

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 2018**
Previous corresponding period: **Year ended 30 June 2017**

2. Results for announcement to the market

					\$A'000
2.1	Revenue from ordinary activities	up	2.4%	to	7,870
2.2	(Loss) from ordinary activities	up	193%	to	(1,656)
2.3	(Loss) for the period attributable to members	up	193%	to	(1,656)
2.4	Dividends				
			Amount Per Share Cents	Franked Amount Per Share Cents	
	Final		Nil		N/A
	Interim		Nil		N/A

Record date for determining
Entitlements to dividends: **N/A**

Summary

Advanced Braking Technology Limited (“ABT” or the “Company”) is pleased to announce that for FY18, the Company achieved revenues of \$7.87m, which represents approximately a 2.4% increase on the prior year. During FY18, ABT increased investments totalling almost \$1m in the areas of sales, business development and supply chain management structures, application engineering as well as in measures to establish a robust and scalable supply chain for the ground-breaking Terra Dura[®] braking system. Impacted from those investments is the full-year result of (\$1.656m). The Company expects that these investments will result in tangible fiscal benefits from FY19 onward as the roll-out of Terra Dura[®] gathers pace across the Australian and Canadian mining market and new product variants allow the capture of global opportunities, particularly in Europe.

Operating Revenue

The operating revenue in FY18 was achieved as a result of continued strong demand for ABT's Failsafe braking systems and delivery of the first 50 sets of Terra Dura[®]. Of the latter, 20 sets were delivered to global customers, chiefly among them distributors in Canada. The Company is pleased with the initial market acceptance of Terra Dura[®], which has resulted in sales to a variety of blue-chip mining customers (Glencore, South 32, Westgold Resources, Grange Resources, Barminco, Byrnescut, Yancoal, and Newcrest Mining). These customers have purchased 1 to 3 sets each for the purposes of undertaking field trials, before committing to a larger roll-out.

Expenses

ABT's commitment to the continued investment in organisational capabilities, supply chain and product application and engineering resulted in the following specific expenditures:

- ABT invested in additional tooling that was commissioned for second component manufacturers in both China and Australia. The domestic supply chain is now fully operational and supports the current production and supply of Terra Dura[®]. An additional source, located in China, has been successfully commissioned at the end of the financial year. This additional capacity represents a critical pillar in managing a scalable, and reliable supply chain. As this overseas source is being readied for volume production, the Company expects a margin improvement over the second half of FY19.
- ABT also deployed resources and measures to improve the supply chain of its established Failsafe brake portfolio. The focus has been on improving its cost position through negotiations and on evaluation of rationalisation and re-design opportunities as well as on risk mitigation strategies for the most critical components. The results of those activities are expected to be realised over FY19.
- Following the volume launch of the Landcruiser 70 Terra Dura[®] in January, investment in the next wave of product releases continued. As a result, the Company is working toward the following launches: Terra Dura[®] Isuzu D-Max (October 2018), Terra Dura[®] Toyota HiLux (November 2018), first Terra Dura[®] front wheel application (March 2019), and Terra Dura[®] Mitsubishi Triton (June 2019). These new product launches will greatly broaden the Company's product line and set the foundation for significantly increased sales potential.
- ABT strengthened its sales and product management structures to ensure a focused and effective deployment of business development resources. As a result, the company secured a range of Terra Dura[®] fully paid trial orders from domestic blue-chip customers and delivered approximately half of its Terra Dura[®] shipments to critical global expansion markets in Canada and Europe.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Current Period	Previous correspond- ing period
CONSOLIDATED GROUP		
	2018	2017
	\$'000	\$'000
Revenues from trading activities	6,974	6,738
Cost of sales	(4,260)	(3,932)
Gross Profit	2,714	2,806
Revenues from other activities	896	948
Expenses		
Amortisation of Intellectual Property	(64)	(132)
Bad and doubtful debts	-	-
Computer related expenses	(97)	(47)
Consulting and contract labour expenses	(437)	(272)
Consumables and minor equipment	(249)	(170)
Depreciation expense	(195)	(168)
Employee expenses	(2,903)	(2,391)
Finance expenses	(216)	(154)
Insurance	(183)	(138)
Legal fees	(13)	(24)
Marketing and advertising expenses	(75)	(63)
Patents	(38)	(54)
Property expenses	(156)	(320)
Telephone and other communication	(38)	(29)
Travel and accommodation	(327)	(148)
Other expenses	(275)	(209)
Total expenses	(5,266)	(4,319)
Loss from continuing operations	(1,656)	(565)
Significant expenses	-	-
Loss before income tax	(1,656)	(565)
Income tax	-	-
Loss after income tax	(1,656)	(565)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation	-	-
Total comprehensive loss for the period	(1,656)	(565)
	Cents	Cents
Basic profit / (loss) per share (cents)	(0.07)	(0.03)

4. Consolidated Statement of Financial Position

	Current Period	Previous correspond- ing period
CONSOLIDATED GROUP		
	2018	2017
	\$'000	\$'000
CURRENT ASSETS		
Cash and Cash equivalents	627	1,733
Trade and other Receivables	1,344	2,183
Inventories	1,529	1,019
Other current assets	905	974
Total current assets	4,405	5,909
NON-CURRENT ASSETS		
Property, plant and equipment	490	462
Intangibles	799	863
Total non-current assets	1,289	1,325
TOTAL ASSETS	5,694	7,234
CURRENT LIABILITIES		
Trade and other Payables	1,211	1,741
Interest bearing liabilities	1,818	27
Provisions	195	233
Total current liabilities	3,224	2,001
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	76	1,344
Provisions	42	31
Total non-current liabilities	118	1,375
TOTAL LIABILITIES	3,342	3,376
NET ASSETS	2,352	3,858
EQUITY		
Issued Capital	52,805	52,655
Accumulated losses	(50,453)	(48,797)
TOTAL EQUITY	2,352	3,858

5. Consolidated Statement of Cash Flows

	Current Period	Previous correspond- ing period
	CONSOLIDATED GROUP	
	2018	2017
	\$'000	\$'000
Net cash flows from operating activities		
Receipts from customers	8,203	6,396
Payments to suppliers, consultants and employees	(10,478)	(7,902)
Borrowing costs	(134)	(152)
Interest received	10	19
Other – Grants and R&D tax incentive	844	832
Net cash provided by / (used in) operating activities	(1,555)	(807)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	98
Purchase of property, plant and equipment	(224)	(363)
Net cash (used in) investing activities	(224)	(265)
Cash flows from financing activities		
Proceeds from borrowings	600	1,250
Repayment of borrowings	(77)	(1,845)
Proceeds from issue of shares	150	2,702
Cost of issuing shares	-	(189)
Net cash provided by financing activities	673	1,918
Net increase / (decrease) in cash and cash equivalents held	(1,106)	846
Cash and Cash equivalents at the beginning of the financial year	1,733	887
Cash and Cash equivalents at the end of the financial year	627	1,733

6. Dividends

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source 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 period	Previous corresponding period
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 period	Previous correspond- ing period
(Accumulated Losses) at the beginning of the financial period	(48,797)	(48,232)
Net (loss) attributable to members of the parent entity	(1,656)	(565)
	<hr/>	<hr/>
	(50,453)	(48,797)
	<hr/>	<hr/>

9. Net tangible assets

	Current period	Previous correspond- ing period
	cents	cents
Net tangible asset backing per ordinary share	0.07	0.14

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 2 August 2018, ABT announced an Accelerated Non-renounceable Entitlement Offer to raise approximately \$1.48M at the effective issue price of A\$0.002 per new share.

Under the Accelerated Institutional Offer approximately \$0.44M was raised and 219,720,665 New Shares were issued on 10 August 2018.

The Retail Entitlement Offer was extended on 17 August 2018 and is expected to close on 5 September 2018.

Funds received from the Entitlement Offer will primarily be used for the roll-out of Terra Dura® within the Australian market, to expand into selected international markets with a broader Terra Dura® product range and to provide additional 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 period	Previous corresponding period
	cents	cents
Basic (loss) per share	(0.07)	(0.03)
	=====	=====
	Number	Number
	'000	'000
Weighted average number of ordinary shares during the period used in the calculation of basic EPS	2,224,120,936	2,162,610,276
	=====	=====

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 close to completion and the focus going forward is to increase the effectiveness of our supply chain and continue our expansion of customers both within Australia and internationally as a result of being able to supply broader product variants.

Market demand for the new Terra Dura® brake is clearly quite strong and is anticipated to drive strong operating revenue growth during FY19 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 Failsafe Braking Systems 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:

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

16. Description of any likely audit dispute or qualification.

Nil

Sign here: 

Date: 31 August 2018

Print name: Kaitlin Smith
Company Secretary