

28 April 2015

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

Interim Results for the 6 months ended 28 February 2015

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 2015.

Financial Highlights

- Revenues increased 13% to £7.56 million (H1 2014: £6.69 million)
- Profit Before Tax increased 30% to £1.51 million (H1 2014: £1.16 million)
- Net Cash at 28 February 2015 of £7.03 million (H1 2014: £4.55 million)
- Interim dividend increased 10% to 1.1p per ordinary share (H1 2014: 1.0p)

Operational Highlights

- Company receives first Brazilian order for SPM
- New interim manufacturing facility on-line and generating efficiencies
- AB Dynamics Japan now established to serve all Company product lines in the region
- Track testing demand rising with Advanced Driver Assistance Systems (ADAS) targets
- Awarded conditional grant of up to £2.3 million from UK government Regional Growth Fund

Tim Rogers, Managing Director of AB Dynamics, commented:

"For the past six months the Company has delivered significant revenue and profit growth, combined with operational efficiencies leading to improved gross margins and cash generation. The Group continues to go from strength to strength: the progress of the new factory remains on track with completion expected in the latter part of 2016; and the Company continues to successfully attract key personnel having passed the 60 employees landmark. With a strong order book in place and continuing product development, the Board is pleased to announce an increased interim dividend of 1.1p per share."

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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 over 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.

Managing Director's and Chairman's Statement

We are pleased to report on a successful first half of the financial year for AB Dynamics. The continued strong performance resulted in profit before tax for the half year to 28 February 2015 of £1.51 million (2014: £1.16 million), an increase of 30%, and revenues of £7.56 million (2014: £6.69 million); an increase of 13%. Cash at the period end was £7.03 million (2014: £4.55 million).

Over the last six months, the considerable efforts of the Group have resulted in an improved gross margin driven in part, by manufacturing efficiencies derived from our new robot assembly facility – which came on line last year – and in part, by the improved margins obtained from our recently introduced new Track Testing products. The business has benefited from the recent establishment of AB Dynamics MF Japan Ltd, allowing the Group to support all of its products in the region via one single entity.

We see the global automotive industry investing more money in R&D with both regulatory factors and global competition driving the industry to develop new cars in a timely and efficient way. Our Lab Testing and Track Testing products enable car companies to develop and design vehicles that are safe and pleasing to drive by factoring in precise dynamic measurements derived on their products from our machines.

The European and Japanese car makers continue to invest heavily in the field of Advanced Driver Assistance Systems (ADAS), where our package of Driverless Robots synchronising with our latest Soft Targets, assist the automotive industry in meeting the latest vehicle passenger and pedestrian safety standards, such as Euro NCAP.

We remain committed to building and establishing our new high-tech manufacturing and office facility. Now that many of the planning obstacles have been overcome we are optimistic that we will complete the build in the latter part of 2016.

The Company is pleased to have applied for and to have received in this period a conditional offer for UK Government Regional Growth Fund money of up to £2.3 million. What the Company will actually receive will be dependent on a protracted due diligence phase and meeting qualifying criteria, however it is expected that the funds will be applied to building our new facility and enabling us to embark on a more aggressive product development program.

The Group continues to attract and retain some of the very best talent in UK engineering, with several of our colleagues having been with the Company for more than 20 years. As in previous years we would both like to thank all of the team for their continued hard work and dedication.

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 provides a good basis for an increase in the dividend and as indicated in our Trading Update on 20 March 2015, we are pleased to announce that the Directors are declaring an interim dividend of 1.1p per ordinary share. The ex-dividend date will be 7th May, the record date 8th May and the payment date 22nd May 2015.

Anthony Best
Chairman
28 April 2015

Tim Rogers
Managing Director
28 April 2015

AB Dynamics plc

Unaudited consolidated statement of comprehensive income

for the six months ended 28 February 2015

		Unaudited 6 months ended 28 February 2015 £	Unaudited 6 months ended 28 February 2014 £	Audited Year ended 31 August 2014 £
<i>Notes</i>				
Revenue		7,559,015	6,694,460	13,846,562
Cost of sales		(5,275,393)	(4,895,035)	(9,816,570)
Gross profit		2,283,622	1,799,425	4,029,992
Administrative expenses		(757,955)	(651,413)	(1,378,718)
Operating profit		1,525,667	1,148,012	2,651,274
Net finance income and (costs)		(19,275)	16,362	25,692
Profit before taxation		1,506,392	1,164,374	2,676,966
Income tax expense		(241,686)	(292,852)	(525,055)
Profit after taxation and total comprehensive income for the period		1,264,706	871,522	2,151,911
Earnings per share-Basic	2	7.53p	5.34p	13.08p
Earnings per share-Diluted	2	7.12p	4.90p	12.11p

AB Dynamics plc

Unaudited consolidated statement of financial position

for the six months ended 28 February 2015

	Unaudited 28 February 2015 £	Unaudited 28 February 2014 £	Audited 31 August 2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,441,445	1,141,123	1,219,983
CURRENT ASSETS			
Inventories	2,445,096	1,831,655	1,998,831
Trade receivables	3,008,620	1,933,902	4,339,755
Other receivables, deposits and prepayments	372,491	407,351	185,007
Amount owing by contract customers	959,518	1,884,811	949,197
Cash and cash equivalents	7,027,164	4,550,221	4,896,206
	13,812,889	10,607,940	12,368,996
TOTAL ASSETS	15,254,334	11,749,063	13,588,979
EQUITY AND LIABILITIES			
Called up share capital	168,357	163,470	167,757
Share premium account	2,436,910	2,336,528	2,385,910
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	8,687,650	6,537,891	7,666,718
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY	11,398,417	9,143,389	10,325,885
NON-CURRENT LIABILITIES			
Deferred tax liabilities	133,731	117,048	79,273
CURRENT LIABILITIES			
Trade and other payables	3,420,627	2,251,536	2,913,843
Derivative financial instrument	41,790	-	-
Provision for taxation	259,769	237,090	269,978
	3,722,186	2,488,626	3,183,821
TOTAL LIABILITIES	3,855,917	2,605,674	3,263,094
TOTAL EQUITY AND LIABILITIES	15,254,334	11,749,063	13,588,979

AB Dynamics plc

Unaudited statement of changes in equity

for the six months ended 28 February 2015

	Share capital	Share premium	Merger relief reserve	Reconstruction reserve	Retained profits	Total equity
	£	£	£	£	£	£
At 31 August 2014	167,757	2,385,910	11,390,000	(11,284,500)	7,666,718	10,325,885
Share based payment reserve	-	-	-	-	7,861	7,861
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	1,264,706	1,264,706
Dividend paid	-	-	-	-	(251,635)	(251,635)
Issue of shares, net of share issue costs	600	51,000	-	-	-	51,600
At 28 February 2015	168,357	2,436,910	11,390,000	(11,284,500)	8,687,650	11,398,417
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 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	-	-	-	-	(163,470)	(163,470)
Issue of shares, net of share issue costs	4,687	83,382	-	-	-	88,069
At 31 August 2014	167,757	2,385,910	11,390,000	(11,284,500)	7,666,718	10,325,885

AB Dynamics plc

Unaudited cash flow statement

for the six months ended 28 February 2015

	Unaudited 6 months ended 28 February 2015 £	Unaudited 6 months ended 28 February 2014 £	Audited Year ended 31 August 2014 £
Cash flow from operating activities			
Profit before taxation	1,506,392	1,164,374	2,676,966
Adjustments for:-			
Depreciation of property, plant and equipment	86,036	57,234	135,645
Loss on sale of property, plant and equipment	-	-	257
Finance income and costs	41,790	-	-
Interest income	(22,515)	(16,362)	(25,692)
Share based payment	7,861	15,953	27,861
Operating cash flows, before working capital changes	1,619,564	1,221,199	2,815,037
Decrease/(increase) in inventories	(446,265)	(345,265)	(512,441)
Decrease/(increase) in trade and other receivables	1,133,330	(1,089,891)	(2,337,786)
(Decrease)/increase in other payables	506,784	(911,557)	(249,250)
Cash flow (used in) / from operations	2,813,413	(1,125,514)	(284,440)
Interest received	22,515	16,362	25,692
Income tax paid	(197,437)	(178,955)	(416,046)
Net cash flow (used in) / from operating activities	2,638,491	(1,288,107)	(674,794)
Cash flow used in investing activities			
Purchase of property, plant and equipment	(307,498)	(186,248)	(344,942)
Sale of property, plant and equipment	-	-	1,167
Net cash flow used in investing activities	(307,498)	(186,248)	(343,775)
Cash flow used in financing activities			
Dividends paid	(251,635)	-	(163,470)
Proceeds from issue of share capital, net of share issue costs	51,600	34,400	88,069
Net cash flow from/(used in) financing activities	(200,035)	34,400	(75,401)
Net (decrease) / increase in cash and cash equivalents	2,130,958	(1,439,955)	(1,093,970)
Cash and cash equivalents at beginning of period	4,896,206	5,990,176	5,990,176
Cash and cash equivalents at end of period	7,027,164	4,550,221	4,896,206

AB Dynamics plc

Notes to the unaudited interim report

for the six months ended 28 February 2015

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 2014, 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 2014, 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 2015. 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 2015 was approved by the Board on 27th April 2015.

The Directors are declaring an interim dividend of 1.1p per ordinary share. The ex-dividend date will be 7th May, the record date 8th May and the payment date 22nd May 2015.

AB Dynamics plc

Notes to the unaudited interim report

for the six months ended 28 February 2015

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 2015 £	Unaudited 6 months ended 28 February 2014 £	Audited Year ended 31 August 2014 £
Profit after tax attributable to owners of the company	1,264,706	871,522	2,151,911
<i>Weighted average number of shares</i>			
Basic	16,804,480	16,322,446	16,452,254
Diluted	17,772,645	17,772,645	17,772,645
<i>Earnings per share</i>			
Basic	7.53 pence	5.34 pence	13.08 pence
Diluted	7.12 pence	4.90 pence	12.11 pence

AB Dynamics plc

Notes to the unaudited interim report

for the six months ended 28 February 2015

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 2015 £	Unaudited 6 months ended February 2014 £	Audited Year ended August 2014 £
United Kingdom	198,041	1,030,456	1,705,775
Rest of the European Union	2,632,580	2,109,872	3,752,538
North America	742,440	555,268	1,388,510
Rest of the World	3,985,954	2,998,864	6,999,739
	<u>7,559,015</u>	<u>6,694,460</u>	<u>13,846,562</u>

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

	Unaudited 6 months ended February 2015 £	Unaudited 6 months ended February 2014 £	Audited Year ended August 2014 £
Customer A	85,785	930,522	1,411,745
Other customers	7,473,230	5,763,938	12,434,817
	<u>7,559,015</u>	<u>6,694,460</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	5,984,379	4,525,466	9,609,493
Revenue from construction contracts	1,574,636	2,168,994	4,237,069
	<u>7,559,015</u>	<u>6,694,460</u>	<u>13,846,562</u>

4. Share Capital

On 3rd December 2014 the Company announced that Cairn Financial Advisers LLP had exercised warrants to subscribe for 60,000 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 16,835,640 shares.