Computer Modelling Group pulls in slightly smaller profit in third quarter

The Associated Press

Computer Modelling Group Ltd. (TSX:CMG) says fewer one-time software sales were the main reason behind its slightly lower third quarter profit.

The company, which provides software and services used by the oil and gas industry to analyst reservoir data, said its profit for the quarter was $3.56 million, down from $4 million a year before.

It earned 20 cents per share for the quarter, compared to 23 cents in the same period last year. Revenue increased to $12.1 million from $11.7 million.

The majority of the company's revenue comes from software licensing sales, as well as consulting and contract research fees.

The company says it saw higher total revenue due to more consulting and contract research during the quarter.

When clients buy CMG's software, they gain the right to use it in perpetuity. But they can also buy maintenance licensing to keep the software current.

CMG said it saw more predictable maintenance fees, but they were offset by 20 per cent fewer sales in the perpetual software as well as $300,000 in foreign exchange losses because of the high loonie.

It also had more research and development expenses.

CMG makes and licenses oil reservoir flow modelling and simulation software to over 400 companies around the world. The software helps oil and gas companies figure out reservoir capacity.

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