AB Dynamics plc

2013 Annual Report & Accounts

For the period ended 31 August 2013

Company Registration No. 08393914

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Officers and professional advisers

DIRECTORS

Anthony Best, Executive Chairman
Timothy John Rogers, Managing Director
Robert Andrew Leonard Hart, Finance Director
Graham Dudley Eves, Non-Executive Director
Frederick Bryan Smart, Non-Executive Director

SECRETARY

Robert Andrew Leonard Hart

REGISTERED OFFICE

AB Dynamics Plc
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Bradford on Avon
Wiltshire
BA15 1AJ

Registered number: 08393914 (England and Wales)

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Chairman's Statement

I am delighted to be able to report on a very successful year for AB Dynamics, one which I believe will prove significant in the Group's development. Continued strong performance resulted in revenues of £12.2 million, an increase of 37% over the prior year's £8.9 million, fuelled by strong demand for all of our products from a range of customers worldwide.

The year under review was notable for a number of initiatives put in place to ensure the long term prosperity of the Group. In October 2012, Tim Rogers joined as Managing Director of the Group and was instrumental in the process of gaining admission to the AIM market of the London Stock Exchange ("AIM") in May. In eight months, he had both to familiarise himself with every aspect of our business and assist the rest of the Board with the IPO. It has been a pleasure to welcome him to the Group and I look forward to continuing to work alongside him. The IPO raised £2.33 million net of share issue costs. A further £315k of non-recurring AIM transaction costs were incurred leaving net proceeds of £2.0 million for the Group. We were delighted with the take up by investors, with 19 institutions joining the share register and I would like to thank them all for their support.

As set out in our Admission Document, the funds raised leave us well placed to effect the Group's growth. Some of the funds raised will be used to fund expansion into a new manufacturing facility in order to satisfy the Group's growing order book. We continue to make our case to the local planning authorities to obtain planning permission and are hopeful but cannot be certain that this may be granted in Quarter 4 2013 and, if this is the case, we continue to believe that we will be able to complete the move in the second half of 2015. In the meantime, as announced on 12 August 2013, we were pleased to complete a new annex at our existing plant.

Since I founded 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 remain clients today. This was evidenced in July when we announced that MIRA had placed an order for a new Suspension Parameter Measurement Machine ("SPMM"), MIRA having also been the first customer to buy one of these machines in 1996. This latest order is one of three SPMM orders which provide us with good revenue visibility in the next financial year and beyond.

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

On the assumption that our expectations are realised, we would hope to recommend the payment of a dividend in the year ending 31 August 2014.

Anthony Best
Chairman

6 November 2013

Managing Director's Statement

I am very pleased to provide my first annual review having joined the Group as Managing Director on 1 October 2012.

Results
The Group has delivered strong financial results with record revenues driven by a strong demand for all of our products from a range of customers across different geographies. Notably, we have seen a continued return to growth from our traditional markets in Europe and Japan combined with new interest from China. Operating profit also saw a strong improvement to £2.2 million (2012: £1.8 million), up 22%. After including the one off, non-recurring charge of £315k relating to the Company's listing on AIM, the profit before tax was similar to last year's performance at £1.9 million (2012: £1.9 million).

Business model
The Group continues to operate in the niche automotive research sector which has, for the past 4 years, experienced steady year on year growth. Management seeks to consolidate the company's base to create a sound platform for the company's expansion by investing in product development, facilities and retaining and recruiting high quality personnel. Measurements of the company's performance are provided in the Key Performance Indicators section on page 5.

Listing on AIM
One of the key developments of the year was the Company's highly successful admission to trading on AIM in May 2013. Demand was very encouraging and we were very pleased to welcome the new institutions to the shareholder register. At the time of the listing, we stated that the funds would be used to provide a new facility to provide additional capacity and also to assist with our presence in the rapidly growing Asian markets. I am pleased to report that we have made progress on both fronts. The new facility remains on track with the company seeking to relocate in the second half of 2015, subject to final planning permission. In the meantime, we have recently concluded the building of a new annex on our existing site at Bradford on Avon and have leased additional manufacturing space nearby. Whilst not a permanent solution, these options provide a combined 30% increase in manufacturing capacity which will help us to meet the current strong order book. To meet demand, we have relocated a UK ABD engineer to our distributor in Tokyo to support our Japanese and Korean customers.

Product developments
This year, we launched two new track testing products. The Soft Pedestrian Target and the new Guided Soft Crash Test Vehicle ("GSTV") both represent a new approach to vehicle safety testing allowing car manufacturers and test houses to evaluate (in a non-destructive way) vehicles fitted with the latest Advanced Driver Assistance Systems ("ADAS"). By having the test vehicles interacting in a precise and repeatable way with our moving pedestrian or vehicle soft targets, customers can safely calibrate their systems to meet real world needs. The company received its first orders for both products from European research laboratories and we fully expect more orders to follow as the future Euro NCAP standards require the implementation of ADAS in vehicles.

Current trading
The new financial year has started well and we enter the year with good revenue visibility and a strong order book. The Group has received three orders for Suspension Parameter Measurement Machines ("SPMM"), with revenues from all of them expected to be recognised in the current financial year. The contract value for each SPMM varies depending upon the options purchased, but they typically are in excess of £1.5 million. Demand for our track testing equipment, which includes the Soft Targets mentioned earlier, remains high with orders taking our production well into the third quarter of the current financial year.

Outlook

With a promising pipeline of orders, the team now expanded to 51 employees and the infrastructure that we have in place, I look forward to the future with great confidence.

The start to current financial year is in line with management's expectations with significant visibility for the remainder of the year provided by our existing order book.

Tim Rogers
Managing Director

6 November 2013

Directors' report

The directors present their report and the audited financial statements of AB Dynamics plc for the period ended 31 August 2013. The Company was incorporated on 7 February 2013 as AB Dynamics 2013 Limited. On 9 May 2013, the Company re-registered as a public limited company and changed its name to AB Dynamics plc.

Principal activities

The principal activity of the Company during the period was that of a holding company.

Following the acquisition in May 2013 of Anthony Best Dynamics Limited, the principal activity of the Group is the design, manufacture and supply to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering both in the laboratory and on the test track. This transaction has been accounted for as a reverse acquisition as disclosed in note 1 to the consolidated financial statements and therefore represents the continuation of the financial information of Anthony Best Dynamics Limited.

Review of business and future developments

Details of the Company's progress during the year and its future prospects are provided in the Chairman's and Managing Directors statements on page 2 and 3.

Key performance indicators

1. **Maintain sustainable growth in revenue and operating profit**

   The Directors aim to achieve steady sustainable growth in turnover and operating profit. Strong cash management is fundamental to delivering sustainable profit growth and the consistent delivery of cash-backed profit remains a key performance indicator for the Group. In 2013, the Group generated a net cash inflow from operations of £2.1 million (2012: inflow £0.5 million).

   Aside from maintaining its focus on its current product lines, the Directors are ensuring that new product offerings are developed in order to meet customer requirements and demands.

2. **Retain, develop and ensure the safety of our people**

   The recruitment, development, retention and health and safety of our people and everyone who works with us or is affected by our operations is paramount. We have the objective of ensuring that safe working practices are consistently adopted and supported by rigorous reviews and training. In 2013, no issue arose. Furthermore, during the year, the Group retained the same level of expertise and staff whilst recruiting four new graduate engineers and three skilled machinists.

3. **Facilities**

   The Group needs to expand its factory space over time in order to maintain and grow the current trading activities. During the year, the Group has opened an annex to the factory and taken on two additional industrial units nearby, which has increased factory space by more than 30%. The Directors remain focused on increasing the facilities further, as explained further in the Chairman's statement.

These matters remain key areas of focus for the forthcoming financial year.

Principal risks and uncertainties

Set out below are certain risk factors which could have an impact on the Group's long term performance. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

1. Risks relating to the business and operations of the group

The Group is reliant on key executives and personnel
The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Group's personnel help provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. However, several members of staff have worked for the Group for over 20 years and the Group continues to recruit and develop intelligent and motivated individuals. In addition, key man insurance exists for all key personnel in the Group, save for Anthony Best.

The Group may not successfully manage its growth
Expansion of the business of the Group may place additional demands on the Group's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditure. If the Group is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Group.

The Group's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The execution of the Group's expansion strategies may also place a strain on its managerial, operational and financial reserves. Should the Group fail to implement such expansion strategies or should there be insufficient demand for the Group's products and services, the Group's business operations, financial performance and prospects may be adversely affected.

Potential requirement for further investment
The Group may require additional capital in the future for expansion, its activities and/or business development, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, material dilution to the existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion, activities and/or business development which could adversely impact upon the Group, its business, development, financial condition, operating results or prospects.

Litigation
Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business, including in connection with intellectual property rights. The Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Company. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Internal controls
Future growth and prospects for the Company will depend on its management's ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

New facility
Plans for the Group's new facility are still in the development and planning stage. No formal documentation has yet been entered into and, although the Company has established estimated total costs, there can be no guarantee that the project will proceed or that it will proceed as planned. It is possible that costs will increase or other unforeseen issues will mean that the current development project does not proceed. If the facility is not constructed, this may have an adverse impact on the Company's future growth.

The Group is reliant on overseas sales representatives, agents and distributors
The Group has appointed a number of sales representatives, agents and distributors for certain of its products in overseas jurisdictions, including the US, Canada, India, Japan, Malaysia, Mexico, Germany, China and Taiwan. However, for the majority of these individuals, there are no formal written terms of engagement. Terms concerning, *inter alia*, notice and termination are therefore uncertain, meaning that there are potential issues regarding the Group's ability to sell and distribute in certain jurisdictions should such sales representatives, agents and distributors cease to work with the Group at short notice. In addition, provisions as to termination payments and/or compensation are also uncertain, meaning the Company is at risk of being liable to pay uncapped compensation to these individuals, either under the Commercial Agents (Council Directive) Regulations 1993 or local law equivalent, as well as possible common law damages if statutory minimum notice periods are not complied with.

Uninsured liabilities
The Group may be subject to substantial liability claims due to the technical nature of its business and products or for acts or omissions of its sales representatives, agents or distributors. The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

Competitors
While the Directors are unaware of any single competitor that provides the range of products and services offered by the Group, there are a number of competitors for each of the Group's product categories. The acquisition of market share by any of these competitors may have a material adverse impact on the Group's revenues and profitability.

Limited IP protection
The Group does not have a formal policy on intellectual property. While the Directors believe that the barriers to entry in its market are high, the ability of a competitor to develop similar products to those manufactured by the Group may have a material adverse impact on the Group's revenues and profitability.

2. Risks relating to the market in which the group operates

Research & development budgets of global automotive corporations can get squeezed or significantly reduced

The global automotive market is highly competitive and continues its recovery from the significant downturn in 2008. Competition is expected to intensify further in light of continuing globalisation in the industry, possibly resulting in industry reorganisation. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in downward pressure on research and development budgets. Furthermore, adverse issues arising in the automotive industry or in the global economy may significantly reduce the level of these research and development budgets.

The Group's ability to respond adequately to changes in the automotive industry and to maintain its position as a leading technology supplier will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurance that the Group will be able to compete successfully in the future.

Key suppliers

Over the past 30 years, the Group has built up a reliable supplier base for its externally sourced components. At present, a significant proportion of these components are supplied by certain key suppliers. While the Group uses its design capabilities to dual source components, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

In certain instances, the Group has taken out an insurance policy to protect its profits should a key supplier be unable to supply for whatever reason.

Exposure to exchange rate fluctuations

The Group is exposed to exchange rate fluctuations, principally the GBP, the US$, the Euro and, to a lesser extent, the Japanese Yen. Changes in foreign currency exchange rates may affect the Group's pricing of products sold and materials purchased in foreign currencies.

The Directors believe that its use of certain derivative financial instruments, including foreign currency forward contracts used to hedge sale commitments denominated in foreign currencies, reduces the Group's exposure to this risk.

Exposure to economic cycle

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

Force majeure events

There is a risk that the markets in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Group, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

Laws and regulations
The Group is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities or services. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Group also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks therefore also applying in relation to such overseas existing and future legislation and regulation.

Results and dividends
The results for the year are set out on page 16.

The Directors do not recommend the payment of a final dividend for the period.

Directors
The following directors have held office during the period:-

Anthony Best (appointed 7 February 2013)
Timothy John Rogers (appointed 7 February 2013)
Robert Andrew Leonard Hart (appointed 20 March 2013)
Graham Dudley Eves (appointed 17 April 2013)
Frederick Bryan Smart (appointed 17 April 2013)

Conflicts of interest
Under the articles of association of the company and in accordance with the provisions of the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. However, the directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only directors who have no interest in the matter being considered will be able to take the relevant decision, and the directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial period ended 31 August 2013, the directors have authorised no such conflicts or potential conflicts.

Directors' interests in shares
Directors' interests in the shares of the Company, including family interests, were as follows:-

	Ordinary shares of 1p each
Anthony Best	7,196,280
Timothy John Rogers	5,974
Robert Andrew Leonard Hart	11,389

During the period, the directors were issued with the following share options which are outstanding as at 31 August 2013:

	Exercise price	No. of options awarded
Timothy John Rogers	12.52 pence per share	558,300
Robert Andrew Leonard Hart	12.52 pence per share	15,400

There have been no changes in the Directors' shareholdings since the year end.

Directors' remuneration and service contracts
The remuneration paid to the directors during 2013 is shown below:

	Short term benefits	**Post employment benefits**	**2013 Total**	**2012 Total**
	£		**£**	**£**
Anthony Best	84,471	-	84,471	100,292
Timothy John Rogers	150,390	-	150,390	-
Robert Andrew Leonard Hart	97,185	3,188	100,373	76,619
Graham Dudley Eves	10,000	-	10,000	-
Frederick Bryan Smart	10,000	-	10,000	-
	352,046	3,188	355,234	176,911

Other substantial shareholdings
As at 4th November 2013, being the latest practicable date before the issue of these financial statements, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company.

	Ordinary shares No.	Shareholding %
Anthony Best	5,597,107	34.3
Anne Middleton	2,000,000	12.3
Naemi Best	1,599,173	9.8
UK Multicap Income	1,088,539	6.7
The Diverse Income Trust Plc	920,877	5.6
Amati Global Investors	721,960	4.4
Stephen Neads	720,000	4.4

Financial instruments
The Company's principal financial instruments comprise cash at bank, bank facilities, and various items within current assets and current liabilities that arise directly from its operations. The Group's financial risk management objectives and policies are set out in note 19 to the financial statements.

Policy on payment of creditors
Although the Company does not follow a formal code, the policy is to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The total value of trade creditors at 31 August 2013 amounted to £795,229 (2012: £625,078). The average period taken to pay creditors during the year was 32 days (2012: 35 days).

Statement of Directors' responsibilities
The Directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law, they are required to prepare the group financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditors
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information need by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of the information.

Auditor

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Anthony Best
Director
6 November 2013

Corporate governance statement

The Board of AB Dynamics plc appreciate the value of good corporate governance and intend to respect the requirements of the UK Corporate Governance Code (the "Code") on corporate governance, as far as applicable to the Company given its current size and stage of development.

The Board is responsible for the direction and overall performance of the Group with emphasis on policy and strategy, financial results and major operational issues.

The Code recommends that at least one-third of Board members should be non-executive Directors.

Board structure

The Board consists of five directors of which three are executive and two non-executive.

The Board meets as and when required and is satisfied that it is provided with information in an appropriate form and quality to enable it to discharge its duties. All directors are required to retire by rotation with one third of the board seeking re-election each year, with the exception of the first year

The board has undertaken a formal assessment of the auditor's independence and will continue to do so at least annually. This assessment includes:

- a review of non-audit services provided to the company and the related fees;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and parties and staff involved in the audit; and
- obtaining confirmation from the auditor that, in their professional judgement, they are independent.

Internal controls

The Board is responsible for the Company's system of internal controls and for reviewing their effectiveness. The internal controls are designed to ensure the reliability of financial information for both internal and external purposes. The Directors are satisfied that the current controls are effective with regard to the size of the Company. Any internal control system can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Given the size of the Company, there is currently no need for an internal audit function.

We have audited the financial statements of AB Dynamics plc for the period ended 31 August 2013 which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet and the related notes.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the financial and non-financial information in the Chairman’s Statement, Directors’ Report and Corporate Governance Statement and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company's affairs as at 31 August 2013 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Leo Malkin
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP, Statutory Auditor
London

6 November 2013

Consolidated statement of comprehensive income

	Note	Year ended 31 August 2013 £	Proforma Year ended 31 August 2012 £
Continuing operations			
Revenue		12,171,473	8,910,839
Cost of sales		(9,048,895)	(6,445,056)
Gross profit		3,122,578	2,465,783
Administrative expenses		(914,344)	(666,616)
Operating profit before AIM transaction costs		2,208,234	1,799,167
AIM transaction costs		(315,305)	-
Operating profit		1,892,929	1,799,167
Net finance income and (costs)	4	(27,698)	84,236
Profit before taxation	5	**1,865,231**	**1,883,403**
Corporation tax expense	6	(441,974)	(451,044)
Profit after taxation		**1,423,257**	**1,432,359**
Other comprehensive income		-	-
Total comprehensive income for the period attributed to equity holders		1,423,257	1,432,359
Earnings per share - Basic (pence)	8	10.01p	10.69p
Earnings per share - Diluted (pence)	8	9.48p	10.69p
Adjusted EPS (before AIM transaction costs):			
Adjusted earnings per share - Basic (pence)	8	12.23p	10.69p
Adjusted earnings per share - Diluted (pence)	8	11.58p	10.69p

Consolidated statement of financial position

	Note	2013 £	Proforma 2012 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,012,109	428,838
		1,012,109	428,838
CURRENT ASSETS			
Inventories	10	1,486,390	1,475,105
Trade receivables	11	1,132,625	1,353,301
Other receivables, deposits and prepayments	12	266,950	184,372
Amount owing by contract customers	13	1,736,598	986,990
Financial instruments	14	-	44,821
Cash and cash equivalents	15	5,990,176	2,481,476
		10,612,739	6,526,065
TOTAL ASSETS		11,624,848	6,954,903
EQUITY AND LIABILITIES			
Share capital	16	163,070	134,000
Share premium		2,302,528	43,000
Reconstruction reserve		(11,284,500)	62,500
Merger relief reserve		11,390,000	-
Retained profits		5,650,416	4,443,046
Total equity attributable to owners of the Company and total equity		8,221,514	4,682,546
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	41,923	71,136
CURRENT LIABILITIES			
Trade and other payables and accruals	18	3,163,093	1,771,221
Provision for taxation		198,318	430,000
		3,361,411	2,201,221
TOTAL LIABILITIES		3,403,334	2,272,357
TOTAL EQUITY AND LIABILITIES		11,624,848	6,954,903

The financial statements were approved by the Board of Directors and authorised for issue on 6 November 2013 and are signed on its behalf by:

Anthony Best
Director

Robert Hart
Director

COMPANY REGISTRATION NUMBER: 08393914

Consolidated statement of changes in equity

Proforma	Note	Share capital £	Share premium £	Merger relief reserve £	Reconstruction reserve £	Retained profits £	Total equity £
Balance at 31 August 2011		134,000	43,000	-	62,500	3,211,687	3,451,187
Profit after taxation and total comprehensive income for the financial year		-	-	-	-	1,432,359	1,432,359
Dividend paid prior to group reconstruction	7	-	-	-	-	(201,000)	(201,000)
Balance at 31 August 2012		134,000	43,000	-	62,500	4,443,046	4,682,546
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	7	-	-	-	-	(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

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 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

	2013 £	Proforma 2012 £
Cash flow from operating activities		
Profit before taxation	1,865,231	1,883,403
Adjustments for:-		
Depreciation of property, plant and equipment	92,127	78,445
Loss/(profit) on sale of property, plant and equipment	2,753	(679)
Finance income and costs	44,821	(68,696)
Interest income	(17,123)	(15,540)
Share based payment	18,613	-
Operating profit before working capital changes	**2,006,422**	**1,876,933**
Increase in inventories	(11,285)	(690,763)
Increase in trade and other receivables	(611,510)	(1,021,240)
Increase in other payables	1,391,872	525,752
Cash flow from operations	**2,775,499**	**690,682**
Interest received	17,123	15,540
Income tax paid	(702,869)	(190,000)
Net cash flow from operating activities	**2,089,753**	**516,222**
Cash flow from investing activities		
Purchase of property, plant and equipment	(678,461)	(205,341)
Sale of property, plant and equipment	310	2,545
Cash flow used in investing activities	(678,151)	(202,796)
Cash flow from financing activities		
Dividends paid prior to group reconstruction	(234,500)	(201,000)
Proceeds from issue of share capital, net of share issue costs	2,331,598	-
Net cash flow from/(used in) financing activities	2,097,098	(201,000)
Net increase in cash and cash equivalents	3,508,700	112,426
Cash and cash equivalents at beginning of the financial year	2,481,476	2,369,050
Cash and cash equivalents at end of the financial year	5,990,176	2,481,476

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 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 (see Note 3 of the Company financial statements). On this basis, the comparative information is proforma.

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").

Standards, amendments and interpretations to published standards not yet effective

As at the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

Issued and EU adopted:

- IFRS 1 – Amendments – Government loans
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair value measurement
- IAS 1 – (amended) – Presentation of items of other comprehensive income
- IAS 12 – (amended) – Deferred tax: recovery of underlying assets
- IAS 19 – (amended) – Employee benefits
- IAS 27 – Separate financial statements
- IAS 28 – Investments in associates and joint ventures
- IFRS 7 and IAS 32 – Offsetting financial assets and financial liabilities
- IFRIC 20 – Stripping costs in the production phase of a surface mine

Issued but not yet EU adopted:

- IFRS 9 – (amended) – Financial instruments
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC 21 Levies
- IAS 36 Amendments Recoverable Amount Disclosures for non-Financial Assets
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's results.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

2. Summary of significant accounting policies

(a) Going concern

The Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Chairman's Statement on page 2.

Note 19 to the Consolidated Financial Statements sets out the company's financial risks and the management of capital risks.

Accordingly, after careful enquiry and review of available financial information, including projections of profitability and cash flows, the Directors believe that the company has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the consolidated and company financial statements.

(b) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as stated below:

Assessment of the percentage of completion of construction projects

Where the outcome of a construction contract can be estimated reliably, the Group recognises revenue and costs by reference to the stage of completion of the contract activity at the statement of financial position, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, rectification claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent it is probable that contract costs incurred will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The above estimates are made internally by the Group and any changes of these estimates will result in a corresponding change on revenue and profit. The Group's accounting approach reflects a sound judgement as potential losses on contract are being considered and reflected with its probability immediately upon occurrence, while contract revenue which cannot be estimated reliably is realised only after confirmed by written agreement.

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

On 8 May 2013, the Group, previously made of Anthony Best Dynamics Limited, underwent a re-organisation by virtue of which Anthony Best Dynamics Limited's shareholders in their entirety exchanged their shares for shares in AB Dynamics plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full.

Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

(d) Work in progress

Contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the cost incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from contract customers. Where the progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as payments in advance, under trade and other payables and accruals.

(e) Inventories

Inventories are valued on a first in, first out basis at the lower of cost and net realisable value. Cost includes all expenditure incurred during the normal course of business in bringing in inventories to their present location and condition, including in the case of work-in-progress and finished goods an appropriate proportion of production overheads. Net realisable value is based on the estimated useful selling price less further costs expected to be incurred to completion and subsequent disposal.

2. Summary of significant accounting policies (continued)

(f) Financial instruments

Financial instruments are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

2. Summary of significant accounting policies (continued)

(f) Financial instruments

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial assets at fair value through profit or loss*
  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity investments*
  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and receivables financial assets*
  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale financial assets*
  As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Plant and machinery	10% straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	10% straight line
Computer equipment	25% straight line
General equipment	10% straight line
Proprietorial equipment	20% straight line
Test equipment	10-20% straight line

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(h) Impairment

(i) Impairment of non-financial assets

The carrying values of assets, other than those to which IAS 36 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

2. Summary of significant accounting policies (continued)

(h) Impairment (continued)

(i) Impairment of non-financial assets (continued)

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(i) Income taxes

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised by the Group but are disclosed where inflows of economic benefits are probable, but not virtually certain.

(m) Revenue and other income

Revenue represents the value, net of sales taxes, of goods sold and services provided to customers.

Revenues on long-term contracts are recognised according to the percentage of completion method. Revenue is recognised on a pro-rata basis according to the work performed and the degree of completion of the contract. Where the value of the work performed on a contract exceeds the aggregate of payments received on account from customers, the resulting balance is included in trade and other receivables. Where the aggregate of payments received on account from customers exceeds the value of work performed on a contract, the resulting balance is included in current liabilities.

Interest income is recognised as other income on an accruals basis based on the effective yield on the investment.

(n) Share-based payments

Employees (including Directors and Senior Executives) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ("equity-settled transactions"). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. Share options rights are also granted to these individuals by majority shareholders over their shares held. No cash settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("vesting point"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of Black Scholes model method.

(o) Comparative information

In certain cases, the directors have reanalysed corresponding amounts to make their disclosure more meaningful.

3. 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. These income streams are all derived from the utilisation of these products which the Group believes is its 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:

	2013 £	Proforma 2012 £
United Kingdom	2,206,917	690,907
Rest of the European Union	3,364,214	2,802,019
North America	973,702	788,587
Rest of the World	5,626,640	4,629,326
	12,171,473	8,910,839

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

	2013 £	Proforma 2012 £
Customer A	653,976	1,035,906
Customer B	70,966	963,199
Customer C	40,566	917,702
Customer D	1,743,998	449,767
Other customers	9,661,967	5,544,265
	12,171,473	8,910,839

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

Revenues are derived from the following:

Revenue from sale of goods	7,346,430	5,393,268
Revenue from construction contracts	4,825,043	3,517,571
	12,171,473	8,910,839

4. Finance income and (costs)

	2013 £	Proforma 2012 £
Interest received	17,123	15,540
Fair value gains (losses) on financial instruments:		
- Foreign currency forward contracts	(44,821)	68,696
	(27,698)	84,236

5. Profit before taxation

The profit before taxation is arrived at after charging/(crediting):-

	2013 £	Proforma 2012 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	15,000	-
Fees payable to the Company's auditors for other services:		
The audit of the company's subsidiary subject to legislation	15,000	15,000
Fees payable to the Company's auditors for tax compliance services	7,300	4,179
Fees payable to the Company's auditors for corporate finance services *	76,122	-
Total	113,422	19,179
Depreciation	92,127	78,445
Loss/(profit) on sale of assets	2,753	(679)
Realised gain on foreign exchange:	(80,823)	(41,056)
Staff costs:		
- salaries, allowances and bonuses	2,527,714	1,915,262
Social security costs	269,431	190,988
Defined contribution pension scheme costs	87,070	85,355
Rental of property	41,458	38,000
Rental of equipment	-	364
Research	210,997	99,151

* The Corporate finance services were in respect of the Group's listing on AIM.

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Directors & Commercial	7	6
Engineers & Technicians	35	29
Administration	5	4
	47	39

Total remuneration of key management personnel, being the directors of the company and its subsidiary, is set out below in aggregate for each of the categories specified in IAS24, related party disclosures:

	2013 £	Proforma 2012 £
Short term employee benefits	591,340	397,468
Post employment benefits	16,280	9,700
Social security costs	66,220	38,404
	673,840	445,572

Further details relating to the remuneration of each member of key management can be found in the Directors report on page 10.

6. Income tax expense

	2013 £	Proforma 2012 £
Current tax expense:		
- for the financial year	471,200	430,000
- overprovision in the previous financial year	(13)	-
	471,187	430,000
Deferred tax liabilities: (Note 17):		
- origination and reversal of temporary differences	(29,213)	21,044
	441,974	451,044

A reconciliation of income tax expense applicable to the profit before taxation at the effective tax rate to the income tax expense at the effective tax rate of the Group are as follows: -

	2013 £	Proforma 2012 £
Profit before taxation	1,865,231	1,883,403
Tax at the applicable statutory tax rate of 23.58% (2012 – 25.17%)	439,821	474,053
Tax effects of:-		
Non-deductible expenses	89,981	9,630
Capital allowance in excess of depreciation	(6,970)	(8,836)
Adjustment in research and development tax credit	(62,201)	(27,556)
Over provision in the previous financial year	(13)	-
Non-taxable foreign currency forward contracts	10,569	(17,291)
Other differences including change in rate of deferred tax provision	(29,213)	21,044
Income tax expense for the financial year	441,974	451,044

7. Dividends paid prior to group reconstruction

	2013 £	Proforma 2012 £
Final dividends paid prior to group reconstruction	234,500	201,000

8. 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.

8. Earnings per share (continued)

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

	Years ended 31 August 2013	2012
Profit after tax attributable to owners of the Group (£)	£1,423,257	£1,432,359
Weighted average number of shares:		
Basic	14,212,360	13,400,000
Diluted	15,010,940	13,400,000
Earnings per share (pence)		
Basic	10.01p	10.69p
Diluted	9.48p	10.69p
Profit for the period attributable to owners of the Group (£)	£1,423,257	£1,432,359
Adjustments for:		
AIM transaction costs	£315,305	-
Profit for the period attributable to owners of the Group before AIM transaction costs (£)	£1,738,562	£1,432,359
Adjusted earnings per share before AIM transaction costs (pence)		
Basic	12.23p	10.69p
Diluted	11.58p	10.69p

9. Property, plant and equipment

	Test Equipment £	Furniture and fittings £	Motor Vehicles £	Plant and machinery £	Other fixed assets £	Land & Buildings £	Total £
Cost							
At 31 August 2012	559,877	439,515	45,605	218,709	565,354	36,864	1,865,924
Additions	18,433	69,146	20,502	1,580	16,344	552,456	678,461
Disposals	-	(11,095)	-	-	-	-	(11,095)
At 31 August 2013	**578,310**	**497,566**	**66,107**	**220,289**	**581,698**	**589,320**	**2,533,290**
Accumulated depreciation							
At 31 August 2012	441,113	304,890	15,168	129,733	546,182	-	1,437,086
Charge for the year	20,150	38,122	9,032	17,601	7,222	-	92,127
Disposals	-	(8,032)	-	-	-	-	(8,032)
At 31 August 2013	**461,263**	**334,980**	**24,200**	**147,334**	**553,404**	**-**	**1,521,181**
net book value							
At 31 August 2012	118,764	134,625	30,437	88,976	19,172	36,864	428,838
At 31 August 2013	**117,047**	**162,586**	**41,907**	**72,955**	**28,294**	**589,320**	**1,012,109**

9. Property, plant and equipment (continued)

	Test Equipment £	Furniture and fittings £	Motor Vehicles £	Plant and machinery £	Other fixed assets £	Land & Buildings £	Total £
Cost							
At 31 August 2011	549,911	462,113	25,253	189,661	555,654	-	1,782,592
Additions	20,011	75,606	34,112	29,048	9,700	36,864	205,341
Disposals	(10,045)	(98,204)	(13,760)	-	-	-	(122,009)
At 31 August 2012	**559,877**	**439,515**	**45,605**	**218,709**	**565,354**	**36,864**	**1,865,924**
Accumulated depreciation							
At 31 August 2011	432,211	372,791	19,606	113,739	540,437	-	1,478,784
Charge for the year	18,947	30,303	7,456	15,994	5,745	-	78,445
Disposals	(10,045)	(98,204)	(11,894)	-	-	-	(120,143)
At 31 August 2012	**441,113**	**304,890**	**15,168**	**129,733**	**546,182**	**-**	**1,437,086**
net book value							
At 31 August 2011	*117,700*	*89,322*	*5,647*	*75,922*	*15,217*	-	*303,808*
At 31 August 2012	**118,764**	**134,625**	**30,437**	**88,976**	**19,172**	**36,864**	**428,838**

The building was brought into use on the last working day of the period and therefore no depreciation has been charged. The directors are in the process of considering the depreciation policy which will be introduced for the period starting 1 September 2013.

10. Inventories

	2013 £	Proforma 2012 £
Work in progress	288,782	618,748
Raw materials	1,197,608	856,357
	1,486,390	1,475,105

The value of inventories (being materials used and consumables) recognised as an expense was £3,272,446 (2012 proforma: £2,154,391).

The amount of write down of inventories recognised as an expense was £28,504 (2012 proforma: nil).

11. Trade receivables

	2013 £	Proforma 2012 £
Trade receivables	1,132,625	1,353,301

No provision is considered necessary in respect of trade receivables.

The Group's normal trade credit term is 30 to 60 days. Other credit terms are assessed and approved on a case by case basis.

12. Other receivables and prepayments

	2013 £	Proforma 2012 £
Other receivables	164,988	143,681
Prepayments	101,962	40,691
	266,950	184,372

13. Amount owing by contract customers

	2013 £	Proforma 2012 £
Cost incurred to date	6,013,485	4,363,517
Attributable profits	2,157,660	1,655,636
	8,171,145	6,019,153
Progress billings	(6,921,827)	(5,151,195)
	1,249,318	867,958
Represented by:		
Amounts received in advance	(487,280)	(119,032)
Amount owing by contract customers	1,736,598	986,990
Amount of contract revenue recognised to date	4,825,043	3,517,571

No retentions were held by customers for contract work.

14. Derivative financial instruments

Derivative financial instrument balances comprise:

	2013 £	Proforma 2012 £
Forward foreign exchange contracts	-	44,821
	-	44,821

Further analysis of financial instruments is given in note 19.

15. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2013 £	Proforma 2012 £
Cash and bank balances	5,990,176	2,481,476

16. Share capital

The allotted, called up and fully paid share capital is made up of 16,306,976 ordinary shares of £0.01 each.

a) Share issues during the period

	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		13,266,000	-	-	-
On 22 May 2013	(iii)	2,906,976	29,070	2,470,930	2,500,000
Less share issue costs		-	-	(168,402)	(168,402)
At 31 August 2013		16,306,976	163,070	2,302,528	2,465,598

(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.

17. Deferred tax liabilities

	2013 £	**Proforma 2012 £**
At 1 September	71,136	50,092
Recognised in profit or loss	(29,213)	21,044
At 31 August	41,923	71,136

The deferred tax liabilities are attributable to.

	2013 £	**Proforma 2012 £**
Accelerated tax depreciation	41,923	60,386
Derivative financial instruments	-	10,750
	41,923	71,136

18. Trade and other payables and accruals

	2013 £	Proforma 2012 £
Trade payables	795,229	625,078
Payments in advance	1,139,292	420,486
Social security and other taxes	66,436	50,342
Other payables and accruals	1,162,136	675,315
	3,163,093	1,771,221

Payments in advance relate to contractual revenue billed in advance and the income to be recognised upon delivery of goods and completion of services.

19. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the potential adverse effects on the Group's financial performance, through the use of such instruments as hedging foreign exchange exposure at appropriate points during the year.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

(i) *Foreign currency risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the Great Britain Pound. The currencies giving rise to this risk are primarily the Euro and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital expenditure, operational expenditure and debt service requirements in the respective currencies.

Where appropriate the Group has also utilised derivative financial instruments in the form of forward contracts to sell currency in respect of sales denominated in currencies other than Great Britain Pound.

19. Financial instruments (continued)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

(ii) *Foreign currency risk (continued)*

The Group's exposure to foreign currency is as follows:-

	Great Britain Pound £	Euro £	United States Dollar £	Japan Yen £	Total £
2013					
Financial assets					
Trade receivables	892,523	129,921	110,181	-	1,132,625
Construction contract receivables	1,657,894	78,704	-	-	1,736,598
Other receivables	164,988	-	-	-	164,988
Cash and bank balances	5,572,609	191,637	225,848	82	5,990,176
	8,288,014	400,262	336,029	82	9,024,387
Financial liabilities					
Trade payables	536,608	166	11,821	246,634	795,229
Other payables and accruals	745,816	580	11,065	-	757,461
Construction contract payments on account	988,931	36,152	114,209	-	1,139,292
	2,271,355	36,898	137,095	246,634	2,691,982
Net financial assets					6,332,405
Less: Net financial assets denominated in the functional currency					6,016,659
Currency exposure					315,746

Although there is no formal hedge the Group seeks to offset foreign currency risk exposure by way of forward exchange contracts. At 31 August 2013 the Group had no forward contracts in place.

19. Financial instruments (continued)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:-

	Great Britain Pound £	Euro £	United States Dollar £	Japan Yen £	Total £
2012					
Financial assets					
Trade receivables	976,434	148,928	227,939	-	1,353,301
Construction contract receivables	224,048	74,536	688,406	-	986,990
Other receivables	143,681	-	-	-	143,681
Cash and bank balances	2,185,695	27,748	261,278	6,755	2,481,476
	3,529,858	251,212	1,177,623	6,755	4,965,448
Financial liabilities					
Trade payables	599,042	218	25,818	-	625,078
Other payables and accruals	474,647	308	5,499	-	480,454
Construction contract payments on account	230,975	39,142	150,369	-	420,486
	1,304,664	39,668	181,686	-	1,526,018
Net financial assets					3,439,430
Less: Net financial assets denominated in the functional currency					2,225,194
Currency exposure					1,214,236

Although there is no formal hedge the Group seeks to offset foreign currency risk exposure by way of forward exchange contracts to sell US dollars and Euro. At 31 August 2012 the Group had sold forward $2,600,000 and €300,000. A 10% strengthening/weakening of the foreign exchange rate as at the end of the reporting period would have had an £176,700/(£110,344) impact on profit after taxation and equity for that period end. This assumes that all other variables remain constant.

19. Financial instruments (continued)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets being interest bearing bank deposits. The Group's policy is to obtain the most favourable interest rates available whilst ensuring that cash is deposited with a financial institution with a credit rating of "AA" or better. Any surplus funds are placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

A 100 basis points strengthening/weakening of the interest rate as at the end of the reporting period would have immaterial impact on profit after taxation and equity. This assumes that all other variables remain constant.

(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group seeks to minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk at 31 August 2013 relates to the amounts owing by three customers which constituted approximately 35% of its trade receivables as at the end of the reporting period.

19. Financial instruments (continued)

(a) Financial risk management policies (continued)

(ii) Credit risk (continued)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	2013 £	2012 £
United States	110,181	227,939
United Kingdom	892,523	976,434
Europe	129,921	148,928
	1,132,625	1,353,301

Ageing analysis

The ageing analysis of the Group's trade receivables as at each of the two years ended 31 August 2013 is as follows:

	Gross amount £	Individual impairment £	Carrying value £
2013			
Not past due	492,011	-	492,011
Past due:			
- less than 3 months	575,149	-	575,149
- 3 to 6 months	65,465	-	65,465
	1,132,625	-	1,132,625
2012			
Not past due	778,947	-	778,947
Past due:			
- less than 3 months	556,230	-	556,230
- 3 to 6 months	18,124	-	18,124
	1,353,301	-	1,353,301

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

19. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

(b) Capital risk management

Capital is defined as the total equity of the Group. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its capital based on debt-to-equity ratio. The strategies adopted were unchanged during the period under review and from those adopted in the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

At 31 August 2013, the Group's cash resources exceed its total debt. The Company hence has no net debt.

(c) Classification of financial instruments

Apart from derivative financial instruments held for hedging purposes, all financial instruments are categorised as receivables and loans.

	2013 £	Proforma 2012 £
Financial assets		
Trade receivables	1,132,625	1,353,301
Construction contract receivables	1,736,598	986,990
Other receivables	164,988	143,681
Derivative financial instruments	-	44,821
Cash and bank balances	5,990,176	2,481,476
	9,024,387	5,010,269
Financial liabilities		
Trade and accruals and other payables	1,552,690	1,105,532
Derivative financial instruments	-	-
Construction contract payments on account	1,139,292	420,486
	2,691,982	1,526,018

19. Financial instruments (continued)

(d) Fair value hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial instruments carried at fair values were derivative financial instruments falling within Level 2 and these were held only at 31 August 2012.

20. Lease commitments

The Group had total commitments at the end of each financial year in respect of non-cancellable operating leases of:

	2013	**2012**
	£	**£**
Property leases		
Payable within one year	38,000	34,833
Payable within 2-5 years	72,833	-

21. Related party disclosures

Mr. A. Best, a director of the company, is a trustee and beneficiary of the Best Middleton Trust. Rental payments of £38,000 *(2012 - £38,000)* were made in the year. No amounts were due to or from the trust at any year end.

22. Share options

The share option scheme, which was adopted by the company during the year, was established to reward and incentivise the executive management team and staff for delivering share price growth. The share option scheme is administered by the Remuneration Committee.

Following the acquisition of Anthony Best Dynamics Ltd the share options issued on 1 February 2013 were converted into share options for AB Dynamics plc. During the year the company granted 1,302,600 share options to Directors and employees with an exercise price of 12.52p each. The weighted fair value of the options granted was 12.52p share. A charge of £18,613 (2012: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

These fair values were calculated using the Black Scholes option pricing model. The inputs into the model were as follows:

Stock price	12.52p
Exercise price	12.52p
Interest rate	1%
Volatility	30%
Time to maturity	10 years

The expected volatility was determined with reference to similar entities trading on AIM.

22. Share options (continued)

Details of the share options outstanding at the year end are as follows:

	Number 31 August 2013	WAEP (pence) 31 August 2013	Number 31 August 2012	WAEP (pence) 31 August 2012
Outstanding as at 1 September	-	-	-	-
Granted during the year	1,302,600	12.52	-	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Options outstanding at 31 August	1,302,600	12.52	-	-
Exercisable at 31 August	-	-	-	-

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 9.5 years.

23. Ultimate controlling party

There is no ultimate controlling party.

Company balance sheet

	Note	2013 £
Fixed assets		
Investments	3	152,613
Current assets		
Other debtors	4	1,958,566
		1,958,566
Creditors: amounts falling due within one year	5	5,000
Net current assets		1,953,566
Net assets		2,106,179
Capital and reserves		
Called up share capital	6	163,070
Share premium account	7	2,302,528
Profit and loss account	8	(359,419)
Equity – attributable to the owners of the parent	9	2,106,179

The financial statements were approved by the Board of Directors and authorised for issue on 6 November 2013 and are signed on its behalf by:

Anthony Best
Director

Robert Hart
Director

COMPANY REGISTRATION NUMBER: 08393914

Notes to the Company financial statements

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom law and United Kingdom accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the period.

No company cash flow statement has been prepared as no cash is held in the company.

GOING CONCERN

At 31 August 2013, the Company had net current assets of £1,953,566 with the main current asset are being amounts owed from its subsidiary Anthony Best Dynamics Ltd, amounting to £1,952,827. The Company has assessed its ongoing costs with cash generated by its subsidiary to ensure that it can continue to settle its debts as they fall due.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for impairment.

TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of total recognised gains and losses on the basis of the tax attributable to the gain or loss recognised in each statement.

1 LOSS FOR THE FINANCIAL PERIOD

The company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the company alone has not been presented.

The company's loss for the financial period was £378,032.

The company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe Clark Whitehill LLP for audit services to the company of £15,000.

2 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the period by the Company were as follows:

	2013 **£**
Non-executive directors fees	22,375
	22,375

The executive management team is remunerated by the operating subsidiary Anthony Best Dynamics Limited.

The average number of employees of the company during the period was:

	2013 **Number**
Directors and management	5

3 INVESTMENTS

	Subsidiary undertaking £
On incorporation	-
Addition	152,613
At 31 August 2013	**152,613**

The company owns more than 20% of the following undertakings which are incorporated in the United Kingdom:

Subsidiary undertaking:	Class of share held	% shareholding
Anthony Best Dynamics Limited	Ordinary	100

On 8 May 2013, the Group, previously headed by Anthony Best Dynamics Limited, underwent a reorganisation by virtue of which Anthony Best Dynamics Limited’s shareholders in their entirety exchanged their shares for shares in AB Dynamics plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition under IFRS 3 (revised) “Business Combinations” and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group.

4 OTHER DEBTORS

	2013 £
Amounts owed by group undertakings	1,952,827
Prepayment	5,739
	1,958,566

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £
Accruals and deferred income	5,000
	5,000

All amounts fall due within 30 days of the period end.

6 SHARE CAPITAL

The allotted, called up and full paid share capital is made up of 16,306,976 ordinary shares of £0.01 each.

Share issues during the period

	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		13,266,000			
On 22 May 2013	(iii)	2,906,976	29,070	2,470,930	2,500,000
Less share issue costs		-	-	(168,402)	(168,402)
At 31 August 2013		16,306,976	163,070	2,302,528	2,465,598

(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.

Share options:

The Company had a total of 1,465,669 options and warrants outstanding over ordinary shares, which includes 163,069 warrants granted to Cairn Financial Advisers LLP.

7 SHARE PREMIUM ACCOUNT

	2013 £
Balance brought forward	-
Premium on issue of new shares	2,470,930
Share issue costs	(168,402)
Balance carried forward	2,302,528

8 PROFIT AND LOSS ACCOUNT

	2013 £
Balance brought forward	-
Share based payments	18,613
Loss for the financial period	(378,032)
Balance carried forward	(359,419)

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £
Loss for the financial period	(378,032)
Net decrease in shareholders' funds	(378,032)
Issue of new shares	2,634,000
Share issue costs	(168,402)
Share based payments	18,613
Opening shareholders' funds	-
Closing shareholders' funds	2,106,179

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