

25 April 2017

AB Dynamics plc
("ABD" or the "Company" or the "Group")

Interim Results for the 6 months ended 28 February 2017

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 Interim Results for the six month period to 28 February 2017.

Financial Highlights

- Revenues increased 9% to £11.0m (H1 2016: £10.1m)
- Profit before tax, excluding share option costs, increased 9% to £2.5m (H1 2016: £2.3m)
- Increased capital expenditure of £2.6m (H1 2016: £0.3m) in line with management expectations
- Net cash at 28 February 2017 of £14.8m (H1 2016: £10.2m)
- Basic EPS adjusted for share option costs of £0.8m increased to 11.04p (H1 2016: 10.53p)
- Interim dividend increased 10% to 1.331p per ordinary share (H1 2016: 1.21p)

Operational Highlights

- Successful equity fundraising of £6 million to fund new product development and investment in supporting activities to drive growth
- Very strong demand for Guided Soft Targets following regulatory approval for their use in global Advanced Driver Assistance Systems ('ADAS') testing
- Demand for Driving Robots at an all time high
- Advanced Vehicle Dynamic Simulator project nearing commercialisation phase
- New factory build on target for late summer hand over
- Tim Rogers appointed as Chief Executive Officer

Tim Rogers, CEO of AB Dynamics, commented:

"We are very pleased to report on a solid first half of the financial year. We have a good forward order book for the remainder of 2017 and well in to next year which gives us confidence in meeting market expectations.

"The Group continues to invest in people, products and facilities, reaching a landmark of 100 employees. Separate commercial and business development teams have been established to create a group structure capable of supporting our large and growing customer base, whilst delivering new products and services to our customers.

"The Board is pleased to announce the increased dividend to shareholders of 1.331p per ordinary share which underlines the strength of the business and future prospects."

For further information please contact:

| | |
|---|---------------|
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| Tony Best, Non-executive Chairman | |
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Tim Metcalfe

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Heather Armstrong

Chief Executive's and Chairman's Statement

We are pleased to report on a successful first half of the financial year for AB Dynamics. A strong commercial performance across our business platforms have resulted in profit before tax (excluding share option costs of £0.8m) for the half year to 28 February 2017, of £2.5 million (H1 2016: £2.3 million) an increase of 9% and revenues of £11.0 million (H1 2016: £10.1 million) an increase of 9% over the prior year's first half. Cash at the period end was £14.8 million (H1 2016: £10.2 million).

The Group sees strong demand for its products and services, notably from sales of its Guided Soft Targets (GST), which have uniquely benefited from obtaining approvals from both of the key vehicle safety organisations in Europe (EuroNCap) and the US (NHTSA) for vehicle ADAS testing. This gives our customers access to a genuinely global testing platform which seamlessly integrates with the Company's other Track Testing products for development of ADAS and next generation autonomous vehicles.

Favourable currency conditions and further improvements to our manufacturing infrastructure and supply side have also helped maintain our operating margin, adjusted for share option charges, at 22%.

The Company continues to invest and expand its design, manufacturing and customer support capacity. Separate commercial and business development teams have been established to create a group structure capable of supporting our large and growing customer base, whilst delivering new products and services to our customers.

The new facility is targeted to come on line in late summer freeing up valuable manufacturing space and creating necessary product development areas required to create the new laboratory test equipment that will drive the Company's growth.

As mentioned previously the building will improve significantly the working environment and bring our UK operations together again under one roof, creating the necessary headroom for future growth. The investment in the new factory will be funded entirely from the Group's cash resources over the next six months as the build programme gathers momentum.

Towards the end of 2016 we successfully completed an equity fundraising of £6 million enabling us to embark upon a number of new product development programmes including the Advanced Vehicle Dynamic Simulator, a Driver in Loop Simulator developed in collaboration with Williams WAE which is nearing the commercialisation phase. Other laboratory test machinery is in development, together with a raft of new Track Testing Robot upgrades and enhancements already introduced this year to provide support to the businesses in which we are the largest supplier.

The Company has seen an increase in demand for its track testing products and together with its forward order book has secured a sales pipeline for the remainder of this financial year and well into the next. Looking ahead, the Company continues to invest and develop new products and technologies which will secure the Company's future.

We are pleased to announce that the Directors are declaring an interim dividend of 1.331p per ordinary share. The ex-dividend date will be 4 May with a record date of 5 May and payment date 19 May 2017.

Anthony Best

Tim Rogers

Non-executive Chairman

Chief Executive Officer

24 April 2017

24 April 2017

AB Dynamics plc

Unaudited consolidated statement of comprehensive income

for the six months ended 28 February 2017

| | Notes | Unaudited 6 months ended 28 February 2017 £ | Unaudited 6 months ended 29 February 2016 £ | Audited Year ended 31 August 2016 £ |
|---|-------|--|--|--|
| Revenue | | 11,001,085 | 10,108,702 | 20,472,244 |
| Cost of sales | | (8,302,273) | (7,070,977) | (14,296,445) |
| Gross profit | | 2,698,812 | 3,037,725 | 6,175,799 |
| Administrative expenses | | (1,030,824) | (786,865) | (1,635,977) |
| Fair value (losses) / gains in respect of foreign currency forward contracts | | (59,241) | (33,428) | (161,145) |
| Operating profit | | 1,608,747 | 2,217,432 | 4,378,677 |
| Net finance income and (costs) | | 43,010 | 45,084 | 72,643 |
| Profit before taxation | | 1,651,757 | 2,262,516 | 4,451,320 |
| Income tax expense | | (430,923) | (437,837) | (576,935) |
| Profit after taxation and total comprehensive income for the period | | 1,220,834 | 1,824,679 | 3,874,385 |
| Earnings per share-Basic | 2 | 6.65p | 10.53p | 22.25p |
| Earnings per share-Diluted | 2 | 6.61p | 10.27p | 22.25p |

AB Dynamics plc

Unaudited consolidated statement of financial position

for the six months ended 28 February 2017

| | Unaudited 28 February 2017 £ | Unaudited 29 February 2016 £ | Audited 31 August 2016 £ |
|--|---------------------------------------|---------------------------------------|-----------------------------------|
|--|---------------------------------------|---------------------------------------|-----------------------------------|

ASSETS**NON-CURRENT ASSETS**

| | | | |
|-------------------------------|-----------|-----------|-----------|
| Property, plant and equipment | 5,181,045 | 1,959,887 | 2,695,097 |
| Deferred tax assets | - | 138,235 | - |
| | 5,181,045 | 2,098,122 | 2,695,097 |

CURRENT ASSETS

| | | | |
|---|------------|------------|------------|
| Inventories | 3,780,447 | 2,949,435 | 3,191,642 |
| Trade receivables | 3,121,141 | 2,836,729 | 2,601,857 |
| Other receivables, deposits and prepayments | 1,285,884 | 638,905 | 1,006,657 |
| Amount owing by contract customers | 1,205,473 | 550,805 | 1,285,922 |
| Derivative financial instruments | - | 315 | - |
| Taxation | - | - | 148,992 |
| Cash and cash equivalents | 14,776,087 | 10,145,882 | 10,404,523 |
| | 24,169,032 | 17,122,071 | 18,639,593 |

TOTAL ASSETS

29,350,077 19,220,193 21,334,690

EQUITY AND LIABILITIES

| | | | |
|-------------------------|--------------|--------------|--------------|
| Called up share capital | 191,119 | 173,344 | 177,646 |
| Share premium account | 8,579,264 | 2,540,711 | 2,590,267 |
| Reconstruction reserve | (11,284,500) | (11,284,500) | (11,284,500) |
| Merger relief reserve | 11,390,000 | 11,390,000 | 11,390,000 |
| Retained earnings | 16,347,092 | 12,483,120 | 14,643,035 |

TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY

25,222,975 15,302,675 17,516,448

NON-CURRENT LIABILITIES

| | | | |
|--------------------------|--------|---|---------|
| Deferred tax liabilities | 53,648 | - | 118,946 |
|--------------------------|--------|---|---------|

CURRENT LIABILITIES

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Trade and other payables | 3,856,571 | 3,571,362 | 3,608,862 |
| Derivative financial instrument | 58,165 | - | 90,434 |
| Provision for taxation | 158,718 | 346,156 | - |
| | 4,073,454 | 3,917,518 | 3,699,296 |

TOTAL LIABILITIES

4,127,102 3,917,518 3,818,242

TOTAL EQUITY AND LIABILITIES

29,350,077 19,220,193 21,334,690

AB Dynamics plc**Unaudited statement of changes in equity**

for the six months ended 28 February 2017

| | Share capital | Share premium | Merger relief reserve | Reconstruction reserve | Retained profits | Total equity |
|-----------------------------|----------------|------------------|-----------------------|------------------------|-------------------|-------------------|
| | £ | £ | £ | £ | £ | £ |
| At 31 August 2016 | 177,646 | 2,590,267 | 11,390,000 | (11,284,500) | 14,643,035 | 17,516,448 |
| Share based payment expense | - | - | - | - | 805,649 | 805,649 |

| | | | | | | |
|---|----------------|------------------|-------------------|---------------------|-------------------|-------------------|
| Profit after taxation and Total comprehensive Income for the financial year | - | - | - | - | 1,220,834 | 1,220,834 |
| Dividend paid | - | - | - | - | (322,426) | (322,426) |
| Issue of shares, net of share issue costs | 13,473 | 5,988,997 | - | - | - | 6,002,470 |
| At 28 February 2017 | 191,119 | 8,579,264 | 11,390,000 | (11,284,500) | 16,347,092 | 25,222,975 |
| At 31 August 2015 | 173,344 | 2,540,711 | 11,390,000 | (11,284,500) | 10,830,329 | 13,649,884 |
| Share based payment Expense | - | - | - | - | 3,237 | 3,237 |
| Deferred Tax on Share Options | - | - | - | - | 110,892 | 110,892 |
| Profit after taxation and Total comprehensive Income for the financial year | - | - | - | - | 1,824,679 | 1,824,679 |
| Dividend paid | - | - | - | - | (286,017) | (286,017) |
| At 29 February 2016 | 173,344 | 2,540,711 | 11,390,000 | (11,284,500) | 12,483,120 | 15,302,675 |
| At 31 August 2015 | 173,344 | 2,540,711 | 11,390,000 | (11,284,500) | 10,830,329 | 13,649,884 |
| Share based payment expense | - | - | - | - | 273,405 | 273,405 |
| Deferred Tax on Share Options | - | - | - | - | (168,387) | (168,387) |
| Profit after taxation and Total comprehensive Income for the financial year | - | - | - | - | 3,874,385 | 3,874,385 |
| Tax impact of exercised Share Options | - | - | - | - | 329,066 | 329,066 |
| Dividend paid | - | - | - | - | (495,763) | (495,763) |
| Issue of shares, net of share issue costs | 4,302 | 49,556 | - | - | - | 53,858 |
| At 31 August 2016 | 177,646 | 2,590,267 | 11,390,000 | (11,284,500) | 14,643,035 | 17,516,448 |

AB Dynamics plc
Unaudited cash flow statement
for the six months ended 28 February 2017

| | Unaudited 6 months Ended 28 February 2017 £ | Unaudited 6 months Ended 29 February 2016 £ | Audited Year Ended 31 August 2016 £ |
|--|--|--|---|
| Cash flow from operating activities | | | |
| Profit before taxation | 1,651,757 | 2,262,516 | 4,451,320 |

| | | | |
|--|--------------------|-------------------|--------------------|
| Adjustments for:- | | | |
| Depreciation of property, plant and equipment | 125,533 | 105,342 | 277,695 |
| Loss on sale of property, plant and equipment | 4,242 | 391 | 2,336 |
| Finance income and costs | (32,270) | 33,428 | - |
| Interest income | (43,010) | (45,084) | (72,643) |
| Share based payment | 805,649 | 3,237 | 273,405 |
| Operating cash flows, before working capital changes | 2,511,901 | 2,359,830 | 4,932,113 |
| Decrease/(increase) in inventories | (588,804) | (407,731) | (649,939) |
| Decrease/(increase) in trade and other receivables | (718,061) | 564,338 | (303,657) |
| (Decrease)/increase in other payables | 247,710 | 481,875 | 519,375 |
| Fair value loss/(gain) on derivative instruments | - | - | 124,178 |
| Cash flow (used in) / from operations | 1,452,746 | 2,998,312 | 4,622,070 |
| Interest received | 43,010 | 45,084 | 72,643 |
| Income tax paid | (188,513) | (241,034) | (568,314) |
| Net cash flow (used in) / from operating activities | 1,307,243 | 2,802,362 | 4,126,399 |
| Cash flow used in investing activities | | | |
| Purchase of property, plant and equipment | (2,615,723) | (338,271) | (1,608,527) |
| Sale of property, plant and equipment | - | - | 360,748 |
| Net cash flow used in investing activities | (2,615,723) | (338,271) | (1,247,779) |
| Cash flow used in financing activities | | | |
| Dividends paid | (322,426) | (286,017) | (495,763) |
| Proceeds from issue of share capital, net of share issue costs | 6,002,470 | - | 53,858 |
| Net cash flow from/(used in) financing activities | 5,680,044 | (286,017) | (441,905) |
| Net (decrease) / increase in cash and cash equivalents | 4,371,564 | 2,178,074 | 2,436,715 |
| Cash and cash equivalents at beginning of period | 10,404,523 | 7,967,808 | 7,967,808 |
| Cash and cash equivalents at end of period | 14,776,087 | 10,145,882 | 10,404,523 |

AB Dynamics plc

Notes to the unaudited interim report

for the six months ended 28 February 2017

1. Basis of preparation

The Company is a public limited 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.

The interim financial information has been prepared in accordance with the basis of the accounting policies set out in the annual report and accounts for the year ended 31 August 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union.

The interim accounts are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The same accounting policies, presentation and methods of computation have been followed in this unaudited interim financial information as those which were applied in the preparation of the Group's annual statements for the year ended 31 August 2016, upon which the auditors issued an unqualified opinion, and which have been delivered to the registrar of companies.

The interim financial information has been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 31 August 2017. Any new standards that will be adopted in full for the first time in the year-end financial statements did not have a material impact on this interim financial information.

The interim financial information for the six months ended 28 February 2017 was approved by the Board on 24 April 2017.

The Directors are declaring an interim dividend of 1.331p per ordinary share. The ex-dividend date will be 4 May, the record date 5 May and the payment date 19 May 2017.

2. Earnings per share

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

| | Unaudited 6 months ended 28 February 2017 £ | Unaudited 6 months ended 29 February 2016 £ | Audited Year Ended 31 August 2016 £ |
|--|--|--|--|
| Profit after tax attributable to owners of the Company | 1,220,834 | 1,824,679 | 3,874,385 |
| Weighted average number of shares | | | |
| Basic | 18,351,725 | 17,334,406 | 17,414,329 |
| Diluted | 18,472,797 | 17,772,645 | 17,414,329 |
| Earnings per share | | | |
| Basic | 6.65 pence | 10.53 pence | 22.25 pence |
| Diluted | 6.61 pence | 10.27 pence | 22.25 pence |

3. Analysis of revenue by geographical area and major customers

Revenues attributable to individual foreign countries are as follows:

| | Unaudited 6 months ended February 2017 £ | Unaudited 6 months ended February 2016 £ | Audited Year ended August 2016 £ |
|----------------------------|--|---|---|
| United Kingdom | 405,771 | 86,993 | 379,418 |
| Rest of the European Union | 2,908,371 | 3,209,516 | 6,241,564 |
| North America | 2,449,020 | 1,145,398 | 3,099,983 |
| Rest of the World | 5,237,923 | 5,666,795 | 10,751,279 |
| | <u>11,001,085</u> | <u>10,108,702</u> | <u>20,472,244</u> |

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

Revenues are derived from the following:

| | | | |
|-------------------------------------|-------------------|-------------------|-------------------|
| Revenue from sale of goods | 8,844,552 | 7,837,098 | 15,612,065 |
| Revenue from construction contracts | <u>2,156,533</u> | <u>2,271,604</u> | <u>4,860,179</u> |
| | <u>11,001,085</u> | <u>10,108,702</u> | <u>20,472,244</u> |