

**13 November 2014**

**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 2014.

**Financial Highlights**

- Revenue increased 14% to £13.85 million (2013: £12.17 million)
- Profit before tax increased 43% to £2.68 million (2013: £1.87 million)
- Net cash at year end £4.89 million (2013: £5.99 million)
- The Board has proposed a final dividend of 1.5 p per share making a total of 2.5p for the year

**Operational Highlights**

- Secured an additional 3,500 ft<sup>2</sup> of manufacturing space
- Successful share placing on behalf of founders and employees
- Completed a comprehensive upgrade Suspension Parameter Measuring Machine, SPMM 5000
- First European orders for the Soft Pedestrian Targets
- Record sales of Track testing products worldwide
- Planning consent for build of new factory facility granted – target completion Q3 2016

**Tim Rogers, Managing Director of AB Dynamics, commented:**

"This year's strong performance is a demonstration of ABD's clear vision and its ability to create shareholder value, through market leading products and services and the quality of its people. Our forward momentum is positive and we continue in our investment strategy to strengthen our product offering, services and team.

"Over the years, I believe we have created an opportunity of real value and we will endeavour to benefit from this opportunity at a good rate of progress. We have an extremely strong team of people at AB Dynamics and, therefore, the Board and I are optimistic for the Group's future prospects."

**For further information please contact:**

**AB Dynamics plc** 01225 860 200  
Tim Rogers, Managing Director  
Tony Best, Chairman

**Cairn Financial Advisers LLP (Nomad)** 0207 148 7900  
Tony Rawlinson  
Avi Robinson

**Charles Stanley Securities Limited** 0207 149 6000  
**(Broker)**  
Dugald J. Carlean  
Karri Vuori

**Newgate Threadneedle (PR)** 0207 653 9850  
Josh Royston  
Heather Armstrong

**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 60 staff. ABD currently supplies all 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 and Managing Director's Statement**

### **Overview**

We are very pleased to be publishing the second annual report for AB Dynamics Plc since its debut on the AIM market in May 2013. The Company continues to operate in the niche automotive research sector which has, for the past 5 years, experienced steady year on year growth. The management seeks to consolidate the Company's base to create a sound platform for expansion by continuing in its investment strategy to fund product development, the expansion and improvement of facilities and the retention and recruitment of high quality personnel.

### **Results**

The Business has built on its strong first half performance and delivered what has become a record year, both financially and operationally, since the business was founded in 1982.

We have seen continued strong demand for our products and services as our customers in the global automotive testing sector expand their testing capabilities to meet new safety standards and remain competitive. Our traditional markets in Europe and Japan which, when combined with significant growth in sales from China, has resulted in our "Track Testing" revenues exceeding our expectations and sales of our "Laboratory Testing" product, the Suspension Parameter Measuring Machine ("SPMM") remaining in line with our forecasts.

This has resulted in an excellent set of financial results for the year, in line with market expectations, with revenues of £13.85 million, representing an increase of 14% over last year's £12.17 million and Profit before Tax at £2.68 million, up 43% from last year's £1.87 million. Operating profit margin increased to 19.1% (2013:15.6% post AIM transaction costs), reflecting the change in product mix throughout the year with Track Test equipment now accounting for 68% of our turnover (2013:60%).

### **Operations**

#### *Placing*

On the 5 June 2014, with the assistance of Charles Stanley Securities, we undertook a Placing of New Ordinary Shares, representing the exercise of options, and existing ordinary shares on behalf of certain directors, founders and employees. This was in response to investor demand and was significantly oversubscribed. Many of our existing shareholders took the opportunity to add to their holdings and we were also very pleased to welcome new private and institutional investors as shareholders. We continue to be extremely pleased by the support we have received from our shareholders.

#### *Facilities*

In the year, we have continued with our plans to build and locate to a new dedicated facility. We do, however, continue to experience delays in the planning process, which has led us to lease a further 3,500ft<sup>2</sup> of production space to meet the immediate need to support increased capacity demand. It should be noted that since our IPO in May 2013, we have created an additional 6,900ft<sup>2</sup> (70%) of new office and production space and as announced at the time of our Interim statement on 28 April 2014, the Directors are confident that this will meet capacity requirements until such time as the new facility becomes available, estimated to be in Q3 2016.

#### *Product Development*

Our "Laboratory Testing" business has remained stable over the year and to maintain our ability to deliver high quality solutions to our customers, we look to improve our products regularly. During the year, we have completed a comprehensive upgrade to our SPMM. The upgraded SPMM 5000 meets the requirements of testing larger SUV type vehicles and keeps the product relevant for the future. We have

received a number of new orders for this upgraded version and made a recent delivery to MIRA UK, the second SPMM we have sold to this company, the first being 17 years ago, which is still in regular use.

### *Employees*

The business has, since inception, considered its staff an integral aspect of the model. We continue to attract and retain some of the very best talent in UK engineering, with the Group reaching a landmark of 61 direct employees. The Company has an ownership sharing structure so as to include its staff in the value creation of the business. The board continues to review these arrangements balanced as always against the best interests of shareholders.

### *Dividend*

Our strong balance sheet provides a good underpinning for a final dividend and we are pleased to announce that the Directors are recommending the payment of a final dividend of 1.5 p per share payable on the 16 December 2014 subject to shareholder approval at the AGM on the 9 December 2014. The record date will be 21 November 2014 and the ex dividend date will be 20 November 2014. This will take the total dividend for the year to 2.5p.

### **Current Trading and Outlook**

Since the beginning of the new financial year, trading has been in line with expectations with significant visibility provided by our existing order book for the remainder of the year.

Subject to full planning permission being granted, the next year will see the Company focus on finalising planning and design of the new factory HQ near our current facility in Bradford on Avon. We will be participating in a number of advanced driver assistance systems demonstrations around the world.

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

The Board would like to take this opportunity to thank all of ABD's employees for the hard work and commitment they have given to the business over the last year.

Tony Best  
Executive Chairman  
12 November 2014

Tim Rogers  
Managing Director  
12 November 2014

## Consolidated statement of comprehensive income

		Year ended 31 August 2014 £	Year ended 31 August 2013 £
<i>Continuing operations</i>			
Revenue	2	13,846,562	12,171,473
Cost of sales		(9,816,570)	(9,048,895)
Gross profit		4,029,992	3,122,578
Administrative expenses		(1,378,718)	(914,344)
<b>Operating profit before AIM transaction costs</b>		2,651,274	2,208,234
AIM transaction costs		-	(315,305)
<b>Operating profit</b>		2,651,274	1,892,929
Net finance income and (costs)		25,692	(27,698)
<b>Profit before taxation</b>		<b>2,676,966</b>	<b>1,865,231</b>
Corporation tax expense		(525,055)	(441,974)
<b>Profit after taxation</b>		<b>2,151,911</b>	<b>1,423,257</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year attributed to equity holders</b>		<b>2,151,911</b>	<b>1,423,257</b>
Earnings per share - Basic (pence)	4	13.08p	10.01p
Earnings per share - Diluted (pence)	4	12.11p	9.48p
Adjusted EPS (before AIM transaction costs):	4		
Adjusted earnings per share - Basic (pence)	4	13.08p	12.23p
Adjusted earnings per share - Diluted (pence)	4	12.11p	11.58p

**Consolidated statement of financial position**  
as at 31 August 2014

	Note	2014 £	2013 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<u>1,219,983</u>	<u>1,012,109</u>
		<u>1,219,983</u>	<u>1,012,109</u>
<b>CURRENT ASSETS</b>			
Inventories		1,998,831	1,486,390
Trade receivables		4,339,755	1,132,625
Other receivables, deposits and prepayments		185,007	266,950
Amount owing by contract customers		949,197	1,736,598
Financial instruments		-	-
Cash and cash equivalents		4,896,206	5,990,176
		<u>12,368,996</u>	<u>10,612,739</u>
<b>TOTAL ASSETS</b>		<u>13,588,979</u>	<u>11,624,848</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	5	167,757	163,070
Share premium		2,385,910	2,302,528
Reconstruction reserve		(11,284,500)	(11,284,500)
Merger relief reserve		11,390,000	11,390,000
Retained profits		<u>7,666,718</u>	<u>5,650,416</u>
Total equity attributable to owners of the Company and total equity		<u>10,325,885</u>	<u>8,221,514</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<u>79,273</u>	<u>41,923</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals		2,913,843	3,163,093
Provision for taxation		269,978	198,318
		<u>3,183,821</u>	<u>3,361,411</u>
<b>TOTAL LIABILITIES</b>		<u>3,263,094</u>	<u>3,403,334</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13,588,979</u>	<u>11,624,848</u>

## Consolidated statement of changes in equity

		Share capital	Share premium	Merger relief reserve	Reconstruction reserve	Retained profits	Total equity
	Note	£	£	£	£	£	£
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 share issue costs		29,070	2,302,528	-	-	-	2,331,598
Balance at 31 August 2013		163,070	2,302,528	11,390,000	(11,284,500)	5,650,416	8,221,514
Balance at 1 September 2013		163,070	2,302,528	11,390,000	(11,284,500)	5,650,416	8,221,514
Share based payment reserve		-	-	-	-	27,861	27,861
Profit after taxation and total comprehensive income for the financial year		-	-	-	-	2,151,911	2,151,911
Dividend paid	3	-	-	-	-	(163,470)	(163,470)
Issue of shares, net of share issue costs		4,687	83,382	-	-	-	88,069
Balance at 31 August 2014		167,757	2,385,910	11,390,000	(11,284,500)	7,666,718	10,325,885

The share premium account is a non-distributable reserve representing the difference between the nominal value of shares in issue and the amounts subscribed for those shares.

The reconstruction reserve has arisen as follows:

The acquisition by the Company of the entire issued share capital of Anthony Best Dynamics Limited in 2013 has been accounted for as a reverse acquisition under IFRS3 (revised). Consequently, the previously recognised book values and assets and liabilities have been retained and the consolidated financial information for the period to 31 August 2013 has been presented as if the Company had always been the parent company of the Group and includes a capital redemption reserve arising in the subsidiary amounting to £62,500.

The share capital for the period covered by these consolidated financial statements and the comparative periods is stated at the nominal value of the shares issued pursuant to the above share arrangement. Any differences between the nominal value of these shares and previously reported nominal values of shares and applicable share premium issued by Anthony Best Dynamics Limited have been transferred to the reconstruction reserve.

Retained profits represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of the Group.

Costs related directly to the new issue of shares have been deducted from the share premium account. Attributable IPO costs are allocated between the share premium account and profit and loss account in proportion to the number of primary and secondary shares traded on Admission.

## Consolidated statement of cash flows

	2014 £	2013 £
<b>Cash flow from operating activities</b>		
Profit before taxation	2,676,966	1,865,231
Adjustments for:-		
Depreciation of property, plant and equipment	135,645	92,127
Loss on sale of property, plant and equipment	257	2,753
Finance income and costs	-	44,821
Interest income	(25,692)	(17,123)
Share based payment	27,861	18,613
	<b>2,815,037</b>	<b>2,006,422</b>
Increase in inventories	(512,441)	(11,285)
Increase in trade and other receivables	(2,337,786)	(611,510)
Increase in other payables	(249,250)	1,391,872
	<b>(284,440)</b>	<b>2,775,499</b>
<b>Cash flow from operations</b>		
Interest received	25,692	17,123
Income tax paid	(416,046)	(702,869)
	<b>(674,794)</b>	<b>2,089,753</b>
<b>Net cash flow from operating activities</b>		
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(344,942)	(678,461)
Sale of property, plant and equipment	1,167	310
	<b>(343,775)</b>	<b>(678,151)</b>
<b>Cash flow used in investing activities</b>		
<b>Cash flow from financing activities</b>		
Dividends paid / prior to group reconstruction	(163,470)	(234,500)
Proceeds from issue of share capital, net of share issue costs	88,069	2,331,598
	<b>(75,401)</b>	<b>2,097,098</b>
<b>Net cash flow from/(used in) financing activities</b>		
Net increase in cash and cash equivalents	(1,093,970)	3,508,700
Cash and cash equivalents at beginning of the financial year	5,990,176	2,481,476
Cash and cash equivalents at end of the financial year	4,896,206	5,990,176



## **Notes to the 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 on 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 Company was incorporated on 7 February 2013 and on 8 May 2013 acquired the entire share capital of Anthony Best Dynamics Limited. As a result of this transaction, the ultimate shareholders in Anthony Best Dynamics Limited received shares in the Company in direct proportion to their original shareholdings in Anthony Best Dynamics Limited.

Under IFRS 3 (revised) "Business Combinations", the acquisition of Anthony Best Dynamics Limited by the Company has been accounted for as a reverse acquisition and the consolidated IFRS financial information of the Company is therefore a continuation of the financial information of Anthony Best Dynamics Limited.

As a result any financial information after 8 May 2013 represents consolidated financial information of the Group. Prior to this date, the historical financial information represents the financial information of the Company's only operating subsidiary, Anthony Best Dynamics Limited.

The financial statements are measured and presented in sterling (£), unless otherwise stated, which is the currency or the primary economic environment in which the entities operate. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit and loss.

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 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") issued by the International Accounting Standards Board ("IASB"), including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 August 2014 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 financial information set out in this announcement was approved and authorised for issue by the Board of Directors on 12 November 2014.

## 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. The income streams are all derived from the utilisation of these products which, in all aspects except details of revenue, are reviewed and managed together within the Group and as such are considered to be the 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:

	<b>2014</b>	<b>2013</b>
	£	£
United Kingdom	1,705,775	2,206,917
Rest of the European Union	3,752,538	3,364,214
North America	1,388,510	973,702
Rest of the World	6,999,739	5,626,640
	<u>13,846,562</u>	<u>12,171,473</u>

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

	<b>2014</b>	<b>2013</b>
	£	£
Customer A	24,989	653,976
Customer B	7,500	70,966
Customer C	-	40,566
Customer D	41,394	1,743,998
Customer E	1,411,745	111,475
Other customers	12,360,934	9,550,492
	<u>13,846,562</u>	<u>12,171,473</u>

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

Revenues are derived from the following:

Revenue from sale of goods	9,609,493	7,346,430
Revenue from construction contracts	4,237,069	4,825,043
	<u>13,846,562</u>	<u>12,171,473</u>

### 3. Dividends paid

	2014 £	2013 £
Interim dividend paid of £0.01 per share	163,470	-
Final dividends paid prior to group reconstruction	-	234,500

### 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	
	2014	2013
Profit after tax attributable to owners of the Group (£)	£2,151,911	£1,423,257
Weighted average number of shares:		
Basic	16,452,254	14,212,360
Diluted	17,772,645	15,010,940
Earnings per share (pence)		
Basic	13.08p	10.01p
Diluted	12.11p	9.48p
Profit for the year attributable to owners of the Group (£)	£2,151,911	£1,423,257
Adjustments for:		
AIM transaction costs	-	£315,305
Profit for the year attributable to owners of the Group before AIM transaction costs (£)	£2,151,911	£1,738,562
Adjusted earnings per share before AIM transaction costs (pence)		
Basic	13.08p	12.23p
Diluted	12.11p	11.58p

### 5. Share capital

The allotted, called up and full paid share capital is made up of 16,775,640 ordinary shares of £0.01 each.

	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	(iii)	13,266,000	-	-	-
On 22 May 2013	(iv)	2,906,976	29,070	2,470,930	2,500,000
Less share issue costs		-	-	(168,402)	(168,402)
At 1 September 2013		<u>16,306,976</u>	<u>163,070</u>	<u>2,302,528</u>	<u>2,465,598</u>

On 21 December 2013	(v)	40,000	400	34,000	34,400
On 24 May 2014	(vi)	<u>428,664</u>	<u>4,287</u>	<u>49,382</u>	<u>53,669</u>
At 31 August 2014		<u>16,775,640</u>	<u>167,757</u>	<u>2,385,910</u>	<u>2,553,667</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 £1.00 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 £0.86.
- (v) On 21 December 2013, Cairn Financial Advisers LLP exercised 40,000 warrants of £0.01 each for £0.86.
- (vi) On 24 May 2014, a total of 428,664 share options were exercised of £0.01 each for £0.1252.

## **Publication of the Annual Report and Accounts and notice of Annual General Meeting**

A copy of the Annual Report and Accounts, together with a notice of the Annual General Meeting of the Company to be held at the Company's registered office at Holt Road, Bradford on Avon, Wiltshire BA15 1AJ on 9 December 2014 at 11.00 a.m. will be sent to all shareholders on 14 November 2014. 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](http://www.abd.uk.com).