

# Appendix 4E

## Preliminary final report

Rule 4.3A  
Introduced 1/1/2003

**Name of entity:** Advanced Braking Technology Ltd  
**ABN:** 66 099 107 623

**1. Reporting period ("current period"):** Year ended 30 June 2017  
**Previous corresponding period:** Year ended 30 June 2016

**2. Results for announcement to the market**

|     |   |      |                               |                                       | \$A'000 |
|-----|---|------|-------------------------------|---------------------------------------|---------|
| 2.1 | Revenue from ordinary activities                                  | up   | 44%                           | to                                    | 7,686   |
| 2.2 | (Loss) from ordinary activities after tax attributable to members | down | 68%                           | to                                    | (565)   |
| 2.3 | (Loss) for the period attributable to members                     | down | 368%                          | to                                    | (565)   |
|     |   |      | <b>Amount per share cents</b> | <b>Franked amount per share cents</b> |         |
| 2.4 | <i>Dividends</i>  |      |                               |                                       |         |
|     | Final   |      | Nil                           |                                       | N/A     |
|     | Interim   |      | Nil                           |                                       | N/A     |

Record date for determining entitlements to dividends: N/A

Brief explanation of figures in 2.1 to 2.4 (if necessary):

### **Summary**

Throughout the year, ABT continued to transform through diversifying its products and broadening both its geographic and market reach, the full benefits of which became evident in FY17 and is expected to continue the same growth trend into FY18 and beyond. ABT's total revenue for FY17 of \$7.7m, is up 44% from FY16. A net loss of \$0.6m was recorded, which was a significant improvement on the FY16 loss of \$1.8m. The last quarter of FY17 was particularly pleasing in that it produced the highest and second highest monthly operating revenue recorded by ABT, as well as a positive EBITDA for the Quarter.

### **Operating Revenue**

The accelerated operating revenue growth in FY18 and beyond is primarily driven by the introduction of the new, cost effective brake which is appealing to a much broader range of industries that operate under harsh conditions, such as surface mines, civil construction such as tunnels, utilities, forestry, etc.

### **Expenses**

Expenses continued to be tightly controlled, with the only major increases being in consulting fees, advertising and Research & Development driven by the introduction of the new Terra Dura® brake, as well as costs associated with relocating premises.

ABT relocated its premises on 30 June 2017. This move will not only materially reduce the Company's leasing cost, but is the culmination of twelve months of planning and meets the multiple strategies of improved OH&S, upgraded IT and Comms infrastructure and security, increased leveraging of technologies, and improved staff amenities.

The new facility will also allow the Company scope to expand its operations from what is expected to be a period of growth in the next 12 months.

| 3. Consolidated Statement of Profit and Loss and Other Comprehensive Income | Current<br>Period | Previous<br>Corresponding<br>period |
|---|-------------------|-------------------------------------|
|   | \$'000            | \$'000                              |
| Revenue from trading activities   | 6,738             | 4,392                               |
| Cost of sales   | (3,932)           | (2,392)                             |
| <b>Gross Profit</b>   | <b>2,806</b>      | <b>2,000</b>                        |
| <b>Revenue from other activities</b>  | <b>948</b>        | <b>960</b>                          |
| <b>Expenses</b>   |                   |                                     |
| Amortisation of Intellectual Property                                       | (132)             | (199)                               |
| Bad and doubtful debts  | -                 | (25)                                |
| Computer related expenses   | (47)              | (44)                                |
| Consulting fees   | (272)             | (165)                               |
| Consumables and minor equipment   | (170)             | (68)                                |
| Depreciation expense  | (168)             | (124)                               |
| Employee expenses   | (2,391)           | (2,470)                             |
| Finance expenses  | (154)             | (340)                               |
| Insurance   | (138)             | (158)                               |
| Legal fees  | (24)              | (20)                                |
| Marketing and advertising expenses  | (63)              | (12)                                |
| Patents   | (54)              | (50)                                |
| Property expenses   | (320)             | (289)                               |
| Telephone and other communication   | (29)              | (33)                                |
| Travel and accommodation  | (148)             | (302)                               |
| Other expenses  | (209)             | (419)                               |
| <b>Total expenses</b>   | <b>(4,319)</b>    | <b>(4,718)</b>                      |
| <b>Loss from continuing operations</b>                                      | <b>(565)</b>      | <b>(1,758)</b>                      |
| <b>Loss before income tax</b>   | <b>(565)</b>      | <b>(1,758)</b>                      |
| Income tax  | -                 | -                                   |
| <b>Loss after income tax</b>  | <b>(565)</b>      | <b>(1,758)</b>                      |
| <b>Other comprehensive income/(loss)</b>                                    | <b>-</b>          | <b>-</b>                            |
| <b>Items that may be reclassified subsequently to profit or loss</b>        | <b>-</b>          | <b>-</b>                            |
| <b>Total comprehensive (loss) for the period</b>                            | <b>(565)</b>      | <b>(1,758)</b>                      |

**4. Consolidated Statement of Financial Position**

|                                      | Current<br>Period | Previous<br>Correspond-<br>ing period |
|--------------------------------------|-------------------|---------------------------------------|
|                                      | \$'000            | \$'000                                |
| <b>CURRENT ASSETS</b>                |                   |                                       |
| Cash and Cash equivalents            | 1,733             | 887                                   |
| Trade and other Receivables          | 2,183             | 1,294                                 |
| Inventories                          | 1,019             | 904                                   |
| Other current assets                 | 974               | 846                                   |
| <b>Total current assets</b>          | <b>5,909</b>      | <b>3,931</b>                          |
| <b>NON-CURRENT ASSETS</b>            |                   |                                       |
| Property, plant and equipment        | 462               | 291                                   |
| Intangibles                          | 863               | 995                                   |
| <b>Total non-current assets</b>      | <b>1,325</b>      | <b>1,286</b>                          |
| <b>TOTAL ASSETS</b>                  | <b>7,234</b>      | <b>5,217</b>                          |
| <b>CURRENT LIABILITIES</b>           |                   |                                       |
| Trade and other Payables             | 1,741             | 1,118                                 |
| Interest bearing liabilities         | 27                | 1,940                                 |
| Provisions                           | 233               | 216                                   |
| <b>Total current liabilities</b>     | <b>2,001</b>      | <b>3,274</b>                          |
| <b>NON-CURRENT LIABILITIES</b>       |                   |                                       |
| Interest-bearing liabilities         | 1,344             | 13                                    |
| Provisions                           | 31                | 20                                    |
| <b>Total non-current liabilities</b> | <b>1,375</b>      | <b>33</b>                             |
| <b>TOTAL LIABILITIES</b>             | <b>3,376</b>      | <b>3,307</b>                          |
| <b>NET ASSETS</b>                    | <b>3,858</b>      | <b>1,910</b>                          |
| <b>EQUITY</b>                        |                   |                                       |
| Issued Capital                       | 52,655            | 50,142                                |
| Accumulated losses                   | (48,797)          | (48,232)                              |
| <b>TOTAL EQUITY</b>                  | <b>3,858</b>      | <b>1,910</b>                          |

**5. Consolidated Statement of Cash Flows**

|  | Current<br>Period | Previous<br>corresponding<br>period |
|--|-------------------|-------------------------------------|
|  | \$ '000           | \$ '000                             |
| <b>Net cash flows from operating activities</b>                    |                   |                                     |
| Receipts from customers  | 6,396             | 4,593                               |
| Payments to suppliers, consultants and employees                   | (7,902)           | (7,364)                             |
| Borrowing costs  | (152)             | (270)                               |
| Interest received  | 19                | 14                                  |
| Other – Grants and R&D tax incentive                               | 832               | 776                                 |
| <b>Net cash (used in) operating activities</b>                     | <b>(807)</b>      | <b>(2,251)</b>                      |
| <b>Cash flows from investing activities</b>                        |                   |                                     |
| Proceeds from disposal of property, plant and equipment            | 98                | 49                                  |
| Purchase of property, plant and equipment                          | (363)             | (163)                               |
| <b>Net cash (used in) investing activities</b>                     | <b>(265)</b>      | <b>(114)</b>                        |
| <b>Cash flows from financing activities</b>                        |                   |                                     |
| Proceeds from borrowings   | 1,250             | -                                   |
| Repayment of borrowings  | (1,845)           |                                     |
| Proceeds from issue of shares                                      | 2,702             | 1,881                               |
| Costs of issuing shares  | (189)             | (138)                               |
| <b>Net cash (used in) financing activities</b>                     | <b>1,918</b>      | <b>1,743</b>                        |
| <b>Net increase / (decrease) in cash and cash equivalents held</b> | <b>846</b>        | <b>(622)</b>                        |
| <b>Cash and Cash equivalents at the beginning of the year</b>      | <b>887</b>        | <b>1,509</b>                        |
| <b>Cash and Cash equivalents at the end of the month</b>           | <b>1,733</b>      | <b>887</b>                          |

**6. Dividends**

*Amount per security*

|                                 | Amount per<br>security | Franked<br>amount per<br>security at<br>30% tax | Amount per<br>security of<br>foreign source<br>dividend |
|---------------------------------|------------------------|---|---|
|                                 | cents                  | cents   | cents   |
| Final dividend - current year   | Nil                    | N/A   | N/A   |
| - previous year                 | Nil                    | N/A   | N/A   |
| Interim dividend - current year | Nil                    | N/A   | N/A   |
| - previous year                 | Nil                    | N/A   | N/A   |

*Total dividends on all securities for the year*

|                          | Current<br>period | Previous<br>corresponding<br>period |
|--------------------------|-------------------|-------------------------------------|
|                          | \$'000            | \$'000                              |
| Ordinary securities      | -                 | -                                   |
| Preference securities    | -                 | -                                   |
| Other equity instruments | -                 | -                                   |
|                          | <hr/>             | <hr/>                               |
| Total                    | -                 | -                                   |
|                          | <hr/> <hr/>       | <hr/> <hr/>                         |

**7. Dividend reinvestment plans**

The dividend reinvestment plans shown below are in operation:

None

Last date for receipt of election notices  
for the dividend reinvestment plan: N/A

**8. Retained earnings**

|   | Current<br>period | Previous<br>correspond-<br>ing period |
|---|-------------------|---------------------------------------|
|   | \$ '000           | \$ '000                               |
| (Accumulated losses) at the beginning of the financial period | (48,232)          | (46,474)                              |
| Net (loss) attributable to members of the parent entity       | (565)             | (1,758)                               |
|   | <hr/>             | <hr/>                                 |
| (Accumulated losses) at the end of the financial period       | (48,797)          | (48,232)                              |
|   | <hr/> <hr/>       | <hr/> <hr/>                           |

**9. Net tangible assets**

|   | <b>Current<br/>period</b> | <b>Previous<br/>corresponding<br/>period</b> |
|---|---------------------------|--|
|   | <b>cents</b>              | <b>cents</b>                                 |
| Net tangible asset backing per ordinary share | 0.14                      | 0.05   |

**10. Details of entities over which control has been gained or lost**

*Control gained over entities*                      N/A  
*Control lost over entities*                      N/A

**11. Details of associates and joint venture entities**

N/A

**12. Any other significant information**

Details of any other significant information needed by an investor to make an informed assessment of the entity's financial performance and position:

**Capital Raise**

On 4 August 2016, Advanced Technology Ltd. raised \$2.7m at the effective issue price of A\$0.007 per share in an over-subscribed share placement to institutions and sophisticated investors.

Under the placement, 271,815,065 shares were issued within the Company's 15% capacity to issue without shareholder approval.

An additional 114,134,943 shares were issued within the Company's 10% capacity to issue under Listing Rule 7.1A, as approved by shareholders at the 27 November 2015 Annual General Meeting.

Funds received from the placement were used to:

- Fund repayment of \$1.3m of Convertible Notes, which expired on 15 August 2016 and for which redemptions were requested, and
- Provide additional working capital to fund future developments.

**Issue of Convertible Notes**

On 21 December 2016, 156,250,000 convertible notes were issued at a face value of \$0.008.

These may be converted to shares at any time prior to the maturity date of 22 December 2018 at the request of the note holder, or will be converted into shares on the maturity date.

If the note holders convert the maximum number of 156,250,000 convertible notes, then the same number of ordinary shares would be issued.

Funds received from the issue were used to:

- Refinance \$0.5m of Convertible Notes, which were paid out in February 2017,
- To fund the global roll-out of the new Terra Dura®, and
- Working capital

**13. Accounting standards**

For foreign entities, set of accounting standards used in compiling report: IFRS



## 14. Results for the period

### 14.1 *Earnings per security*

|   | Current<br>period<br><br>cents | Previous<br>corresponding<br>period<br><br>cents |
|---|--------------------------------|--|
| Basic (loss) per share  | (0.03)                         | (0.10)   |
|   | Number<br>'000                 | Number<br>'000                                   |
| Weighted average number of ordinary shares<br>during the period used in the<br>calculation of basic EPS | 2,162,610,276                  | 1,688,815  |

Diluted EPS are not shown for either the current period or the previous corresponding period as it would dilute the actual loss per share attributable to existing shareholders.

### 14.2 *Returns to shareholders*

N/A

### 14.3 *Significant features of operating performance*

Business restructuring costs are now complete and the focus going forward is to increase our supply chain velocity, continue our expansion of customers within Australia, but particularly abroad.

Market demand for the new Terra Dura® brake is clearly quite strong and will drive strong operating revenue growth during FY18 and beyond.

### 14.4 *Segment results*

The Group has identified its operating segment based on the management reports that are reviewed and used by the executive management team, (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has identified a single operating segment, which is the design, manufacture and distribution of improved vehicle braking systems based on the patented Sealed Integrated Braking System (SIBS®) and new Terra Dura® technology to customers worldwide.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis.

### 14.5 *Trends in performance*

N/A

14.6 Any other factors which have affected the results in the period or which are likely to affect the results in the future, including those where the effect could not be quantified:

N/A

**15. This report is based on accounts to which one of the following applies:**

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

**16. Description of any likely audit dispute or qualification.**

Nil



Sign here:

Date: 8 August 2017

Print name: Neville Walker  
Company Secretary