

28 April 2014

AB Dynamics plc
(“ABD” or the “Group”)
Interim 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 Interim Results for the six month period to 28 February 2014.

Financial Highlights

- Revenues increased 14% to £6.69 million (H1 2013: £5.87 million)
- Profit Before Tax increased 9% to £1.16 million (H1 2013: £1.07 million)
- Cash at 28 February 2014 of £4.55 million (H1 2013: £3.04 million)
- Maiden interim dividend of 1.0p per ordinary share

Operational Highlights

- Wiltshire council has formally resolved to grant planning permission for its new purpose built factory subject to completion of negotiations on an agreement under section 106 between the local council and the developers
- 6th SPMM order from China placed
- Investment in staff and product development in the Track Testing Systems Division
- Engineer placed in Japan to support further market growth

Tim Rogers, Managing Director of AB Dynamics, commented: “The Company has enjoyed a strong first half of the year, with improved revenues, profits and cash generation. We have an enviable and loyal client base and continue to add new customers.

“With our new facility with increased capacity likely to complete in the first half of 2016, our strong order book and continued product development, the Board is confident of a prosperous future and is therefore pleased to announce a maiden interim dividend of 1.0p per share.”

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 (Broker) 0207 149 6000
Dugald J. Carlean
Karri Vuori
Laura White

Newgate Threadneedle (PR) 0207 653 9850
Josh Royston
Heather Armstrong
Caroline Evans-Jones

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 all of the top twenty automotive manufacturers, including Honda, Toyota, Ford and Volkswagen, who routinely use the Group's products to test vehicle safety.

Managing Director's and Chairman's Statement

We are delighted to report on a successful first half of the financial year for AB Dynamics. Continued strong performance resulted in profit before tax for the half year to 28 February 2014, of £1.16 million (2013: £1.07 million) an increase of 9% and revenues of £6.69 million (2013: £5.87 million) an increase of 14% over the prior year's first half. Cash at the period end was £4.55 million (2013: £3.04 million).

Over the last 6 months the Group has seen an excellent performance in its "Track Testing Systems" offering, which has benefited from the recent investments made in staff and new product development. The business continues to grow strongly with a significant flow of new orders, notably from European car makers in the run up to the New Year.

The Group continues to work closely with its customers in the field of Advanced Driver Assistance Systems (ADAS) and is able to provide a unique package of Driverless Robots synchronising with our latest Soft Target products. These are important to the automotive industry for meeting the latest vehicle passenger and pedestrian safety standards such as Euro NCAP.

The Group has also seen continued demand in its "Laboratory Testing" business, where it has completed a comprehensive upgrade to its Suspension Parameter Measuring Machine (SPMM). The upgraded SPMM 5000 meets the requirements of larger SUV type vehicles and keeps the product relevant for the future. These improvements have led to a new order from China Automobile Engineering Research Institute (CAERI), valued at more than £1.6 million, to be delivered in June 2015. This will be the 6th SPMM that the Group will have supplied to China. As stated at the time of admission to AIM, Asia is an important market for the Group, where continued orders from China, Japan and Korea provide the management with confidence in the Group's growth strategy.

The Group has recently located an Engineer in Japan to support its customers in the region and is seeking to place additional engineering resources in the Asia region in the near future.

On a note of caution, as an exporter we continue to regularly monitor the foreign exchange rates and the current strength of the UK Pound. The Group, takes and will continue to take, where possible, all appropriate measures to protect itself in this regard.

On 13 February 2014, Wiltshire Council's Strategic Planning Committee formally resolved to grant planning permission for a mixed use development on land South West of Kingston Farm, Bradford on Avon to include the Group's proposed new purpose built factory. Formal planning permission is subject to completion of negotiations on an agreement under section 106 of the Town and Country Act 1990 between Wiltshire Council and the developer of the site. We continue to make our case to the local planning authorities to expedite full planning permission and are hopeful, but cannot be certain, that this may be granted in the second quarter of this year. If this is the case, we believe that we will be able to complete the move in the first half of 2016. In the meantime we continue to expand our current capacity and to that end plan to lease additional premises to accommodate our order book and to tide us over any potential delay.

Since the founding of 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 are still with us today in addition to new customers that make up a strong future order book.

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

With our current order book taking us into the next financial year, the Group continues to seek ways to increase factory throughput, to meet demand and develop new products to expand our offering to the automotive testing market. Current trading is in line with management expectations and we remain confident of meeting our financial targets this financial year.

Our strong balance sheet and cash generation provide a good basis for a dividend and as indicated in our Trading Update on 19 February 2014; we are pleased to announce that the Directors are declaring an interim dividend of 1.0p per ordinary share. The ex-dividend date will be 7th May, the record date 9th May and the payment date 23rd May 2014.

Anthony Best
Chairman
28 April 2014

Tim Rogers
Managing Director
28 April 2014

Unaudited consolidated statement of comprehensive income

for the six months ended 28 February 2014

		Unaudited 6 months Ended 28 February 2014 £	Proforma Unaudited 6 months Ended 28 February 2013 £	Audited Year Ended 31 August £
	<i>Notes</i>			
Revenue		6,694,460	5,873,883	12,171,473
Cost of sales		(4,895,035)	(4,313,795)	(9,048,895)
Gross profit		1,799,425	1,560,088	3,122,578
Administrative expenses		(651,413)	(420,508)	(914,344)
Operating profit before AIM transaction costs		1,148,012	1,139,580	2,208,234
AIM transaction costs		-	-	(315,305)
Operating profit		1,148,012	1,139,580	1,892,929
Net finance income and (costs)		16,362	(71,469)	(27,698)
Profit before taxation		1,164,374	1,068,111	1,865,231
Income tax expense		(292,852)	(244,452)	(441,974)
Profit after taxation and total comprehensive income for the period		871,522	823,659	1,423,257
Earnings per share-Basic	2	5.34p	6.15p	10.01p
Earnings per share-Diluted	2	4.90p	6.15p	9.48p
Adjusted EPS (before AIM transaction costs):				
Adjusted earnings per share – Basic	2	5.34p	6.15p	12.23p
Adjusted earnings per share – Diluted	2	4.90p	6.15p	11.58p

Unaudited consolidated statement of financial position

for the six months ended 28 February 2014

	Unaudited 28 February 2014 £	Proforma Unaudited 28 February 2013 £	Audited 31 August 2013 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,141,123	534,686	1,012,109
CURRENT ASSETS			
Inventories	1,831,655	1,423,450	1,486,390
Trade receivables	1,933,902	1,000,614	1,132,625
Other receivables, deposits and prepayments	407,351	289,543	266,950
Amount owing by contract customers	1,884,811	1,616,979	1,736,598
Cash and cash equivalents	4,550,221	3,044,632	5,990,176
	10,607,940	7,375,218	10,612,739
TOTAL ASSETS	11,749,063	7,909,904	11,624,848
EQUITY AND LIABILITIES			
Called up share capital	163,470	134,000	163,070
Share premium account	2,336,528	43,000	2,302,528
Reconstruction reserve	(11,284,500)	62,500	(11,284,500)
Merger relief reserve	11,390,000	-	11,390,000
Retained earnings	6,537,891	5,132,705	5,650,416
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY	9,143,389	5,372,205	8,221,514
NON-CURRENT LIABILITIES			
Deferred tax liabilities	117,048	36,219	41,923
CURRENT LIABILITIES			
Trade and other payables	2,251,536	1,759,375	3,163,093
Derivative financial instrument	-	32,736	-
Provision for taxation	237,090	709,369	198,318
	2,488,626	2,501,480	3,361,411
TOTAL LIABILITIES	2,605,674	2,537,699	3,403,334
TOTAL EQUITY AND LIABILITIES	11,749,063	7,909,904	11,624,848

Unaudited statement of changes in equity

for the six months ended 28 February 2014

	Share Capital	Share Premium	Merger relief reserve	Reconstruction reserve	Retained profits	Total equity
	£	£	£	£	£	£
At 31 August 2013	163,070	2,302,528	11,390,000	(11,284,500)	5,650,416	8,221,514
Share based payment reserve	-	-	-	-	15,953	15,953
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	871,522	871,522
Issue of shares, net of share issue costs	400	34,000	-	-	-	34,400
At 28 February 2014	163,470	2,336,528	11,390,000	(11,284,500)	6,537,891	9,143,389
At 31 August 2012	134,000	43,000	-	62,500	4,443,046	4,682,546
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	823,659	823,659
Dividends paid prior to group reconstruction	-	-	-	-	(134,000)	(134,000)
At 28 February 2013	134,000	43,000	-	62,500	5,132,705	5,372,205
At 31 August 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
Dividends paid prior to group reconstruction	-	-	-	-	(234,500)	(234,500)
Issue of shares, net of share issue costs	29,070	2,302,528	-	-	-	2,331,598
At 31 August 2013	163,070	2,302,528	11,390,000	(11,284,500)	5,650,416	8,221,514

Unaudited cash flow statement

for the six months ended 28 February 2014

	Unaudited 6 months Ended 28 February 2014 £	Proforma Unaudited 6 months Ended 28 February 2013 £	Audited Year Ended 31 August 2013 £
Cash flow from operating activities			
Profit before taxation	1,164,374	1,068,111	1,865,231
Adjustments for:-			
Depreciation of property, plant and equipment	57,234	44,142	92,127
Loss on sale of property, plant and equipment	-	2,846	2,753
Finance income and costs	-	77,557	44,821
Interest income	(16,362)	(6,088)	(17,123)
Share based payment	15,953	-	18,613
Operating cash flows, before working capital changes	1,221,199	1,186,568	2,006,422
Decrease/(increase) in inventories	(345,265)	51,655	(11,285)
(Increase) in trade and other receivables	(1,089,891)	(382,473)	(611,510)
(Decrease)/increase in other payables	(911,557)	(11,846)	1,391,872
Cash flow (used in) / from operations	(1,125,514)	843,904	2,775,499
Interest received	16,362	6,088	17,123
Income tax paid	(178,955)	-	(702,869)
Net cash flow (used in) / from operating activities	(1,288,107)	849,992	2,089,753
Cash flow used in investing activities			
Purchase of property, plant and equipment	(186,248)	(152,836)	(678,461)
Sale of property, plant and equipment	-	-	310
Net cash flow used in investing activities	(186,248)	(152,836)	(678,151)
Cash flow used in financing activities			
Dividends paid	-	(134,000)	(234,500)
Proceeds from issue of share capital, net of share issue costs	34,400	-	2,331,598
Net cash flow from/(used in) financing activities	34,400	(134,000)	2,097,098
Net (decrease) / increase in cash and cash equivalents	(1,439,955)	563,156	3,508,700
Cash and cash equivalents at beginning of period	5,990,176	2,481,476	2,481,476
Cash and cash equivalents at end of period	4,550,221	3,044,632	5,990,176

Notes to the unaudited interim report

for the six months ended 28 February 2014

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 on the basis of the accounting policies set out in the annual report and accounts for the year ended 31 August 2013, 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 2013, 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 2014. 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 2014 was approved by the Board on 25th April 2014.

The Directors are declaring an interim dividend of 1.0p per ordinary share. The ex-dividend date is 7 May 2014, the record date is 9 May and the payment date 23rd May 2014.

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 2014 £	Proforma Unaudited 6 months ended 28 February 2014 £	Audited Year ended 31 August 2013 £
Profit after tax attributable to owners of the company	871,522	823,659	1,423,257
Weighted average number of shares			
Basic	16,322,446	13,400,000	14,212,360
Diluted	17,772,645	13,400,000	15,010,940
Earnings per share			
Basic	5.34 pence	6.15 pence	10.01 pence
Diluted	4.90 pence	6.15 pence	9.48 pence
Profit for the period attributable to owners of the company	871,522	823,659	1,423,257
AIM transaction costs	-	-	315,305
Profit for the period attributable to owners of the company before AIM transaction costs	871,522	823,659	1,738,562
Adjusted earnings per share before AIM transaction costs			
Basic	5.34 pence	6.15 pence	12.23 pence
Diluted	4.90 pence	6.15 pence	11.58 pence

3. Analysis of revenue by geographical area and major customers

Material revenues attributable to individual foreign countries are as follows:

	Unaudited 6 months ended February 2014 £	Proforma Unaudited 6 months ended February 2013 £	Audited Year ended August 2013 £
United Kingdom	1,030,456	1,137,804	2,206,917
Rest of the European Union	2,109,872	1,575,020	3,364,214
North America	555,268	672,630	973,702
Rest of the World	2,998,864	2,488,429	5,626,640
	<u>6,694,460</u>	<u>5,873,883</u>	<u>12,171,473</u>

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

	Unaudited 6 months ended February 2014 £	Proforma Unaudited 6 months ended February 2013 £	Audited Year ended August 2013 £
Customer A	36,705	1,052,035	1,743,998
Customer B	930,522	15,598	111,475
Other customers	5,727,233	4,806,250	10,316,000
	<u>6,694,460</u>	<u>5,873,883</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	4,525,466	3,934,769	7,346,430
Revenue from construction contracts	2,168,994	1,939,114	4,825,043
	<u>6,694,460</u>	<u>5,873,883</u>	<u>12,171,473</u>

4. Share Capital

On 20th December 2013 the Company announced that Cairn Financial Advisers LLP had exercised warrants to subscribe for 40,000 new ordinary shares of 1p each at a price of 86 pence per share. These warrants were granted to Cairn at the time of the Company's admission to AIM in May 2013. Following the issue of the new ordinary shares the company's enlarged issued share capital now comprises 16,346,976 shares.

5. Comparative Information

The following figures have been reclassified to conform with the presentation of the current financial year:

Condensed Consolidated Statement of Comprehensive Income (Extract):

	Admission Document Proforma Unaudited 6 months ended 28 February 2013	Restated Proforma Unaudited 6 months ended 28 February 2013
Revenue	5,873,883	5,873,883
Cost of sales	(4,147,700)	(4,313,795)
Gross profit	1,726,183	1,560,088
Administrative expenses	(586,603)	(420,508)
Operating profit before AIM transaction costs	1,139,580	1,139,580

The Cost of Sales and Administrative expenses as shown in the company's Admission Document have been restated to reflect the reallocation of bonus and Commercial Manager costs.

There is no overall impact to the total Operating Profit before AIM transaction costs.