

12th November 2015

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 2015.

Financial Highlights

- Revenue increased 19.3% to £16.52 million (2014: £13.85 million)
- Operating Profit increased 41% to £3.74 million (2014: £2.65 million)
- Net cash at year end £7.97 million (2014: £4.89 million)
- The Board has proposed a final dividend of 1.65p per share making a total of 2.75p for the year

Operational Highlights

- Secured an additional 3,100 ft² of manufacturing space to meet demand.
- Completed a comprehensive upgrade of our product software platform
- Received the first Brazilian order for SPMM
- Achieved another record for sales of Track Testing products worldwide
- New factory build on track for completion early 2017

Tim Rogers, Managing Director of AB Dynamics, commented:

"We have had another excellent year, with demand for our products and services increasing in line with higher R&D spending by the global automotive testing sector.

In line with the previous year, our business in traditional markets in Europe and Asia continues to improve and when combined with the additional sales into the new developing markets this has led to our "Track Testing" revenues exceeding our expectations, with sales of our "Laboratory Testing" product, the Suspension Parameter Measuring Machine ("SPMM") remaining in line with our forecasts.

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."

For further information please contact:

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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 70 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.

The Chairman's and Managing Director's Statement

Overview

We are very pleased to be publishing the third annual report for AB Dynamics Plc since its debut on the AIM market in May 2013. The Group has successfully grown its customer base and product offering, as well as injected a substantial amount of investment into its production facilities, business systems and manpower. This in turn has allowed us to achieve substantial growth in revenues, profits and margins.

Results

We have had another excellent year, with demand for our products and services increasing in line with R&D spending by the global automotive testing sector.

Our business in traditional markets in Europe and Asia continues to improve and when combined with additional sales into the new developing markets has led to our "Track Testing" revenues exceeding our expectations, with our sales of our "Laboratory Testing" product, the Suspension Parameter Measuring Machine ("SPMM") remaining in line with our forecasts.

Whilst sales of driving robots remain robust, we have seen a notable increase in sales of our high value Guided Soft Target (GST) further driving revenues. The upgraded SPMM 5000 continues to gain traction in the market resulting in a landmark sale to a Brazilian customer, the first machine of its type to be sold into this region.

We have finished this year with an excellent set of financial results that are ahead of market expectations, with year on year revenues growing by 19.3% to £16.52m (2014: £13.85m), operating profit increasing by 41% to £3.74m (2014: £2.65m) and finally the operating profit margin improving to 22.6% (2014: 19.1%).

Operations

Regional Growth Fund Grant

As previously announced, we elected to decline the Government's RGF Round 6 grant. The Directors felt that the very restrictive timeline within which to exercise the grant money, combined with some over-burdensome terms and conditions added later to the final offer letter were not in the best interests of the Group nor its shareholders.

We continue to seek ways to take advantage of any potential funding to support our product development. The Directors feel that as a result of the robust financial position and sound operational performance of the business, the Group has sufficient funds to facilitate its expansion plans for meeting increasing global demand.

Facilities

In the year, we have continued with our plans to build and locate to a new dedicated facility near our current offices in Bradford on Avon. Construction will start in the New Year with completion targeted for early 2017. In the meantime we have leased a further 3,100 sq ft of production space to meet the immediate need to support increased demand. As set out previously, the Directors remain confident that the Group has sufficient capacity requirements until such time as the new facility becomes available, estimated to be in Q1 2017.

Product Development

We continue to maintain our ability to deliver high quality solutions to our customers where we regularly look to improve our products. This year we completed a significant software upgrade to both our Track Testing and Laboratory Testing products, introducing to our customers a host of new operational enhancements that will keep us ahead of our competition. The team continues to work on new

development opportunities with our customers to ensure we have a product pipe line for the future of the Group.

Employees

The business has always been about the quality and talent of the staff we employ. We continue to attract and retain some of the very best talent in UK engineering, with the Group reaching a landmark of over 70 direct employees. The Group 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 and cash flow 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 1.65p per share, payable in December 2015 subject to shareholder approval at the AGM. The record date will be 20th November 2015 and the ex-dividend date will be 19th November 2015. This will take the total dividend for the year to 2.75p an increase of 10%.

Current Trading and Outlook

With current orders taking us well into our third quarter, we remain committed to being able to provide capacity to fulfil these orders whilst ensuring that we focus on the future business opportunities.

The coming year will also see the Group focus on building our long awaited new factory HQ.

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

11th November 2015

Tim Rogers

Managing Director

11th November 2015

Consolidated statement of comprehensive income

		Year ended 31 August 2015 £	Year ended 31 August 2014 £
<i>Continuing operations</i>			
Revenue	2	16,522,627	13,846,562
Cost of sales		<u>(11,172,617)</u>	<u>(9,816,570)</u>
Gross profit		5,350,010	4,029,992
Administrative expenses		<u>(1,609,448)</u>	<u>(1,378,718)</u>
Operating profit		3,740,562	2,651,274
Finance income		<u>76,432</u>	<u>25,692</u>
Profit before taxation		3,816,994	2,676,966
Corporation tax expense		(570,986)	(525,055)
Profit after taxation		3,246,008	2,151,911
Other comprehensive income		-	-
Total comprehensive income for the year attributed to equity holders		<u>3,246,008</u>	<u>2,151,911</u>
Earnings per share - Basic (pence)	4	19.16p	13.08p
Earnings per share - Diluted (pence)	4	18.26p	12.11p

Consolidated statement of financial position
as at 31 August 2015

	Note	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,727,349	1,219,983
Deferred tax assets		48,548	-
		<u>1,775,897</u>	<u>1,219,983</u>
CURRENT ASSETS			
Inventories		2,541,704	1,998,831
Trade receivables		2,825,148	4,339,755
Other receivables, deposits and prepayments		464,462	185,007
Amount owing by contract customers		1,301,169	949,197
Derivative financial instruments		33,743	-
Cash and cash equivalents		7,967,808	4,896,206
		<u>15,134,034</u>	<u>12,368,996</u>
TOTAL ASSETS		<u>16,909,931</u>	<u>13,588,979</u>
EQUITY AND LIABILITIES			
Share capital	5	173,344	167,757
Share premium		2,540,711	2,385,910
Reconstruction reserve		(11,284,500)	(11,284,500)
Merger relief reserve		11,390,000	11,390,000
Retained profits		10,830,329	7,666,718
Total equity attributable to owners of the Company and total equity		<u>13,649,884</u>	<u>10,325,885</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	79,273
CURRENT LIABILITIES			
Trade and other payables and accruals		3,089,487	2,913,843
Provision for taxation		170,560	269,978
		<u>3,260,047</u>	<u>3,183,821</u>
TOTAL LIABILITIES		<u>3,260,047</u>	<u>3,263,094</u>
TOTAL EQUITY AND LIABILITIES		<u>16,909,931</u>	<u>13,588,979</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 2013		163,070	2,302,528	11,390,000	(11,284,500)	5,650,416	8,221,514
Share based payment expense		-	-	-	-	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
Balance at 1 September 2014		167,757	2,385,910	11,390,000	(11,284,500)	7,666,718	10,325,885
Share based payment expense		-	-	-	-	13,410	13,410
Deferred Tax on Share Options		-	-	-	-	168,387	168,387
Profit after taxation and total comprehensive income for the financial year		-	-	-	-	3,246,008	3,246,008
Tax impact of exercised Share Options		-	-	-	-	172,632	172,632
Dividend paid	3	-	-	-	-	(436,826)	(436,826)
Issue of shares, net of share issue costs		5,587	154,801	-	-	-	160,388
Balance at 31 August 2015		173,344	2,540,711	11,390,000	(11,284,500)	10,830,329	13,649,884

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 and merger relief reserve have arisen as follows:

The acquisition by the Company of the entire issued share capital of Anthony Best Dynamics Limited in 2013 was accounted for as a reverse acquisition under IFRS3 (revised). Consequently, the previously recognised book values and assets and liabilities were retained and the consolidated financial information for the period to 31 August 2013 was presented as if the Company had always been the parent company of the Group which included 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 were 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.

Consolidated statement of cash flows

	2015 £	2014 £
Cash flow from operating activities		
Profit before taxation	3,816,994	2,676,966
Adjustments for:-		
Depreciation of property, plant and equipment	183,836	135,645
Loss on sale of property, plant and equipment	42	257
Fair value gains on derivative instruments	(33,743)	-
Interest income	(42,689)	(25,692)
Share based payment	13,410	27,861
	3,937,850	2,815,037
Increase in inventories	(542,873)	(512,441)
Decrease / (increase) in trade and other receivables	883,180	(2,337,786)
Increase / (decrease) in trade and other payables and accruals	175,644	(249,250)
	4,453,801	(284,440)
Cash flow from operations		
Interest received	42,689	25,692
Income tax paid	(457,206)	(416,046)
	4,039,284	(674,794)
Cash flow from investing activities		
Purchase of property, plant and equipment	(691,244)	(344,942)
Sale of property, plant and equipment	-	1,167
	(691,244)	(343,775)
Cash flow used in investing activities		
Cash flow from financing activities		
Dividends paid	(436,826)	(163,470)
Proceeds from issue of share capital, net of share issue costs	160,388	88,069
	(276,438)	(75,401)
Net cash flow used in financing activities		
Net increase / (decrease) in cash and cash equivalents	3,071,602	(1,093,970)
Cash and cash equivalents at beginning of the financial year	4,896,206	5,990,176
Cash and cash equivalents at end of the financial year	7,967,808	4,896,206

Notes to the consolidated financial statements

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 was 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.

The financial statements are measured and presented in sterling (£), unless otherwise stated, which is the currency of 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 or 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").

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:

	2015	2014
	£	£
United Kingdom	498,948	1,705,775
Rest of the European Union	4,537,758	3,752,538
North America	1,588,822	1,388,510
Rest of the World	9,897,099	6,999,739
	<u>16,522,627</u>	<u>13,846,562</u>

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

	2015	2014
	£	£
Customer A	119,080	1,411,745
Other customers	16,403,547	12,434,817
	<u>16,522,627</u>	<u>13,846,562</u>

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

Revenues are derived from the following:

Revenue from sale of goods	11,670,526	9,609,493
Revenue from construction contracts	4,852,101	4,237,069
	<u>16,522,627</u>	<u>13,846,562</u>

3. Dividends paid

	2015	2014
	£	£
Interim dividend paid of £0.01 per share	-	163,470
Final 2014 dividend paid of £0.015 per share	251,634	-
Interim dividend paid of £0.011 per share	<u>185,192</u>	-
	<u>436,826</u>	<u>163,470</u>

The Board has proposed a final dividend of 1.65p per share totalling £286,018. Together with the interim dividend of 1.1p per share this gives a total Ordinary dividend of 2.75p for the year.

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.

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 one category of potentially dilutive shares, namely share options.

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

	Years ended 31 August	
	2015	2014
Profit after tax attributable to owners of the Group (£)	£3,246,008	£2,151,911
Weighted average number of shares:		
Basic	16,940,438	16,452,254
Diluted	17,772,645	17,772,645
Earnings per share (pence)		
Basic	19.16p	13.08p
Diluted	18.26p	12.11p

5. Share capital

The allotted, called up and full paid share capital is made up of 17,334,406 ordinary shares of £0.01 each.

	Note	Number of shares	Share Capital £	Share premium £	Total £
At 1 September 2013		16,306,976	163,070	2,302,528	2,465,598
On 21 December 2013	(i)	40,000	400	34,000	34,400
On 24 May 2014	(ii)	<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>
On 4 December 2014	(iii)	60,000	600	51,000	51,600
On 5 June 2015	(iv)	63,069	630	53,609	54,239
On 5 June 2015	(v)	<u>435,697</u>	<u>4,357</u>	<u>50,192</u>	<u>54,549</u>
At 31 August 2015		<u>17,334,406</u>	<u>173,344</u>	<u>2,540,711</u>	<u>2,714,055</u>

(i) On 21 December 2013, Cairn Financial Advisers LLP exercised 40,000 warrants of £0.01 each for 86p.

(ii) On 24 May 2014, a total of 428,664 share options were exercised of £0.01 each for £0.1252.

(iii) On 4 December 2014, Cairn Financial Advisers LLP exercised 60,000 warrants of £0.01 each for 86p.

(iv) On 5 June 2015, Cairn Financial Advisers LLP exercised 63,069 warrants of £0.01 each for 86p.

(v) On 5 June 2015, a total of 435,697 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 10 December 2015 at 11.00 a.m. will be sent to all shareholders on 13 November 2015. 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.