

CONCURRENT COMPUTER CORP/DE
Form 10-Q
April 30, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2015

or

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 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 No

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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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding as of April 21, 2015 was 9,442,494.

Concurrent Computer Corporation
Form 10-Q
For the Three and Nine Months Ended March 31, 2015

Table of Contents

	Page
<u>Part I – Financial Information</u>	
Item 1. <u>Condensed Consolidated Financial Statements</u>	2
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	2
<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</u>	5
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
Item 4. <u>Controls and Procedures</u>	28
<u>Part II – Other Information</u>	
Item 1. <u>Legal Proceedings</u>	29
Item 1A. <u>Risk Factors</u>	29
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
Item 3. <u>Defaults Upon Senior Securities</u>	29
Item 4. <u>Mine Safety Disclosures</u>	29
Item 5. <u>Other Information</u>	30
Item 6. <u>Exhibits</u>	30

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, 2015 (Unaudited)	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,826	\$28,074
Accounts receivable, net of allowance for doubtful accounts of \$54 at March 31, 2015 and \$78 at June 30, 2014	12,402	11,355
Inventories	3,946	3,272
Deferred income taxes - current, net	1,354	1,458
Prepaid expenses and other current assets	799	804
Total current assets	45,327	44,963
Property, plant and equipment, net	2,411	2,168
Intangible assets, net	367	476
Deferred income taxes, net	12,927	13,231
Other long-term assets	1,312	1,548
Total assets	\$ 62,344	\$62,386
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,098	\$7,591
Deferred revenue	10,049	7,441
Total current liabilities	17,147	15,032
Long-term liabilities:		
Deferred revenue	1,929	1,400
Pension liability	2,867	3,566
Other	1,677	1,934
Total liabilities	23,620	21,932
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Shares of series preferred stock, par value \$.01; 1,250,000 authorized; none issued	-	-
Shares of class A preferred stock, par value \$100; 20,000 authorized; none issued	-	-
Shares of common stock, par value \$.01; 14,000,000 authorized; 9,134,043 and 8,996,655 issued and outstanding at March 31, 2015 and June 30, 2014	91	90
Capital in excess of par value	210,353	209,711
Accumulated deficit	(171,715)	(169,001)
Treasury stock, at cost; 37,788 shares	(255)	(255)
Accumulated other comprehensive income	250	(91)

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Total stockholders' equity	38,724	40,454
Total liabilities and stockholders' equity	\$ 62,344	\$62,386

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

2

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,	
	2015	2014	2015	2014
Revenues:				
Product	\$11,327	\$12,197	\$34,881	\$34,651
Service	5,783	6,081	15,765	18,662
Total revenues	17,110	18,278	50,646	53,313
Cost of sales:				
Product	4,578	5,495	14,897	15,701
Service	2,447	2,535	7,159	7,906
Total cost of sales	7,025	8,030	22,056	23,607
Gross margin	10,085	10,248	28,590	29,706
Operating expenses:				
Sales and marketing	3,410	3,595	10,889	10,590
Research and development	3,484	3,409	10,164	9,998
General and administrative	1,729	1,984	6,173	5,925
Gain on sale of IPv4 addresses, net	-	-	(339)	-
Total operating expenses	8,623	8,988	26,887	26,513
Operating income	1,462	1,260	1,703	3,193
Interest income	2	2	7	18
Interest expense	-	(9)	-	(41)
Other expense, net	(1)	(31)	(377)	(105)
Income before income taxes	1,463	1,222	1,333	3,065
Provision for income taxes	679	140	733	160
Net income	\$784	\$1,082	\$600	\$2,905
Net income per share				
Basic	\$0.09	\$0.12	\$0.07	\$0.33
Diluted	\$0.09	\$0.12	\$0.07	\$0.32
Weighted average shares outstanding - basic	9,096	8,944	9,058	8,897
Weighted average shares outstanding - diluted	9,143	9,090	9,141	9,074
Cash dividends declared per common share	\$0.12	\$0.12	\$0.36	\$0.36

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 (Unaudited)

(In Thousands)

	Three Months		Nine Months	
	Ended		Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net income	\$784	\$1,082	\$600	\$2,905
Other comprehensive income:				
Foreign currency translation adjustment	210	31	311	(114)
Pension and post-retirement benefits, net of tax	10	5	30	15
Other comprehensive income (loss)	220	36	341	(99)
Comprehensive income	\$1,004	\$1,118	\$941	\$2,806

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 (Unaudited)

(Dollars In Thousands)

For the Nine Month Period Ended March 31, 2015

	Common Stock			Accumulated Other Comp. Income	Treasury Stock			
	Shares	Par Value	Capital in Excess of Par Value		Shares	Cost	Total	
Balance at June 30, 2014	8,996,655	\$ 90	\$209,711	\$ (169,001)	\$ (91)	(37,788)	\$(255)	\$40,454
Comprehensive income:								
Net income				600				600
Foreign currency translation adj					311			311
Pension plan					30			30
Total Comprehensive income								941
Dividends declared				(3,382)				(3,382)
Dividends forfeited with restricted stock forfeitures				68				68
Restricted stock compensation expensed			643					643
Lapse of restriction on restricted stock	137,388	1	(1)					-
Balance at March 31, 2015	9,134,043	\$ 91	\$210,353	\$ (171,715)	\$ 250	(37,788)	\$(255)	\$38,724

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, 2015 2014	
Cash flows provided by (used in) operating activities:		
Net income	\$ 600	\$ 2,905
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,317	1,574
Gain on sale of IPv4 addresses, net	(339)	-
Share-based compensation	643	883
Inventory provision	549	254
Other non-cash expenses	713	(32)
Decrease (increase) in assets:		
Accounts receivable	(1,906)	(7,484)
Inventories	(927)	(798)
Prepaid expenses and other current assets, net	(44)	879
Other long-term assets, net	(373)	(476)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses, net	(287)	1,545
Deferred revenue	3,439	(557)
Long-term liabilities, net	100	225
Net cash provided by (used in) operating activities	3,485	(1,082)
Cash flows (used in) provided by investing activities:		
Additions to property and equipment	(1,505)	(847)
Proceeds from sale of IPv4 addresses	339	-
Net cash used in investing activities	(1,166)	(847)
Cash flows used in financing activities:		
Dividends paid	(3,404)	(3,378)
Repurchase of shares to satisfy tax withholdings	-	(136)
Net cash used in financing activities	(3,404)	(3,514)
Effect of exchange rates on cash and cash equivalents	(163)	(32)
Decrease in cash and cash equivalents	(1,248)	(5,475)
Cash and cash equivalents - beginning of year	28,074	27,927
Cash and cash equivalents - end of year	\$ 26,826	\$ 22,452
Cash paid during the period for:		
Interest	\$ 6	\$ 22
Income taxes (net of refunds)	\$ 562	\$ (136)

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, 2014.

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, 2014. 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.

Smaller Reporting Company

We meet the Securities and Exchange Commission's ("SEC's") definition of a "Smaller Reporting Company," and therefore qualify for the SEC's reduced disclosure requirements for smaller reporting companies.

Immaterial Restatement of Previously Issued Financial Statements

Subsequent to the issuance of our fiscal year 2014 Consolidated Financial Statements, we identified an error in the Consolidated Statement of Cash Flows relating to the presentation of spare parts purchases used to support our obligations under customer contracts. Cash outflows of \$444,000 for the nine months ended March 31, 2014 were improperly classified as investing rather than as operating activities in the Consolidated Statements of Cash Flows. We have evaluated the effects of these misstatements for each of these periods and concluded that none of these periods are materially misstated. Notwithstanding, we have corrected the accompanying cash flow presentation for the nine months ended March 31, 2014 and will correct the applicable comparable prior periods in our future filings.

The impact of this error on our previously issued Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2014 is presented below (in thousands):

Consolidated Statements of Cash
Flows
for the nine months ended March
31, 2014

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	As		As
	Previously	Adjustments	Restated
	Reported		
Depreciation and amortization	\$1,795	\$ (221)	\$ 1,574
Inventory provision	33	221	254
Other long-term assets, net	(32)	(444)	(476)
Net cash used in operating activities	\$(638)	\$ (444)	\$(1,082)
Additions to property and equipment	\$(1,291)	\$ 444	\$(847)
Net cash used in investing activities	\$(1,291)	\$ 444	\$(847)

7

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

Additionally, and in connection with the correction noted above, we have reclassified \$913,000 of non-current spare parts from property and equipment, net on our June 30, 2014 balance sheet, to other long-term assets to conform to the March 31, 2015 presentation. Related depreciation is included in cost of sales in our income statement.

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, 2014, we had U.S. federal net operating loss carryforwards of approximately \$94.4 million for income tax purposes, of which none expire in fiscal year 2015, and the remainder expire at various dates through 2034. 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, 2014.

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 and 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, 2015:

U.S. - As of June 30, 2014, we had realized a three-year cumulative accounting profit in the U.S. adjusted for permanent differences and other non-recurring events, including the 2013 gain on the sale of certain patents, and adjusting for the loss of a long time customer. This three-year period is the standard period by which we initially assess each jurisdiction and is strong objective evidence, whether positive or negative, to be considered in the release or recording of any valuation allowance. In determining whether or not to release valuation allowance for the U.S. jurisdiction we considered positive evidence including the three year cumulative accounting profit, current projections of future profitability, lack of any significant claims or loss contingencies, and positive cash from operations. Negative evidence considered includes significant volatility in our operations, history of NOLs expiring unused, concentration of our customer base including the risk of global consolidation in the cable industry, and the loss of a long-time customer in the current year. Based on our analysis of both positive and negative evidence, we concluded during the fourth quarter of our fiscal year 2014 that it is now more likely than not that we will realize a portion of our U.S. deferred tax asset, as the positive objective evidence, including the three-year cumulative accounting gain, outweighed the negative subjective evidence of customer concentration and volatility in our business. As of March 31, 2015, we have not experienced a material change in our business or significant event that would change the conclusion we reached as of June 30, 2014. Results materially different from our current expectations on an ongoing basis, or significant events such as the acquisition or loss of a major customer, or the change in buying habits of our customers, could result in future additional change in the valuation allowance. We will continue to evaluate our assumptions each quarter regarding the need for a change in our valuation allowance and will make appropriate adjustments as necessary.

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 \$214,000 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.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

Hong Kong - In prior periods, we have demonstrated both the intent and ability to remain permanently reinvested in our foreign subsidiaries. We evaluate and document this assertion each quarter. This has allowed us to utilize the indefinite reversal exception of ASC 740-30-25-18, which provides an exception to the recognition of any outside basis differences in our investment in foreign subsidiaries. The most common example of an outside basis difference is undistributed earnings of foreign subsidiaries. During the second quarter of 2014, we began to reevaluate the long-term sustainability of our Hong Kong subsidiary. While we have not reached any conclusions as of March 31, 2015, we no longer believe that we can positively assert that we will remain permanently reinvested in Hong Kong. As such, we concluded that a full valuation allowance against our Hong Kong subsidiary's deferred tax assets continues to be warranted. ASC 740-30-25-19 requires that if circumstances change and it becomes apparent that some or all of the undistributed earnings of a subsidiary will be remitted in the foreseeable future but income taxes have not been recognized by the parent entity, the parent entity shall accrue as an expense of the current period any income taxes attributable to that remittance. We have reviewed the potential impact of the repatriation of the Hong Kong subsidiary's earnings to the U.S. Due to significant net operating losses generated over the years by that subsidiary, we do not believe that there will be any material income taxes attributable to any remittance of earnings from the Hong Kong subsidiary.

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, or that additional valuation allowance is required, there could be a significant increase or decrease in net income and earnings per share in the period of release, or the additional valuation allowance, due to the impact on the tax rate.

We recorded an income tax provision of \$679,000 and \$733,000 during the three and nine months ended March 31, 2015, respectively. For both the three and nine months ended March 31, 2015, our income tax provision was primarily due to taxable income in the U.S., Japan, and the United Kingdom. Our U.S. tax provision is comprised primarily of non-cash deferred income tax expense; any U.S. tax provision is expected to primarily impact our net operating losses which will offset most cash taxes that would otherwise be owed.

Recently Issued Accounting Pronouncements

Adopted

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 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 guidance was effective for us beginning July 1, 2014 and did not have a material impact on our financial statements.

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. The guidance was effective for us beginning July 1, 2014 and did not have any impact on our financial statements, as there were no net operating loss carryforwards attributable to any of our uncertain tax positions.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

To Be Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards, the FASB issued a new standard related to revenue recognition. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will be effective for us beginning July 1, 2017 and early adoption is not permitted. We anticipate this standard may have a material impact, and we are currently evaluating the impact this standard will have on our consolidated financial statements.

On August 27, 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern; which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim period and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if “conditions or events raise substantial doubt about the entity’s ability to continue as a going concern.” The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. We do not expect this guidance to have a material impact on our financial statements or disclosures.

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 systems 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 a perpetual license, a term license, or software as a service. Customers also have the option to purchase maintenance or managed services with their license. 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 maintenance or 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 service period, because we do not have vendor specific objective evidence (“VSOE”) for our term licenses, maintenance, or managed services for MDI solutions.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

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.

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 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 and array of available configurations, 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 solutions 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 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:

11

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

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.

Our financial assets as of both March 31, 2015 and June 30, 2014 consisted of cash and money market funds. Our money market funds are highly liquid and have a maturity of three months or less, and as such are considered cash equivalents. Our cash and money market funds are both Level 1 assets and we had no other financial assets as of both March 31, 2015 and June 30, 2014.

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 128,000 and 106,000 for the three months ended March 31, 2015 and 2014, respectively, were excluded from the calculation as their effect was antidilutive. Common share equivalents of 100,000 and 112,000 for the nine months ended March 31, 2015 and 2014, 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, 2015		Nine Months Ended March 31, 2014	
Basic and diluted earnings per share (EPS) calculation:				
Net income	\$784	\$1,082	\$600	\$2,905
Basic weighted average number of shares outstanding	9,096	8,944	9,058	8,897
Effect of dilutive securities:				
Restricted stock	45	129	80	164
Stock options	2	17	3	13
Diluted weighted average number of shares outstanding	9,143	9,090	9,141	9,074
Basic EPS	\$0.09	\$0.12	\$0.07	\$0.33
Diluted EPS	\$0.09	\$0.12	\$0.07	\$0.32

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Share-Based Compensation

As of March 31, 2015, 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, 2014. We recognize stock compensation expense over the requisite service period of the individual grantees, which generally equals the vesting period. As of March 31, 2015, we had 114,198 stock options outstanding and 346,239 restricted shares outstanding. No stock options were granted or exercised during the nine months ended March 31, 2015, and 69,119 options expired or were forfeited during the nine months ended March 31, 2015. A summary of the activity of our time-based, service condition restricted shares during the nine months ended March 31, 2015, is presented below:

Restricted Stock Awards	Shares	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2014	183,634	\$ 6.08
Granted	255,000	7.03
Vested	(86,096)	6.31
Forfeited	(32,186)	6.18
Non-vested at March 31, 2015	320,352	\$ 6.77

During the nine months ended March 31, 2015, we released restrictions on 51,293 previously granted performance-based restricted shares, due to the achievement of performance goals attributable to our fiscal year 2014 financial results. A summary of the activity of our performance based restricted shares during the nine months ended March 31, 2015, is presented below:

Performance Stock Awards	Shares	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2014	115,912	\$ 5.59
Granted	-	-
Vested	(51,293)	5.30
Forfeited	(38,732)	5.82
Non-vested at March 31, 2015	25,887	\$ 5.84

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

Three Months	Nine Months Ended
-----------------	----------------------

	Ended		March 31,	
	March 31,		March 31,	
	2015	2014	2015	2014
Share-based compensation expense included in the Statement of Operations:				
Cost of sales	\$13	\$15	\$40	\$43
Sales and marketing	9	43	81	133
Research and development	24	42	75	118
General and administrative	186	154	447	589
Total	\$232	\$254	\$643	\$883

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

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, 2015	June 30, 2014
Raw materials	\$2,254	\$1,265
Work-in-process	252	319
Finished goods	1,440	1,688
Total inventory	\$3,946	\$3,272

6. Other Intangible Assets

Intangible assets consist of the following (in thousands):

	March 31, 2015	June 30, 2014
Cost of amortizable intangibles:		
Purchased technology	\$7,700	\$7,700
Customer relationships	1,900	1,900
Patents	129	101
Total cost of intangibles	9,729	9,701
Less accumulated amortization:		
Purchased technology	(7,700)	(7,700)
Customer relationships	(1,636)	(1,506)
Patents	(26)	(19)
Total accumulated amortization	(9,362)	(9,225)
Total intangible assets, net	\$367	\$476

Amortization expense was \$137,000 and \$337,000 for the nine months ended March 31, 2015 and 2014, respectively.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Accounts Payable and Accrued Expenses

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

	March 31, 2015	June 30, 2014
Accounts payable, trade	\$2,685	\$1,838
Accrued payroll, vacation, severance and other employee expenses	2,824	4,331
Accrued income taxes	62	221
Dividend payable	107	67
Other accrued expenses	1,420	1,134
Total accounts payable and accrued expenses	\$7,098	\$7,591

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,	
	2015	2014	2015	2014
United States	\$9,396	\$11,647	\$28,645	\$33,392
Canada	1,544	457	3,485	2,715
Total North America	10,940	12,104	32,130	36,107
Japan	4,622	2,517	9,887	7,970
Other Asia Pacific countries	285	365	1,230	2,557
Total Asia Pacific	4,907	2,882	11,117	10,527
Europe	1,260	3,183	7,390	6,570
South America	3	109	9	109
Total revenue	\$17,110	\$18,278	\$50,646	\$53,313

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	Nine Months Ended March 31,
--------------------------	-----------------------------------

March 31,
2015 2014 2015 2014

Customer A	<10%	25%	10%	14%
Customer B	16%	<10%	10%	<10%
Customer C	<10%	<10%	<10%	15%

15

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

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, 2015	June 30, 2014
Customer D	14%	<10%
Customer E	<10%	15%
Customer F	<10%	12%
Customer G	<10%	11%

There were no other customers representing 10% or more of our trade receivables at March 31, 2015 and June 30, 2014.

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, 2015	2014	Nine Months Ended March 31, 2015	2014
Vendor A	26%	15%	21%	19%
Vendor B	23%	<10%	20%	<10%
Vendor C	21%	37%	17%	25%

9. 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, 2015 and 2014 (in thousands):

	Three Months Ended March 31, 2015		Nine Months Ended March 31, 2014	
Service cost	\$-	\$-	\$-	\$-
Interest cost	30	44	97	130
Expected return on plan assets	(13)	(16)	(44)	(46)
Amortization of net (gain) loss	9	4	31	14
Net periodic benefit cost	\$26	\$32	\$84	\$98

We contributed \$5,000 and \$16,000 to our German subsidiary's defined benefit pension plan during the three and nine months ended March 31, 2015, respectively, and expect to make additional, similar, quarterly contributions during the

remaining quarters of our fiscal year 2015. 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.

We maintain a U.S. employee retirement savings plan that qualifies as a defined contribution plan under Section 401(k) of the Code. We match 50% of the first 5% of the employee's annual salary invested by the employee in the 401(k) plan. We contributed \$118,000 and \$339,000 in matching funds to the 401(k) plan during the three and nine months ended March 31, 2015, respectively. 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 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 \$15,000 and \$44,000 to the Stakeholder Plan during the three and nine months ended March 31, 2015, respectively. We contributed \$18,000 and \$52,000 to the Stakeholder Plan during the three and nine months ended March 31, 2014, respectively.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Dividends

During the nine months ended March 31, 2015, our Board of Directors approved three quarterly cash dividends. The following summarizes our dividend activity during the nine months ended March 31, 2015:

Record Date	Payment Date	Type	Dividend Per Share	Total
September 15, 2014	September 29, 2014	Quarterly	\$0.12	\$1,112,000
December 16, 2014	December 30, 2014	Quarterly	\$0.12	\$1,137,000
March 16, 2015	March 30, 2015	Quarterly	\$0.12	\$1,133,000
Total				\$3,382,000

As of March 31, 2015, we have \$194,000 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, 2015. 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 \$107,000 and \$87,000, 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. As 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.

11. Sale of IPv4 addresses

During the nine months ended March 31, 2015, we sold a block of non-strategic IPv4 addresses to a single buyer. This block of IPv4 addresses, which was recorded at \$0 book value, has not been a material part of our ongoing operations. Our \$339,000 gain on the sale of these addresses is net of broker fees incurred to consummate the transaction. We recorded the transaction as a "gain on sale of IPv4 addresses, net" as part of operating expenses within our Statement of Operations.

Table of Contents

CONCURRENT COMPUTER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

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
Constellation Technologies, LLC	U.S. District Court Eastern District of Texas	U.S. Patent Nos. 6,128,649, 6,901,048, 7,154,879 and 6,845,389
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
Broadband iTV, Inc.	U.S. District Court of Hawaii	U.S. Patent No. 7,361,336

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.

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, as well as incremental medical costs. Additionally, if terminated, our CEO and CFO may be entitled to bonuses during the severance period. At March 31, 2015, the maximum contingent liability under these and other executives' agreements is \$1,854,000. Our employment

agreements with certain of our employees contain certain offset provisions, as defined in their respective agreements.

18

Table of Contents

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, 2014. 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.

Recent Events

On November 18, 2014, our Board of Directors appointed Derek Elder as our President and Chief Executive Officer, effective immediately upon the November 21, 2014 departure of Dan Mondor, our former President and Chief Executive Officer. Mr. Elder will also serve as a director of the Company. Mr. Elder most recently served as Senior Vice President and General Manager of the DOCSIS & Multiservice Gateway business unit at ARRIS Group, Inc. ("ARRIS") since April 2013. He has also held a number of other leadership positions at ARRIS in sales, product management and marketing during his ten-year tenure, including serving as Senior Vice President & General Manager, Touchstone Broadband CPE Division from March 2011 to April 2013, Senior Vice President, Product Management & Marketing from May 2008 to May 2011 and Senior Vice President, North American Sales prior thereto. Prior to ARRIS, Mr. Elder was a technology and business leader at Tropic Networks, Cisco Systems and Narad Networks, Inc.

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, 2014 filed with the SEC on August 27, 2014.

Table of Contents

Results of Operations

The three months ended March 31, 2015 compared to the three months ended March 31, 2014

(Dollars in Thousands)	Three Months Ended March 31,		\$		%	
	2015	2014	Change		Change	
Product revenue	\$ 11,327	\$ 12,197	\$(870)		(7.1)	%
Service revenue	5,783	6,081	(298)		(4.9)	%
Total revenue	17,110	18,278	(1,168)		(6.4)	%
Product cost of sales	4,578	5,495	(917)		(16.7)	%
Service cost of sales	2,447	2,535	(88)		(3.5)	%
Total cost of sales	7,025	8,030	(1,005)		(12.5)	%
Product gross margin	6,749	6,702	47		0.7	%
Service gross margin	3,336	3,546	(210)		(5.9)	%
Total gross margin	10,085	10,248	(163)		(1.6)	%
Operating expenses:						
Sales and marketing	3,410	3,595	(185)		(5.1)	%
Research and development	3,484	3,409	75		2.2	%
General and administrative	1,729	1,984	(255)		(12.9)	%
Total operating expenses	8,623	8,988	(365)		(4.1)	%
Operating income	1,462	1,260	202		16.0	%
Interest income (expense), net	2	(7)	9		NM	(1)
Other expense, net	(1)	(31)	30		(96.8)	%
Income before income taxes	1,463	1,222	241		19.7	%
Provision for income taxes	679	140	539		385.0	%
Net income	\$ 784	\$ 1,082	\$(298)		(27.5)	%

(1)NM denotes percentage is not meaningful

Product Revenue. Total product revenue for the three months ended March 31, 2015 was \$11.3 million, a decrease of approximately \$0.9 million, or 7.1%, from \$12.2 million for the three months ended March 31, 2014. The decrease in product revenue resulted from the \$1.2 million, or 24.7% decrease in our real time product revenue for the three months ended March 31, 2015, compared to the same period in the prior year. The period over period decrease in real time product revenue resulted from a \$1.2 million decrease in iHawk product revenue in the United States. While we have experienced an increase in the number of total real time product orders from customers in the current year period, relative to the prior year, our current period orders are comprised of smaller sized orders, particularly from our customers in the U.S. defense and aerospace industry.

Partially offsetting our decrease in real time product revenue, our video solutions product revenue increased approximately \$0.3 million, or 5.0%, for the three months ended March 31, 2015, compared to the same period in the prior year. Video solutions product revenue resulted from \$1.3 million of incremental video solutions systems revenue in our Asia/Pacific region is primarily due to additional system purchases from our largest Japanese video solutions customer during the three months ended March 31, 2015. Our North American video solutions product revenue also increased by \$0.7 million during the three months ended March 31, 2015, compared to the same period in the prior year due to purchasing volume from one of our Canadian customers that is expanding its video solutions

infrastructure. Partially offsetting our increase in Japanese and North American video solutions product revenue, we recognized approximately \$1.7 million less revenue in Europe during the three months ended March 31, 2015, compared to the same period in the prior year, due to a lower volume of video solutions system sales to our existing European customers in the current period. Fluctuation in video solutions 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. Our video solutions product revenue is also subject to customers' capital spending cycles and may be impacted in the future by consolidation of the industry in which our customers operate.

Table of Contents

Service Revenue. Total service revenue for the three months ended March 31, 2015 was \$5.8 million, a decrease of \$0.3 million, or 4.9%, from \$6.1 million for the three months ended March 31, 2014. This decrease was due to the \$0.5 million, or 13.0%, decrease in video solutions service revenue. Approximately \$0.3 million of the decrease in video solutions service revenue resulted from the completion of a MDI managed service contract during our fiscal year 2014 that was not renewed. The remaining decrease in our video solutions service revenue was attributable to a decrease in our video solutions maintenance revenue. A customer that accounted for approximately 7.2% of our total service revenue during the three months ended March 31, 2014 indicated that it was winding down its purchase of maintenance services from us. Our loss of maintenance revenue from this customer accounted for a \$0.4 million decrease in maintenance service revenue for the three months ended March 31, 2015, compared to the same period in the prior year. 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 will be impacted in the future. Partially offsetting these decreases in video service revenue, we recognized an additional \$0.2 million of installation services revenue during the three months ended March 31, 2015, compared to the same period in the prior year, due to the timing of installations of video systems at various customer sites during each period.

Partially offsetting the decrease in video solutions service revenue, our real time service revenue increased by \$0.2 million for the three months ended March 31, 2015, compared to the same period in the prior year. This increase primarily resulted from the increase in professional consulting services.

Product Gross Margin. Product gross margin was \$6.7 million for each of the three month periods ended March 31, 2015 and 2014, respectively. Product gross margin as a percentage of product revenue increased to 59.6% for the three months ended March 31, 2015 from 54.9% for the three months ended March 31, 2014. Product gross margins increased as a percentage of revenue during the three months ended March 31, 2015, compared to the same period in the prior year, primarily due to the mix of our product sales and video solutions customers during each of the periods.

Service Gross Margin. Service gross margin was \$3.3 million for the three months ended March 31, 2015, a decrease of approximately \$0.2 million, or 5.9%, from \$3.5 million for the three months ended March 31, 2014. Gross margin on service revenue decreased to 57.7% of service revenue for the three months ended March 31, 2015 from 58.3% of service revenue for the three months ended March 31, 2014. The decrease in service gross margin was primarily due to the \$0.3 million, or 4.9%, decrease in service revenue for the three months ended March 31, 2015, compared to the same period in the prior year. Partially mitigating the impact of decreasing service revenue on service gross margins, service cost of sales decreased \$0.1 million, or 3.5% for the three months ended March 31, 2015, compared to the same period in the prior year. The decrease in service cost of sales resulted from a \$0.1 million decrease in costs to support MDI managed services contracts that have ended.

Sales and Marketing. Sales and marketing expenses decreased \$0.2 million, or 5.1%, to \$3.4 million for the three months ended March 31, 2015 from \$3.6 million for the three months ended March 31, 2014. Our sales and marketing expenses decreased due to a \$0.1 million decrease in commission and bonus expense during the three months ended March 31, 2015, compared to the same period in the prior year, due to a decrease in revenue and our expectations regarding our ability to meet the current year bonus performance criteria. We also experienced a \$0.1 million decrease in sales and marketing expense due to the impact of the period over period decline in the euro and Japanese yen on our sales and marketing costs incurred by our subsidiaries in Europe and Japan.

Research and Development. Research and development expenses increased \$0.1 million, or 2.2%, to \$3.5 million for the three months ended March 31, 2015 from \$3.4 million for the three months ended March 31, 2014. Our research and development expenses experienced a period over period increase of approximately \$0.3 million due to an increase in development personnel to support product and strategic growth initiatives. Our increase in personnel costs was partially offset by a \$0.2 million decrease in incentive compensation expense during the three months ended March 31, 2015, compared to the same period in the prior year, primarily due to our expectations regarding our ability to meet the current year bonus performance criteria.

Table of Contents

General and Administrative. General and administrative expenses decreased \$0.3 million, or 12.9%, to \$1.7 million for the three months ended March 31, 2015 from \$2.0 million for the three months ended March 31, 2014. This decrease was primarily due to the decrease in our bonus accrual based on expectations regarding our ability to meet fiscal year 2015 bonus criteria.

Provision for Income Taxes. We recorded a \$0.7 million of income tax provision for the three months ended March 31, 2015 and a \$0.1 million income tax provision for the three months ended March 31, 2014. Our tax provision recorded during the current period was primarily attributable to income tax provisions on profitable operations in the U.S., Japan, and to a lesser extent, the U.K. Our U.S. tax provision is primarily non-cash, as we are able to utilize our U.S. net operating losses to offset most cash taxes that would otherwise be owed.

Our tax provision recorded in the prior year period 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.S., 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, as of March 31, 2015.

Net Income. Our net income for the three months ended March 31, 2015 was \$0.8 million, or \$0.09 of income per basic and diluted share, compared to net income for the three months ended March 31, 2014 of \$1.1 million, or \$0.12 per basic and diluted share.

Table of Contents

The nine months ended March 31, 2015 compared to the nine months ended March 31, 2014

(Dollars in Thousands)	Nine Months Ended March 31,		\$ Change	%	
	2015	2014		Change	Change
Product revenue	\$34,881	\$34,651	\$230	0.7	%
Service revenue	15,765	18,662	(2,897)	(15.5)	%
Total revenue	50,646	53,313	(2,667)	(5.0)	%
Product cost of sales	14,897	15,701	(804)	(5.1)	%
Service cost of sales	7,159	7,906	(747)	(9.4)	%
Total cost of sales	22,056	23,607	(1,551)	(6.6)	%
Product gross margin	19,984	18,950	1,034	5.5	%
Service gross margin	8,606	10,756	(2,150)	(20.0)	%
Total gross margin	28,590	29,706	(1,116)	(3.8)	%
Operating expenses:					
Sales and marketing	10,889	10,590	299	2.8	%
Research and development	10,164	9,998	166	1.7	%
General and administrative	6,173	5,925	248	4.2	%
Gain on sale of IPv4 addresses, net	(339)	-	(339)	NM	(1)
Total operating expenses	26,887	26,513	374	1.4	%
Operating income	1,703	3,193	(1,490)	(46.7)	%
Interest income (expense), net	7	(23)	30	NM	(1)
Other expense, net	(377)	(105)	(272)	259.0	%
Income before income taxes	1,333	3,065	(1,732)	(56.5)	%
Provision for income taxes	733	160	573	358.1	%
Net income	\$600	\$2,905	\$(2,305)	(79.3)	%

(1)NM denotes percentage is not meaningful

Product Revenue. Total product revenue for the nine months ended March 31, 2015 was \$34.9 million, an increase of approximately \$0.2 million, or 0.7%, from \$34.7 million for the nine months ended March 31, 2014. The increase in product revenue resulted from the \$0.2 million, or 1.3%, increase in video solutions product revenue for the nine months ended March 31, 2015, compared to the same period in the prior year. The period over period increase in video solutions product revenue resulted from \$1.3 million of incremental video solutions systems revenue in our Asia/Pacific region primarily due to additional system purchases from our largest Japanese video solutions customer during the nine months ended March 31, 2015. Our European video solutions product revenue also increased by \$0.2 million during the nine months ended March 31, 2015, compared to the same period in the prior year. During the current period we recognized revenue from delivery of our content delivery network solutions to an existing European customer and from delivery of our network DVR technology as part of another existing European customer's expansion of its existing systems.

Partially offsetting our increasing video solutions product revenue in Japan and Europe, North American video solution product revenue decreased \$1.3 million during the nine months ended March 31, 2015, compared to the same period in the prior year, due to a North American cable service provider purchasing a large volume of video solutions systems in the prior year period that accounted for a substantial amount of our prior year video solutions product revenue. Current year North American video system sales were more evenly spread among numerous customers; however, we experienced lower overall purchasing volume from our domestic video solutions customers in the current

year. Fluctuation in video solutions 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. Our video solutions product revenue is also subject to customers' capital spending cycles and may be impacted in the future by consolidation of the industry in which our customers operate.

Table of Contents

Service Revenue. Total service revenue for the nine months ended March 31, 2015 was \$15.8 million, a decrease of \$2.9 million, or 15.5%, from \$18.7 million for the nine months ended March 31, 2014. This decrease was due to the \$3.1 million, or 26.5%, decrease in video solutions service revenue. Approximately \$1.2 million of the decrease in video solutions service revenue resulted from a MDI managed service contract that we completed during our fiscal year 2014 and that was not renewed. Additionally, in the prior year period, we recognized \$0.7 million of MDI reporting services revenue that did not recur in the current year. The remaining decrease in our video solutions service revenue was attributable to a decrease in our video solutions maintenance revenue. During the nine months ended March 31, 2014, a customer that accounted for 6.6% of our total service revenue indicated that it was winding down its purchase of maintenance services from us. Our loss of maintenance revenue from this customer accounted for a \$1.2 million decrease in maintenance service revenue for the nine months ended March 31, 2015, compared to the same period in the prior year. 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 will be impacted in the future.

Product Gross Margin. Product gross margin was \$20.0 million for the nine months ended March 31, 2015, an increase of approximately \$1.1 million, or 5.5%, from \$18.9 million for the nine months ended March 31, 2014. Product gross margin as a percentage of product revenue increased to 57.3% for the nine months ended March 31, 2015 from 54.7% for the nine months ended March 31, 2014. Product gross margins increased in terms of both dollars and as a percentage of revenue during the nine months ended March 31, 2015, compared to the same period in the prior year, primarily due to the mix of our product sales and video solutions customers during each of the periods.

Service Gross Margin. Service gross margin was \$8.6 million for the nine months ended March 31, 2015, a decrease of approximately \$2.2 million, or 20.0%, from \$10.8 million for the nine months ended March 31, 2014. Gross margin on service revenue decreased to 54.6% of service revenue for the nine months ended March 31, 2015 from 57.6% of service revenue for the nine months ended March 31, 2014. The decrease in service margin as a percentage of service revenue was primarily due to the period-over-period decrease in service revenue by a greater amount than the period-over-period decrease in service costs. The \$0.7 million decrease in service cost of sales resulted from a \$0.5 million decrease in costs to support MDI managed services contracts that have ended, along with the end of the related service contract revenue, at the end of the prior fiscal year. Additionally, we experienced a \$0.2 million decrease in amortization of purchased technology related to our MDI solutions, as the amortization period for this intangible ended in the second quarter of our prior fiscal year.

Sales and Marketing. Sales and marketing expenses increased approximately \$0.3 million, or 2.8%, to \$10.9 million for the nine months ended March 31, 2015 from \$10.6 million for the nine months ended March 31, 2014. This period over period increase resulted from a \$0.4 million increase in personnel costs during the nine months ended March 31, 2015, compared to the same period of the prior year, as we have increased our sales and sales support presence in both Europe and the United States to pursue new business and support existing customers. We also incurred an additional \$0.1 million in recruiting expense during the nine months ended March 31, 2015, compared to the same period in the prior year as a result of our hiring of new personnel during the current year period. Partially offsetting these increases, bonus incentive compensation decreased by \$0.2 million due to our expectations regarding our ability to meet the current year bonus performance criteria.

Research and Development. Research and development expenses increased approximately \$0.2 million, or 1.7%, to \$10.2 million for the nine months ended March 31, 2015, from \$10.0 million for the nine months ended March 31, 2014. This increase was due to a \$0.5 million increase in personnel costs during the nine months ended March 31, 2015, compared to the same period in the prior year, resulting from an increase in development personnel to support product and strategic growth initiatives. Partially offsetting the increase in new personnel costs, bonus incentive compensation decreased by approximately \$0.3 million during the nine months ended March 31, 2015, compared to the same period in the prior year, due to our expectations regarding our ability to meet the current year bonus performance criteria.

Table of Contents

General and Administrative. General and administrative expenses increased approximately \$0.3 million, or 4.2%, to \$6.2 million for the nine months ended March 31, 2015 from \$5.9 million for the nine months ended March 31, 2014. This increase was primarily due to \$1.0 million of CEO transition costs, including recruiting and severance costs, during the nine months ended March 31, 2015. On November 18, 2014, our Board of Directors appointed Mr. Derek Elder as our President and Chief Executive Officer, effective immediately upon the departure of Mr. Mondor. Mr. Elder received a \$0.1 million sign-on bonus as part of his employment. Effective November 21, 2014, Dan Mondor, our President and Chief Executive Officer departed the Company. Mr. Mondor will receive severance compensation approximating \$0.7 million, which we have accrued in the current period, in accordance with the provisions in his amended and restated employment agreement regarding termination without due cause, as described in our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 4, 2010. Furthermore, we incurred approximately \$0.2 million of recruiting costs as part of our executive search during the first three months of the nine months ended March 31, 2015. Partially offsetting the increase in expenses from CEO transition costs, bonus incentive compensation decreased by \$0.5 million and performance based restricted stock expense decreased by \$0.1 million based on expectations regarding our ability to meet fiscal year 2015 bonus and restricted stock performance criteria.

Gain on sale of IPv4 addresses, net. During the nine months ended March 31, 2015, we sold a block of IPv4 addresses to a single buyer. This block of non-strategic IPv4 addresses, which was recorded at \$0 book value, has not been a material part of our ongoing operations. Our \$0.3 million gain on the sale of these addresses is net of broker fees incurred to consummate the transaction.

Other expense, net. During the nine months ended March 31, 2015, we incurred approximately \$0.3 million of realized currency translation losses. These losses resulted from the impact of the current period decrease in value of both the euro and Japanese yen, 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 \$0.7 million income tax provision for the nine months ended March 31, 2015 and a \$0.2 million income tax provision for the nine months ended March 31, 2014. Our tax provision recorded during the current period was primarily attributable to income tax provisions on profitable operations in the U.S., the U.K. and Japan. Our U.S. tax provision is primarily non-cash, as we are able to utilize our U.S. net operating losses to offset most cash taxes that would otherwise be owed.

Our tax provision recorded in the prior year period was primarily attributable to the income tax provision recorded by our subsidiary in Japan as a result of pretax income earned in the period. However, most of this was 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.S., 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, as of March 31, 2015.

Net Income. Our net income for the nine months ended March 31, 2015 was \$0.6 million, or \$0.07 of income per basic and diluted share, compared to net income for the nine months ended March 31, 2014 of \$2.9 million, or \$0.33 per basic and \$0.32 per diluted share.

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 29% of our revenue for the nine months ended March 31, 2015, and three customers accounted for 35% of our revenue for the nine months ended March 31, 2014);

25

Table of Contents

our video solutions product revenue is subject to customers' capital spending cycles and may be impacted in the future by consolidation of the industry in which our customers operate;

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;

our ability to renew maintenance and support service agreements with customers and retain existing customers;

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 and from MDI managed and maintenance services;

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 impact of delays of product acceptance from our customers;

the percentage of sales derived from outside the U.S. 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 dividends.

Uses and Sources of Cash

We generated \$3.5 million and used \$1.1 million of cash from operating activities during the nine months ended March 31, 2015 and March 31, 2014, respectively. Operating cash inflows during the nine months ended March 31, 2015 were primarily attributable to the collection of advanced maintenance billings that were recorded as deferred revenue. 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 sales in the third quarter of our prior fiscal year were heavily weighted toward delivery that occurred during the last few weeks of the quarter. Also, in the prior year period, the timing of advance billing for customer maintenance arrangements resulted in lower operating cash flows from deferred revenue activities, relative to the current year.

We invested \$1.5 million and \$0.8 million in property and equipment during the nine months ended March 31, 2015 and 2014, respectively. Capital additions during each of these periods were primarily related to development and test equipment for our development group, and demonstration systems used by our sales and marketing group. We expect fourth quarter of fiscal year 2015 capital additions to remain at similar quarterly level as we have experienced during the first three quarters of our fiscal year.

During the nine months ended March 31, 2015, we sold a block of IPv4 addresses to a single buyer for \$0.3 million, net of broker fees, for which we received \$0.3 million of proceeds during the period. This block of IPv4 addresses, which we have recorded at \$0 book value, has not been a material part of our ongoing operations.

Table of Contents

During the nine months ended March 31, 2015, our Board of Directors approved three quarterly cash dividends of \$0.12 per share. The first dividend was paid on September 29, 2014 to all stockholders of record as of September 15, 2014, aggregating \$1.1 million. The second dividend was paid on December 30, 2014 to all stockholders of record as of December 16, 2014, 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 stockholders for whom restrictions lapsed during the nine months ended March 31, 2015. The third dividend was paid on March 30, 2015 to all stockholders of record as of March 16, 2015, aggregating \$1.1 million. We intend to pay regular quarterly cash dividends 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 within our fiscal year 2014, and we do not anticipate any additional repurchases of stock for this purpose.

At March 31, 2015, we had working capital (current assets less current liabilities) of \$28.2 million, including cash and cash equivalents of approximately \$26.8 million, and had no material commitments for capital expenditures. At June 30, 2014, we had working capital of \$29.9 million, including cash and cash equivalents of approximately \$28.1 million. 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.

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, expectation regarding our ability to meet bonus criteria, the impact of our tax valuation allowance release on future income tax provisions and income taxes paid, expected level of capital additions, our intention to pay dividends in the future, 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, U.S. government sequestration; European austerity measures; delays or cancellations of customer orders; non-renewal of maintenance and support service agreements with

customers; changes in product demand; economic conditions; various inventory risks due to changes in market conditions; margins of video solutions business to capture new business; fluctuations and timing of large video solutions 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 provide 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 macroeconomic environment; continuing unevenness of the global economic recovery; privacy concerns over data collection; our ability to utilize net operating losses to offset cash taxes in the event of an ownership change as defined by the Internal Revenue Service; 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.

Table of Contents

Other important risk factors are discussed in Part I, Item 1A. of our Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

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.

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, 2015. 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. In connection with our evaluation of the immaterial errors in the Condensed Consolidated Statements of Cash Flows discussed in Note 1 to Consolidated Financial Statements, management re-evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2015 and concluded that, because of the material weakness identified in our internal control over financial reporting discussed below, our disclosure controls and procedures were not effective as of March 31, 2015.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in internal control over financial reporting during the second quarter of our fiscal year 2015 in conjunction with our evaluation of the identified immaterial cash flow presentation errors. Specifically, we determined that our historical presentation of the purchase of customer support spare parts as a component of investing cash flows was in error. The Company’s controls were not properly designed related to the preparation and review of our Consolidated Statements of Cash Flows as of March 31, 2015.

Table of Contents

Remediation Status of Previously Reported Material Weakness

For the year ended June 30, 2013, it was concluded that 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 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 related misstatement in any of our issued financial statements. In response to the associated material weakness in internal controls, during the twelve months ended June 30, 2014, we began to include as part of our financial reporting review process, a more 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 Consolidated Statements of Cash Flows. In connection with our evaluation of the immaterial errors discussed in Note 1 to the Consolidated Financial Statements, management re-evaluated the effectiveness of the remediation of our previously reported material weakness as of December 31, 2014 and concluded that, because of the material weakness identified in our internal control over financial reporting discussed above, the prior material weakness was not remediated as of June 30, 2014, September 30, 2014, December 31, 2014, or March 31, 2015.

We are in the process of implementing more robust controls to analyze all balance sheet accounts at a detailed level to ensure that the proper cash flow presentation is in accordance with generally accepted accounting principles.

Changes in Internal Controls

Except for the changes in internal controls to begin remedial actions described above, there were no changes to our internal controls over financial reporting during the quarter ended March 31, 2015 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

Risk factors are discussed in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended June 30, 2014. There have been no material changes to our risk factors as previously disclosed.

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.

Table of Contents

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 Amendment to its 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).
- 10.1 --Employment Agreement of Derek Elder dated November 18, 2014 (incorporated by reference to the Registrant's Current Report on Form 8-K filed on November 18, 2014).
- 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.

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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.

30

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 30, 2015 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

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32
