

Appendix 4D

Half year report

Rule 4.2A.3
Introduced 1/1/2003.

Name of Entity: **Advanced Braking Technology Limited**

ABN: 66 099 107 623

1. Reporting period

Current period: **Half-year ended 31 December 2010**

Previous corresponding period: **Half-year ended 31 December 2009**

2. Results for announcement to the market

		\$A'000
Revenue	up 81% to	4,188
Profit after tax attributable to members	(2009 loss of A\$ 447k)	653
Net profit for the period attributable to members	(2009 loss of A\$ 447k)	653

	Amount per share cents	Franked amount per share cents
<i>Dividends</i>		
Final	Nil	n/a
Interim	Nil	n/a
Record date for determining entitlements to dividends	n/a	

3. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	<u>0.60</u>	<u>0.34</u>

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

Control gained over entities

N/A

Control lost over entities

N/A

5. Dividends

		Amount per security cents	Franked amount per security at 30% tax cents	Amount per security of foreign source dividend 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 \$'000	Previous corresponding period \$'000
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
	<u>-</u>	<u>-</u>

6. Dividend reinvestment plans

The dividend reinvestment plans below are in operation: **N/A**

Last date for receipt of election notices for the dividend re-investment plan: **N/A**

7. Details of associates and joint venture:

Name of entity	Percentage of ownership interest held at end of period	
	Current period	Previous corresponding period
N/A	N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities

	Current period	Previous corresponding period
	\$'000	\$'000
Profit / (loss) from ordinary activities before income tax	-	-
Income tax on ordinary activities	-	-
Profit / (loss) from ordinary activities after income tax	-	-
Outside equity interests	-	-
Net profit (loss) attributable to members	-	-

8. Accounting Standards

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

AIFRS

9. Auditor's review report

For all entities, the accounts are subject to audit dispute or qualification including a description of the dispute or qualification.

N/A

10. This report is based on accounts which one of the following applies:

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



Sign here: Company secretary

Date: 22 February 2011

Print name: Clare Madelin



Advanced Braking Technology Ltd

**ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES**

ABN 66 099 107 623

HALF-YEAR REPORT

31 DECEMBER 2010

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2010.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report:

David Humann
Malcolm Richmond

David Slack
Ken Johnsen

REVIEW OF OPERATIONS

Business Overview

Advanced Braking Technology Ltd (ABT) is in the business designing, developing, manufacturing and selling a range of products incorporating its internationally patented single rotor enclosed wet brake technology.

The Company's main market at this point in time is the sale of its Sealed Integrated Braking System (SIBS[®]) to mining customers across the globe. Its customers include some of the world's largest miners including BHP Billiton, Xstrata, Rio Tinto and others.

SIBS[®] offers customers:

- Fail to safe functionality
- Improved vehicle brake maintenance costs
- Reduced vehicle downtime.
- Much reduced brake temperatures
- More reliable and consistent braking
- The elimination of airborne particle emissions

SIBS[®] technology is also being developed for mainstream applications outside the mining industry where frequency of operation causes high wear, there is a fail to safe requirement, where braking temperatures may be an issue or where brake particle emissions are of concern. The key focus of current development is a new brake design for Garbage Trucks.

Detailed Activities

Significant Events

- | | |
|-----------------|---|
| • July 2010 | - \$2 m Pre-Production Contract for Garbage Truck Concluded |
| • August 2010 | - Announcement of \$3 million oversubscribed placement |
| • October 2010 | - Xstrata Zinc issues PO for 96 SIBS brake sets |
| • December 2010 | - Half Year ends with record sales and maiden profit |

Advance Braking Technology Limited and Controlled Entities
ABN 66 099 107 623
Interim Financial Report

DIRECTORS' REPORT

The six months ending 31st December 2010 has seen sales revenue lift to record levels with an 81% increase compared to the prior corresponding period to \$4.1 million. This increase in revenue has enabled the Company to report its first profitable period since its inception in December 2001. This profit amounts to \$0.653 million after tax. These results compare to revenue for the half ending 31st December 2009 being \$2.32 million and a corresponding half year loss of \$0.447 million.

The \$0.653 million after tax profit is made up of a \$0.345 million pre-tax operating profit, and \$0.307 million R&D Tax rebate. The operating profit includes a write back to profit of \$0.177 million overstatement of cost of sales in previous periods.

The first half performance was buoyed by the sale of SIBS[®] brake sets of nearly \$0.80 million to Xstrata Zinc together with improved performance across the Company's entire product range. There has been increased sales of the concrete agitator ("Agi") brake including a number which have been fitted to trucks for carrying mining explosives. Spare part sales increased to \$1.1 million and also included in the sales revenue was \$0.5 million of revenue related to the Garbage Truck development program. Operating expenses remained inline with previous periods.

The Garbage Truck development program has entered its Production Validation phase after entering into the Pre-Production Contract with Brake Developments Pty Ltd on July 31st 2010. Currently production representative brake sets are nearing completion at the Company's Thai facility and will be available within a month for the start of the installation process ahead of the fleet test of 5 trucks in commercial waste collection rounds.

Cash at bank increased by \$2.230 million during the period from \$0.510million on 1st July 2010 to \$2.740 million on 31st December 2010. Included in cash receipts was \$3.000 million from a successful capital raising completed following shareholder approval at the AGM on 26 October 2010. A total of 187.5 million shares were issued at an issue price of 1.6 cents per share and net proceeds after costs were \$2.887 million.

The market capitalization of the Company has risen from \$13.85 million on 1st July 2010 to \$31.72 million on 31st December 2010



Share Price Performance

Advance Braking Technology Limited and Controlled Entities
ABN 66 099 107 623
Interim Financial Report

DIRECTORS' REPORT

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'D Humann', is positioned above the printed name of the director.

Director: David Humann, Chairman

Dated this 22nd day of February 2011

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF ADVANCED BRAKING TECHNOLOGY LIMITED**

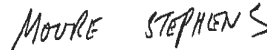
As lead auditor for the review of Advanced Braking Technology Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Advanced Braking Technology Limited during the half year.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 22nd day of February 2011

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31
DECEMBER 2010**

	Note	Consolidated Group
	31.12.2010	31.12.2009
	\$'000	\$'000
Revenue		
Revenue from trading activities	4,080	2,203
Revenue from other activities	108	114
Total Revenue	<u>4,188</u>	<u>2,317</u>
Cost of sales	(1,391)	(566)
Adjustment to prior period cost of sales	177	-
Amortisation of IP	(100)	(99)
Bad and doubtful debts	(2)	(2)
Borrowing costs	(25)	(15)
Computer related expenses	(18)	(37)
Consulting fees	(211)	(324)
Consumables and minor equipment	(161)	(226)
Depreciation expense	(68)	(61)
Directors' Fees	(75)	(67)
Employee expenses	(1,394)	(1,129)
Insurance	(49)	(31)
Legal fees	(37)	(10)
Motor Vehicle Expenses	(27)	(28)
Patents	(34)	(39)
Rental expenses	(166)	(168)
Share Option Cost	(18)	(27)
Travel and accommodation	(102)	(90)
Telephone and other communication expenses	(18)	(20)
Other expenses	(123)	(120)
Profit / (loss) before income tax	<u>346</u>	<u>(742)</u>
Income tax benefit (R&D tax rebate)	307	295
Profit / (loss) from continuing operations	<u>653</u>	<u>(447)</u>
Other comprehensive income		
Foreign exchange translation	75	(195)
Total comprehensive income for the period	<u><u>728</u></u>	<u><u>(642)</u></u>
Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	0.07	(0.06)
Diluted earnings per share (cents)	0.07	(0.06)

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
ABN 66 099 107 623
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	Consolidated Group	
		31.12.2010	30.06.2010
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,740	510
Trade and other receivables	3	2,346	697
Inventories		1,530	1,339
Other assets		78	47
TOTAL CURRENT ASSETS		6,694	2,593
NON-CURRENT ASSETS			
Trade and other receivables	3	31	34
Plant and equipment		616	504
Intangible assets		2,089	2,188
TOTAL NON-CURRENT ASSETS		2,736	2,726
TOTAL ASSETS		9,430	5,319
CURRENT LIABILITIES			
Trade and other payables	4	1,125	738
Interest bearing liabilities		163	143
Provisions		160	98
TOTAL CURRENT LIABILITIES		1,448	979
NON-CURRENT LIABILITIES			
Trade and other payables		-	-
Interest bearing liabilities		142	211
TOTAL NON-CURRENT LIABILITIES		142	211
TOTAL LIABILITIES		1,590	1,190
NET ASSETS		7,840	4,129
EQUITY			
Issued capital	5	43,115	40,150
Foreign currency reserves	6	(194)	(269)
Other reserves		690	672
Accumulated losses	7	(35,771)	(36,424)
TOTAL EQUITY		7,840	4,129

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Issued Capital Ordinary \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000
Balance at 1.7.2009	40,024	(35,158)	576	5,442
Total net loss for the period	-	(447)	-	(447)
Subtotal	40,024	(35,605)	576	4,995
Foreign currency translation	-	-	(195)	(195)
Cost of share based payments	-	-	27	27
Issue of ordinary shares	55	-	-	55
Balance at 31.12.2009	40,079	(35,605)	408	4,882
Balance at 1.7.2010	40,150	(36,424)	403	4,129
Total net profit for the period		653		653
Subtotal	40,150	(35,771)	403	4,782
Foreign currency translation			75	75
Cost of share based payments	78		18	96
Issue of ordinary shares	3,000			3,000
Cost of share issue	(113)			(113)
Balance at 31.12.2010	43,115	(35,771)	496	7,840

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2010

	Consolidated Group	
	31.12.2010	31.12.2009
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,099	1,953
Payments to suppliers and employees	(3,534)	(2,588)
Interest received	33	25
Finance costs	(25)	(15)
R&D tax offset received	-	295
Net cash used in operating activities	(427)	(330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	27	-
Purchase of non-current assets	(204)	(17)
Net cash used in investing activities	(177)	(17)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,000	-
Proceeds from borrowings	79	68
Repayment of borrowings	(127)	(89)
Capital raising costs	(113)	-
Net cash used in/(provided by) financing activities	2,839	(21)
Net increase / (decrease) in cash held	2,235	(368)
Cash and cash equivalents at beginning of period	510	1,989
Net foreign exchange difference	(5)	(106)
Cash and cash equivalents at end of period	2,740	1,515

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Advanced Braking Technology Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

NOTE 2: DIVIDENDS

No dividends were provided for or paid during the half year to 31 December 2010 and no dividends were provided for or paid during the preceding half year to 31 December 2009.

	ECONOMIC ENTITY	
	31 December 2010 \$'000	30 June 2010 \$'000
NOTE 3: RECEIVABLES		
Current		
Trade debtors	2,425	719
Less provision for doubtful debts	(79)	(79)
	<u>2,346</u>	<u>640</u>
Other receivables	-	57
Total	<u>2,346</u>	<u>697</u>
Non-current		
Other receivables	31	34
Total	<u>31</u>	<u>34</u>

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	ECONOMIC ENTITY	
	31 December 2010 \$'000	30 June 2010 \$'000
NOTE 4: PAYABLES		
Trade creditors	1,058	638
Accrued expenses	17	25
Amounts due to directors	50	75
	<u>1,125</u>	<u>738</u>

Amounts due to Directors comprises Directors' fees. As at 31 December 2010 the amount payable through the issue of shares in the Company is \$nil (30 June 2010 \$75,000).

NOTE 5: ISSUED CAPITAL

961,315,575 (June 2010: 769,454,464) ordinary shares, fully paid	<u>43,115</u>	<u>40,150</u>
Ordinary shares		
At the beginning of the financial period / year	40,150	40,024
116,000,000 shares issued on 24 August 2010 for cash	1,856	
71,500,000 shares issued on 28 October 2010 for cash	1,144	
4,361,111 shares issued on 26 July 2010 to Mr Humann, Professor Richmond and Mr Slack at 1.8 cents per share for directors' fees	78	
2,444,517 shares issued on 29 January 2010 to Mr Humann, Professor Richmond and Mr Slack for Directors' fees		71
3,925,437 shares issued on 24 July 2009 to Professor Richmond and David Humann at 1.4 cents per share for directors' fees		55
	<u>43,228</u>	<u>40,150</u>
Transaction costs relating to share issues	(113)	-
Balance at end of financial year	<u>43,115</u>	<u>40,150</u>

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

ECONOMIC ENTITY	
31 December	30 June
2010	2010
\$'000	\$'000

NOTE 6: RESERVES

Option premium reserve	690	672
Foreign currency translation reserve	(194)	(269)
	<u>496</u>	<u>403</u>

NOTE 7: ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial period / year	(36,424)	(35,158)
Net profit / (loss) attributable to members of the parent entity	653	(1,266)
Accumulated losses at the end of the financial period / year	<u>(35,771)</u>	<u>(36,424)</u>

NOTE 8: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance of the business and in determining the allocation of resources. The Group is managed primarily on the basis of product category and where the areas have inherently different resources requirements. Operating segments have been determined on the same basis.

Types of products by segment

- i. Mining brakes
The mining brake sector manufactures and sells a variety of Sealed Integrated Braking Systems ("SIBS") for use in the mining sector. All models of brakes are similar in nature and are sold to similar types of customers. The manufacturing and sales process extends to installation of the brakes where required, support of the products and the sale and supply of replacement parts.
- ii. Engineering and development
The engineering and development sector undertakes research and development of Sealed Integrated Braking Systems (SIBS®) for a variety of uses. This sector is also engaged in creating customized braking solutions for various customers.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 8: SEGMENT REPORTING (continued)

Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is assessed annually and if appropriate reset. The price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is apportioned across segments according to the economic value derived from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Amortization of intangible assets
- Intangible assets
- Income tax expense

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 8: SEGMENT REPORTING (continued)

	Brakes	Engineering services	Total
	\$'000	\$'000	\$'000
<hr/>			
Six months ended 31.12.2010			
Revenue			
External sales	3,580	500	4,080
Inter-segment sales	-	-	-
Other income	95	13	108
Total segment revenue and group revenue	<hr/> 3,675	<hr/> 513	<hr/> 4,188
Result			
Pre-tax segment result	<hr/> 1,026	<hr/> (680)	<hr/> 346
<i>Reconciliation of segment revenue to group revenue</i>			
Elimination of intercompany transactions	-	-	-
Income tax benefit – R&D tax rebate			<hr/> 307
Net profit before tax			<hr/> <hr/> 653
Six months ended 31.12.2009			
Revenue			
External sales	1,827	376	2,203
Inter-segment sales	-	-	-
Other Income	94	20	114
Total segment revenue and group revenue	<hr/> 1,921	<hr/> 396	<hr/> 2,317
Result			
Pre-tax segment result	<hr/> 179	<hr/> (921)	<hr/> (742)
<i>Reconciliation of segment result to group result</i>			
Elimination of intercompany transactions			-
Income tax benefit – R&D tax rebate			<hr/> 295
Net loss before tax			<hr/> <hr/> (447)

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 8: SEGMENT REPORTING (continued)

	Brakes	Engineering services	Total
	\$'000	\$'000	\$'000
31.12.2010			
Segment assets	6,374	967	7,341
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			-
Unallocated assets:			
• Intangibles			2,089
Total group assets from continuing operations			<u>9,430</u>
30.6.2010			
Segment assets	2,614	517	3,131
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			-
Unallocated assets:			
• Intangibles			2,188
Total group assets from continuing operations			<u><u>5,319</u></u>
31.12.2010			
Segment liabilities	668	922	1,590
<i>Reconciliation of segment liabilities to group liabilities</i>			
Inter-segment eliminations			-
Total liabilities from continuing operations			<u><u>1,590</u></u>
30.6.2010			
Segment liabilities	469	721	1,190
<i>Reconciliation of segment liabilities to group liabilities</i>			
Inter-segment eliminations			-
Total liabilities from continuing operations			<u><u>1,190</u></u>

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 8: SEGMENT REPORTING (continued)

Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	For the six months ended 31.12.2010 \$'000	For the six months ended 31.12.2009 \$'000
Australia	3,483	2,203
Canada	330	-
New Zealand	36	-
Papua New Guinea	51	-
South Africa	131	-
USA	49	-
Total revenue from trading activities	4,080	2,203

Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

	Balance as at 31.12.2010 \$'000	Balance as at 30.6.2010 \$'000
Australia	7,981	4,073
Thailand	1,449	1,246
Total Assets	9,430	5,319

NOTE 9: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 10: Events Subsequent to Reporting Date

There are no material events subsequent to the reporting date which require disclosure.

Advance Braking Technology Limited and Controlled Entities
ABN 66 099 107 623
Interim Financial Report

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

David Humann

Dated this 22nd day of February 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED AND CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited and controlled entities (the consolidated entity) which comprises the consolidated condensed statement of financial position as at 31 December 2010, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Advanced Braking Technology Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Advanced Braking Technology Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of Advanced Braking Technology Limited and controlled entities for the half-year ended 31 December 2010 included on the website of Advanced Braking Technology Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Advanced Braking Technology Limited and controlled entities on page 4, would be in the same terms if provided to the directors as at the time of this auditor's review report.

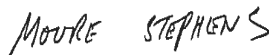
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Advanced Braking Technology Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 22nd day of February 2011.