

AB Dynamics plc
("ABD" or the "Group")
Final Results

AB Dynamics plc (AIM:ABDP), a designer, manufacturer and supplier of advanced testing systems and measurement products to the global automotive industry, is pleased to announce its Final Results for the year ended 31 August 2013.

Financial Highlights

- Revenues increased 37% to £12.2 million (2012: £8.9 million)
- Operating Profit increased 22% to £2.2 million (2012: £1.8 million)
- Cash at 31 August 2013 of £6.0 million

Operational Highlights

- Recruitment of Tim Rogers as Managing Director in October 2012
- Successful IPO to AIM in May 2013, raising gross proceeds of £2.5 million (net proceeds of £2 million) at a placing price of 86p
- Completion of new annex to existing plant and site reorganisation has added 30% to production capacity
- 3 New Suspension Parameter Measurement Machine (SPMM) orders received
- Received first orders for the next generation guided soft crash target vehicle ("GSTV")

Tim Rogers, Managing Director of AB Dynamics, commented: "This year has seen strong progress for our Group, including our successful listing on AIM. We have been delighted with the levels of interest we have experienced from the market in our first months of trading and would like to thank our shareholders for their support.

"With a promising pipeline of orders, the team now expanded to 51 employees and the infrastructure that we have in place, I look forward to the future with great confidence.

The start to current financial year is in line with management's expectations with significant visibility for the remainder of the year provided by our existing order book."

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Overview of AB Dynamics plc

ABD is a leading designer, manufacturer and provider of advanced testing and measurement products for vehicle suspension, brakes and steering to the global automotive research and development sector. The Group was founded in 1982 and listed on AIM in May 2013. The Group is headquartered in Bradford on Avon employing approximately 50 staff. ABD currently supplies seventeen of the top twenty automotive manufacturers, including Honda, Toyota, Ford and Volkswagen, who routinely use the Group's products to test vehicle safety.

Chairman's Statement

I am delighted to be able to report on a very successful year for AB Dynamics, one which I believe will prove significant in the Group's development. Continued strong performance resulted in revenues of £12.2 million, an increase of 37% over the prior year's £8.9 million, fuelled by strong demand for all of our products from a range of customers worldwide.

The year under review was notable for a number of initiatives put in place to ensure the long term prosperity of the Company. In October 2012, Tim Rogers joined as Managing Director of the Group and was instrumental in the process of gaining admission to the AIM market of the London Stock Exchange ("AIM") in May. In eight months he had both to familiarise himself with every aspect of our business and assist the rest of the Board with the IPO. It has been a pleasure to welcome him to the Company and I look forward to continuing to work alongside him. The IPO raised £2.33 million net of share issue costs. A further £315k of non-recurring AIM transaction costs were incurred leaving net proceeds of £2.0 million for the Company. We were delighted with the take up by investors, with 19 institutions joining the share register and I would like to thank them all for their support.

As set out in our Admission Document, the funds raised leave us well placed to affect the Group's growth. Some of the funds raised will be used to fund expansion into a new manufacturing facility in order to satisfy the Group's growing order book. We continue to make our case to the local planning authorities to obtain planning permission and are hopeful but cannot be certain that this may be granted in Quarter 4 2013 and if this is the case, we continue to believe that we will be able to complete the move in the second half of 2015. In the meantime, as announced on 12 August 2013 we were pleased to complete a new annex at our existing plant.

Since I founded the business in 1982, AB Dynamics has built a reputation for providing excellent advanced testing and measurement products to the global automotive research and development sector, and it is encouraging to see that so many of our early customers remain clients today. This was evidenced in July when we announced that MIRA had placed an order for a new Suspension Parameter Measurement Machine ("SPMM"), MIRA having also been the first customer to buy one of these machines in 1996. This latest order is one of three SPMM orders which provide us with good revenue visibility in the next financial year and beyond.

The Company has been able to build this reputation by attracting and retaining some of the very best talent in UK engineering, and several of my colleagues have been with the Company for more than 20 years. I would like to thank all of the team for their continued hard work and dedication. With strong links to both Bath and Cambridge universities, I feel confident that we can continue to provide both a creative and a rewarding environment for young engineers.

On the assumption that our expectations are realised, we would hope to recommend the payment of a dividend in the year ending 31 August 2014.

Anthony Best
Chairman

6 November 2013

Managing Director's Statement

I am very pleased to provide my first annual review having joined the Company as Managing Director on 1 October 2012.

Results

The Company has delivered strong financial results with record revenues driven by a strong demand for all of our products from a range of customers across different geographies. Notably we have seen a continued return to growth from our traditional markets in Europe and Japan combined with new interest from China. Operating profit also saw an improvement to £2.2 million (2012: £1.8 million), up 22% and after including the one off, non-recurring charge of £315k relating to the Company's listing on AIM, the Profit Before Tax was similar to last year's performance at £1.9 million (2012: £1.9 million).

Business Model

The company continues to operate in the niche automotive research sector which has for the past 4 years, experienced steady year on year growth. The management seeks to consolidate the company's base to create a sound platform for the company's expansion by investing in product development, facilities and retaining and recruiting high quality personnel.

Listing on AIM

One of the key developments of the year was the Company's highly successful admission to trading on AIM in May 2013. Demand was very encouraging and we were very pleased to welcome the new institutions to the shareholder register. At the time of the listing we stated that the funds would be used to provide a new facility to provide additional capacity and also to assist with our presence in the rapidly growing Asian markets. I'm pleased to report that we have made progress on both fronts. The new facility remains on track with the Group seeking to relocate in the second half of 2015, subject to final planning permission. In the meantime we have recently concluded the building of a new annex on our existing site at Bradford on Avon and have leased additional manufacturing space nearby. Whilst not a permanent solution, these options provide a combined 30 % increase in manufacturing capacity which will help us to meet the current strong order book. To meet demand, we have also relocated an UK ABD engineer to our distributor in Tokyo to support our Japanese and Korean customers.

Product developments

This year we launched two new track testing products. The Soft Pedestrian Target and the new Guided Soft Crash Test Vehicle ("GSTV") both represent a new approach to vehicle safety testing allowing car manufacturers and test houses to evaluate (in a non-destructive way) vehicles fitted with the latest Advanced Driver Assistance Systems ("ADAS"). By having the test vehicles interacting in a precise and repeatable way with our moving pedestrian or vehicle soft targets, customers can safely calibrate their systems to meet real world needs. The Group received its first orders for both products from European research laboratories and we fully expect more orders to follow as the future Euro NCAP standards require the implementation of ADAS in vehicles.

Current Trading

The current financial year has started well and we enter the year with good revenue visibility and a strong order book. The Company has received three orders for Suspension Parameter Measurement Machines ("SPMM"), with revenues from all of them expected to be recognised in the current financial year. The contract value for each SPMM varies depending upon the options purchased but they typically are in excess of £1.5 million. Demand for our track testing equipment which includes the Soft Targets mention earlier, remain high with orders taking our production well into the third quarter of the current financial year.

Outlook

With a promising pipeline of orders, the team now expanded to 51 employees and the infrastructure that we have in place, I look forward to the future with great confidence.

The start to current financial year is in line with management's expectations with significant visibility for the remainder of the year provided by our existing order book.

Tim Rogers
Managing Director

6 November 2013

Consolidated statement of comprehensive income

		Year ended 31 August 2013 £	Proforma Year ended 31 August 2012 £
<i>Continuing operations</i>			
Revenue	2	12,171,473	8,910,839
Cost of sales		(9,048,895)	(6,445,056)
Gross profit		3,122,578	2,465,783
Administrative expenses		(914,344)	(666,616)
Operating profit before AIM transactions costs		2,208,234	1,799,167
AIM transaction costs		(315,305)	-
Operating profit		1,892,929	1,799,167
Net finance income and (costs)		(27,698)	84,236
Profit before taxation		1,865,231	1,883,403
Corporation tax expense		(441,974)	(451,044)
Profit after taxation		1,423,257	1,432,359
Other comprehensive income		-	-
Total comprehensive income for the period attributed to equity holders		1,423,257	1,432,359
Earnings per share-Basic (pence)	4	10.01p	10.69p
Earnings per share-Diluted (pence)	4	9.48p	10.69p
Adjusted EPS (before AIM transaction costs):			
Earnings per share-Basic (pence)	4	12.23p	10.69p
Earnings per share-Diluted (pence)	4	11.58p	10.69p

Consolidated statement of financial position

	Note	2013 £	Proforma 2012 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,012,109	428,838
		<u>1,012,109</u>	<u>428,838</u>
CURRENT ASSETS			
Inventories		1,486,390	1,475,105
Trade receivables		1,132,625	1,353,301
Other receivables, deposits and prepayments		266,950	184,372
Amount owing by contract customers		1,736,598	986,990
Financial instruments		-	44,821
Cash and cash equivalents		5,990,176	2,481,476
		<u>10,612,739</u>	<u>6,526,065</u>
TOTAL ASSETS		<u>11,624,848</u>	<u>6,954,903</u>
EQUITY AND LIABILITIES			
Share capital	5	163,070	134,000
Share premium	5	2,302,528	43,000
Share based payment reserve		18,613	-
Reconstruction reserve		(11,284,500)	62,500
Merger relief reserve		11,390,000	-
Retained profits		5,631,803	4,443,046
Total equity attributable to owners of the Company and total equity		<u>8,221,514</u>	<u>4,682,546</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		41,923	71,136
CURRENT LIABILITIES			
Trade and other payables and accruals		3,163,093	1,771,221
Provision for taxation		198,318	430,000
		<u>3,361,411</u>	<u>2,201,221</u>
TOTAL LIABILITIES		<u>3,403,334</u>	<u>2,272,357</u>
TOTAL EQUITY AND LIABILITIES		<u>11,624,848</u>	<u>6,954,903</u>

Consolidated statement of changes in equity

Proforma	Note	Share Capital	Share Premium	Merger Relief Reserve	Share Based Payment Reserve	Reconstruction Reserve	Retained Profits	Total Equity
		£	£	£	£	£	£	£
Balance at 31 August 2011		134,000	43,000	-	-	62,500	3,211,687	3,451,187
Profit after taxation and total comprehensive Income for the financial year		-	-	-	-	-	1,432,359	1,432,359
Dividend paid prior to group reconstruction	3	-	-	-	-	-	(201,000)	(201,000)
Balance at 31 August 2012		134,000	43,000	-	-	62,500	4,443,046	4,682,546
Balance at 1 September 2012		134,000	43,000	-	-	62,500	4,443,046	4,682,546
Group reconstruction		-	(43,000)	11,390,000	-	(11,347,000)	-	-
Share based payment reserve		-	-	-	18,613	-	-	18,613
Profit after taxation and total comprehensive Income for the financial year		-	-	-	-	-	1,423,257	1,423,257
Dividend paid prior to group reconstruction	3	-	-	-	-	-	(234,500)	(234,500)
Issue of shares, net of issue costs		29,070	2,302,528	-	-	-	-	2,331,598
Balance at 31 August 2013		163,070	2,302,528	11,390,000	18,613	(11,284,500)	5,631,803	8,221,514

Consolidated statement of cash flows

	2013 £	Proforma 2012 £
Cash flow from operating activities		
Profit before taxation	1,865,231	1,883,403
Adjustments for:-		
Depreciation of property, plant and equipment	92,127	78,445
Loss/(profit) on sale of property, plant and equipment	2,753	(679)
Finance income and costs	44,821	(68,696)
Interest income	(17,123)	(15,540)
Share based payment	18,613	-
	2,006,422	1,876,933
Operating profit before working capital changes		
Increase in inventories	(11,285)	(690,763)
Increase in trade and other receivables	(611,510)	(1,021,240)
Increase in other payables	1,391,872	525,752
	2,775,499	690,682
Cash flow from operations		
Interest received	17,123	15,540
Income tax paid	(702,869)	(190,000)
	2,089,753	516,222
Net cash flow from operating activities		
Cash flow from investing activities		
Purchase of property, plant and equipment	(678,461)	(205,341)
Sale of property, plant and equipment	310	2,545
	(678,151)	(202,796)
Cash flow used in investing activities		
Cash flow from financing activities		
Dividends paid – prior to group reconstruction	(234,500)	(201,000)
Proceeds from issue of share capital, net of issue costs	2,331,598	-
	2,097,098	(201,000)
Net cash flow from/(used in) financing activities		
Net increase in cash and cash equivalents	3,508,700	112,426
Cash and cash equivalents at beginning of the financial year	2,481,476	2,369,050
Cash and cash equivalents at end of the financial year	5,990,176	2,481,476

Notes to the consolidated financial information

1. General information

The Company is a public company limited by shares and incorporated under the UK Companies Act. The Company is domiciled in the United Kingdom and the registered office and principal place of business is Holt Road, Bradford upon Avon, Wiltshire, BA15 1AJ.

The principal activity is the specialised area of design and manufacture of test equipment for vehicle suspension, steering, noise and vibration. The company also offers a range of services which include analysis, design, prototype manufacture, testing and development.

Basis of preparation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") issued by the International Accounting Standards Board ("IASB") including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and using the accounting policies which are consistent with those adopted in the admission document as well as applying the following accounting policy in respect of the basis of consolidation.

"The consolidated financial statements include the financial statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

On 8 May 2013, the Group, previously made of Anthony Best Dynamics Limited, underwent a re-organisation by virtue of which Anthony Best Dynamics Limited's shareholders in their entirety exchanged their shares for shares in AB Dynamics plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full.

Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment."

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 August 2013, but is derived from those accounts. The statutory accounts will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their reports were unqualified and did not contain any statements under Companies Act 2006 section 498 (2) or (3).

The directors do not recommend the payment of a dividend.

The financial information set out in this announcement was approved and authorised for issue by the board of directors on 6 November 2013.

2. Segment reporting

The Group derives revenue from the sale of its advanced measurement and testing products derived in assisting the global automotive industry in the laboratory and on the test track. These income streams are all derived from the utilisation of these products which the Group believes is its only segment.

Per IFRS 8, the operating segment is based on internal reports about components of the group, which are regularly reviewed and used by the board of directors being the Chief Operating Decision Maker ("CODM").

All of the Group's non-current assets are held in the UK.

Material revenues attributable to individual foreign countries are as follows:

	2013	Proforma
	£	2012
		£
United Kingdom	2,206,917	690,907
Rest of the European Union	3,364,214	2,802,019
North America	973,702	788,587
Rest of the World	5,626,640	4,629,326
	<u>12,171,473</u>	<u>8,910,839</u>

Revenues derived from major customers, which individually represent 10% or more of total revenue are as follows:

	2013	Proforma
	£	2012
		£
Customer A	653,976	1,035,906
Customer B	70,966	963,199
Customer C	40,566	917,702
Customer D	1,743,998	449,767
Other customers	9,661,967	5,544,265
	<u>12,171,473</u>	<u>8,910,839</u>

There were no material non-current assets located outside the United Kingdom.

Revenues are derived from the following:

	2013	Proforma
	£	2012
		£
Revenue from sale of goods	7,346,430	5,393,268
Revenue from construction contracts	4,825,043	3,517,571
	<u>12,171,473</u>	<u>8,910,839</u>

3. Dividends paid prior to group reconstruction

	2013	Proforma
	£	2012
		£
Final dividends paid prior to group reconstruction	<u>234,500</u>	<u>201,000</u>

4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period, adjusted to reflect the conversion of the ordinary shares from Anthony Best Dynamics Limited to AB Dynamics plc on a 1:1 basis on 8 May 2013 and the subsequent subdivision of shares of each issued ordinary share of £1 each into 100 ordinary shares of £0.01 each.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares, adjusted to reflect the conversion and subsequent subdivision of the ordinary shares as mentioned above. The Company has two categories of potentially dilutive shares, namely share options and warrants.

The calculation of earnings per share is based on the following earnings and number of shares.

	Years ended 31 August	
	2013	2012
Profit after tax attributable to owners of the Group (£)	£1,423,257	£1,432,359
Weighted average number of shares:		
Basic	14,212,360	13,400,000
Diluted	15,010,940	13,400,000
Earnings per share (pence)		
Basic	10.01p	10.69p
Diluted	9.48p	10.69p
Profit for the period attributable to owners of the Group (£)	£1,423,257	£1,432,359
Adjustments for:		
AIM transaction costs	£315,305	-
Profit for the period attributable to owners of the Group before AIM transaction costs (£)	£1,738,562	£1,432,359
Adjusted earnings per share before AIM transaction costs (pence)		
Basic	12.23p	10.69p
Diluted	11.58p	10.69p

5. Share capital

The allotted, called up and full paid share capital is made up of 16,306,976 ordinary shares of £0.01 each.

a) Share issues during the period

	Note	Number of shares	Share Capital £	Share premium £	Total £
On incorporation	(i)	1	1	-	1
On 8 May 2013	(ii)	133,999	133,999	-	133,999
Sub-division of shares		13,266,000	-	-	-
On 22 May 2013	(iii)	2,906,976	29,070	2,470,930	2,500,000
Less share issue costs		-	-	<u>(168,402)</u>	<u>(168,402)</u>
At 31 August 2013		<u>16,306,976</u>	<u>163,070</u>	<u>2,302,528</u>	<u>2,465,598</u>

- (i) On incorporation, one ordinary share of £1.00 was subscribed by and issued to Mr. A. Best.
- (ii) On 8 May 2013, the Company issued 133,999 ordinary shares of £1.00 each to the shareholders of Anthony Best Dynamics Ltd in consideration for the transfer of the entire issued share capital of Anthony Best Dynamics Ltd to the Company.
- (iii) By a resolution dated 8 May 2013, each of the issued ordinary shares of £1 was subdivided into 100 ordinary shares of £0.01.
- (iv) On 22 May 2013, the Company issued 2,906,976 ordinary shares of £0.01 each for 86p.

6. Publication of the Annual Report and Accounts and notice of AGM

A copy of the 2013 Annual Report & Accounts, together with a notice of the Annual General Meeting of the Company to be held at the Company's registered office address at Holt Road, Bradford on Avon, Wiltshire BA15 1AJ on 4 December 2013 at 11:00 a.m., will be sent to all shareholders on 7 November 2013. Further copies will be available to the public at the Company's registered office address and on the Company's website at www.abd.uk.com.