectual property rights; the pricing and availability of equipment, materials and inventories; the concentration of our customers; failure to effectively manage change; delays in testing and introductions of new products; the impact of reductions in force on our operations; rapid technology changes; system errors or failures; reliance on a limited number of suppliers and failure of components provided by those suppliers; uncertainties associated with international business activities, including foreign regulations, trade controls, taxes, and currency fluctuations; the impact of competition on the pricing of video solutions products; failure to effectively service the installed base; the entry of new well-capitalized competitors into our markets; the success of new video solutions; the success of our relationships with technology and channel partners; capital spending patterns by a limited customer base; the current challenging macro-economic environment; continuing unevenness of the global economic recovery; privacy concerns over data collection; earthquakes, tsunamis, floods and other natural disasters in areas in which our customers and suppliers operate; and the availability of debt or equity financing to support our liquidity needs.

Other important risk factors are discussed in Part II, Item 1A. of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, and in Part I, Item 1A. of our Annual Report on Form 10-K for the fiscal year ended June 30, 2013.

Our forward-looking statements are based on current expectations and speak only as of the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates and foreign currency exchange rates. We are exposed to the impact of interest rate changes on our short-term cash investments. We conduct business in the United States and around the world. Our most significant foreign currency transaction exposure relates to the United Kingdom, certain European countries that use the euro as a common currency, and Japan. We do not hedge against fluctuations in exchange rates.

25

Table of Contents

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures; Changes in Internal Control Over Financial Reporting

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2014. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Currently, management has concluded that the design of the controls to remediate the material weakness identified as of June 30, 2013 is appropriate as of March 31, 2014. However, full remediation of the previous material weakness cannot be determined as of March 31, 2014 as implementation and operating effectiveness of the redesigned controls cannot be evaluated and tested until the end of the fiscal year due to the annual nature of these controls.

Previously Reported Material Weakness

Our management concluded that our internal control over financial reporting was ineffective as of June 30, 2013 because a material weakness existed in our internal control over financial reporting related to the preparation and review of our consolidated statements of cash flows. Specifically, we initially had an error related to our determination of the cash flow classification of the proceeds from the one-time intellectual property sale that occurred in June 2013. As the error was corrected prior to any public disclosure or filing of our results for the year ended June 30, 2013, there was no misstatement in our financial statements that were included in our previously filed Form 10-K. In response to the material weakness in internal controls described above, during the nine months ended March 31, 2014, we began to include as part of our financial reporting review process, a thorough examination of the financial reporting impact of new and unusual transactions or accounting issues on all of our financial statements, as well as implementing additional review procedures over our statements of cash flows. Though management is still evaluating the design of these new procedures, we believe that our improved processes and procedures will assist in the remediation of the material weakness. Once placed in operation for a sufficient period of time, we will subject these procedures to appropriate tests, in order to determine whether they are operating effectively.

Changes in Internal Controls

Except for the changes in internal controls to remediate the material weakness noted above, there were no changes to our internal controls over financial reporting during the quarter ended March 31, 2014 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

We are not presently involved in any material litigation. However, we are, from time to time, party to various routine legal proceedings arising out of our business. See footnote 12 to our Condensed Consolidated Financial Statements for additional information about legal proceedings.

Item 1A. Risk Factors

Additional risk factors are discussed in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended June 30, 2013 and in Part II, Item 1A. of our Quarterly Report on Form 10-Q for the three months ended September 30, 2013. There have been no material changes to our risk factors as previously disclosed.

Table of Contents

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant's Registration Statement on Form S-2 (No. 33-62440)).
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Proxy on Form DEFR14A filed on June 2, 2008).
3.3	Certificate of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Current Report on Form 8-K filed on June 30, 2011).
3.4	Amended and Restated Bylaws of the Registrant (incorporated by reference to the Registrant’s Current Report on Form 8-K filed on September 9, 2011).
3.5	Certificate of Correction to Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 30, 2002).
3.6	Amended Certificate of Designations of Series A Participating Cumulative Preferred Stock (incorporated by reference to the Form 8-A/A, dated August 9, 2002).
3.7	Amendment to Amended Certificate of Designations of Series A Participating Cumulative Preferred Stock (incorporated by reference to the Form 8-A/A, dated August 9, 2002).
4.1	Form of Common Stock Certificate (incorporated by reference to the Registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2003).
4.2	Form of Rights Certificate (incorporated by reference to the Registrant’s Current Report on Form 8-K/A filed on August 12, 2002).
4.3	Amended and Restated Rights Agreement dated as of August 7, 2002 between the Registrant and American Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to the Registrant’s Current Report on Form 8-K/A filed on August 12, 2002).
11.1*	Statement Regarding Computation of Per Share Earnings.

31.1**	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

101.INS XBRL Instance Document.

101.SCH XBRL Schema Document.

101.CAL XBRL Calculation Linkbase Document.

101.DEF XBRL Definition Linkbase Document.

101.LAB XBRL Labels Linkbase Document.

101.PRE XBRL Presentation Linkbase Document.

* Required earnings per share data is provided in the Notes to the condensed consolidated financial statements in this report.

** Filed herewith.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 29, 2014 CONCURRENT COMPUTER CORPORATION

By: /s/ Emory O. Berry
Emory O. Berry
Chief Financial Officer and Executive Vice President of Operations
(Principal Financial and Accounting Officer)

Table of Contents

Exhibit Index

3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant's Registration Statement on Form S-2 (No. 33-62440)).
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Proxy on Form DEFR14A filed on June 2, 2008).
3.3	Certificate of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Current Report on Form 8-K filed on June 30, 2011).
3.4	Amended and Restated Bylaws of the Registrant (incorporated by reference to the Registrant’s Current Report on Form 8-K filed on September 9, 2011).
3.5	Certificate of Correction to Restated Certificate of Incorporation of the Registrant (incorporated by reference to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 30, 2002).
3.6	Amended Certificate of Designations of Series A Participating Cumulative Preferred Stock (incorporated by reference to the Form 8-A/A, dated August 9, 2002).
3.7	Amendment to Amended Certificate of Designations of Series A Participating Cumulative Preferred Stock (incorporated by reference to the Form 8-A/A, dated August 9, 2002).
4.1	Form of Common Stock Certificate (incorporated by reference to the Registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2003).
4.2	Form of Rights Certificate (incorporated by reference to the Registrant’s Current Report on Form 8-K/A filed on August 12, 2002).
4.3	Amended and Restated Rights Agreement dated as of August 7, 2002 between the Registrant and American Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to the Registrant’s Current Report on Form 8-K/A filed on August 12, 2002).
11.1*	Statement Regarding Computation of Per Share Earnings.
31.1**	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.

101.DEF XBRL Definition Linkbase Document.

101.LAB XBRL Labels Linkbase Document.

101.PRE XBRL Presentation Linkbase Document.

* Required earnings per share data is provided in the Notes to the condensed consolidated financial statements in this report.

** Filed herewith.