

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 2012**

Previous corresponding period: **Half-year ended 31 December 2011**

2. Results for announcement to the market

				\$A'000
Revenue ^(*)	down	15%	to	3,423
Loss from ordinary activities after tax attributable to members	up	1233%	to	(800)
Net loss for the period attributable to members	up	1233%	to	(800)

^(*) Refer to note 9 of the Half Year Report

	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>0.46</u>	<u>0.50</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	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	cents	cents	cents
Final dividend	current year	Nil	n/a
	previous year	Nil	n/a
Interim dividend	current year	Nil	n/a
	previous year	Nil	n/a

Total dividends on all securities for the year

	Current period	Previous corresponding period
	\$'000	\$'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, if the accounts are subject to audit dispute or qualification, include 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: 26th February 2013

Print name: Clare Madelin



**ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES**

ABN 66 099 107 623

HALF-YEAR REPORT

31 DECEMBER 2012

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

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

David Slack

Malcolm Richmond

Kenneth Johnsen

REVIEW OF OPERATIONS

Business Overview

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

The Company's prime market 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 and Rio Tinto.

SIBS[®] offers customers:

- Fail to safe functionality
- A sealed brake in tough, wet and gritty environments
- 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 developments is the preparation for commercial release of a new brake design for garbage trucks. This product would also have application in other vehicles with frequent braking requirements such as commuter buses, delivery vehicles, etc.

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

DIRECTORS' REPORT (Continued)

Highlights

The highlights for the financial year to date include:

- Successful first production and delivery of SIBS[®] Truck Brakes to Perth facility
- SIBS[®] Truck Brake achieves in January 2013 full compliance with Australian Design Rule standards
- Commitments from major waste Companies to receive SIBS[®] Truck Brakes for final evaluation as a precursor to expected wider use
- Export sales continue to expand and contribute to the mining business

Financial Performance

In the 6 months ending 31 December 2012 the Company recorded a \$0.800 million after-tax loss on revenues of \$3.423 million.

The mining division sales of \$2.52 million, while down on the prior corresponding period (\$3.26 million), continued its positive contribution to the overall business.

In the prior corresponding period to 31 December 2011 the Company recorded after tax loss of \$0.06 million on revenues of \$4.004 million. This half's increased loss can be attributed two factors, firstly, external factors caused mining sales to fall and secondly there was a greater level of expenditure into development activities.

Development activity falls into three categories; pre-production activity on the truck brake, R&D on the truck brake and R&D on mining products. The Company is receiving Commonwealth assistance in support of such development expenditure in the form of R&D Tax Incentive payments and a Commercialisation Australia grant supporting the commercialisation of the SIBS[®] Truck Brake. A grant of \$2 million was awarded in 2010 and provides funding assistance up until 30 June 2013.

Total expenses for the period were \$3.783 million. In the prior corresponding period total expenses were \$3.154 million.

Included in total expenses were development related expenses totalling \$2.1 million. Of this \$0.57 million was capitalised as pre-production expenses related to the truck brake and \$1.22 million is considered eligible expenditure under the R&D Tax Incentive scheme.

Other revenue of \$0.91 million included \$0.33 million of Commercialisation Australia Grant income, and \$0.55 million of income relating to R&D Tax Incentives.

Cash at bank at 31st December 2012 was \$1.85 million which compares to \$2.93 million as at 30th June 2012.

Mining

Mining sales were boosted during the second quarter of FY2013 due to stronger market conditions, with mining sales up 34% on first quarter FY2013 sales. This growth helped to offset the softer sales experienced during the first quarter of FY2013 as a result of reduced customer spending in the Australian mining sector. Recent sales activity has been strong with an upswing in the prospective sales pipeline indicating a likely improvement in sales levels for the second half of FY2013 and the potential for a return to FY2012 sales levels.

The two main drivers for growth in the mining sector have been operational cost savings and improved

DIRECTORS' REPORT (Continued)

vehicle safety. The drive for lower operating costs in the mining sector continues to strengthen the Company's sales prospects, with safety continuing to be a key focus for the overall mining industry.

Supporting the issue of safety, the Queensland Department of Natural Resources and Mines recently reported an increase in the number of reported safety incidents caused by unplanned or uncontrolled vehicle movements in the mining industry. Importantly, the SIBS® brake has been recognised as the benchmark standard across primarily underground mines in Queensland for controlling widespread safety incidents, such as loss of control or unplanned movements. Wider penetration into above ground mines will assist in reducing such safety incidents.

Export sales have continued to increase, accounting for approximately 28% sales or \$0.7 million for the six-month period. This represents a 40% increase over sales in the prior corresponding period. Key growth was to the Company's established markets in Canada and South Africa and this growth served to offset slow sales during the mining downturn in Australia.

On the development front, the upgrade of the SIBS® II braking system to suit the new ABS equipped Toyota Landcruiser model was completed in during the period, with first deliveries to customers made in January 2013. This quick turnaround in providing an upgraded design has led to the immediate capture of sales for the new Landcruiser model. Other development activity was directed to upgrades that relate to vehicle model changes in the product range and continuous improvement to focus on improved performance and reduced cost.

SIBS® Truck Brakes

In July 2012 the Board of Directors approved the commencement of commercial production of SIBS® Truck Brakes and over the six months to 31 December 2012, the Company achieved a number of major milestones for its company-making product in achieving this goal.

The transition from the development phase to first production of saleable brake sets during the December quarter was a significant achievement for the Company.

The purpose of this initial production batch was to firstly confirm that the production design met the required performance and regulatory standards and secondly to be used to seed the market with brake sets.

The first production brake sets were delivered out of the Company's facility in Thailand to Perth in December 2012 where one set was fitted to a current model test truck and subjected to a range of tests. This testing was completed in January 2013 and confirmed that; all Australian Design Rule (ADR) requirements were met, the designed performance requirements including high heat loads were met and full compatibility with the original equipment ABS system, as fitted to the Company's latest model Iveco ACCO test truck, was achieved. Separately other testing was undertaken during the period including, fatigue testing of critical components, rough road testing over 5,000 kms on corrugated gravel roads and various other wear and extreme condition testing.

Furthermore, the ongoing in-service testing of two trucks trialling the SIBS® Truck Brake at the City of Swan in Perth continues to reinforce and promote the low wear and reliability of the product. Over 2000 hours of in-service operation have now been completed on these two trucks, with only minor servicing and minimal wear. Based on the extremely low wear rates of the brakes being tested, a major service interval would not be expected until at least 2.5 years of operation. Standard brakes would need replacing at least four and up to six times in the same period.

In January 2013, the Company commenced the first phase of its commercial roll-out for the SIBS® Truck Brake product. The planned initiative to seed 10 brake sets to a select group of waste operators has a dual benefit of promoting the product to key target customers and enabling the effective monitoring of user satisfaction in the product launch phase. To date, two main stream waste operators who account for at least 30% of the Australian waste market, have committed to receive evaluation brake sets as a precursor to their potential wider use of the product in their fleets.

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

DIRECTORS' REPORT (Continued)

The Company is confident that over the coming months waste operators will realise the benefits of the product and begin to commit to its widespread use in their fleets. In preparation for this, the Company is also working with its vendors to ensure that it is in a position to support the likely demand.

Other applications for the SIBS[®] Truck Brake outside of the waste industry are also being explored by the Company in response to inquiries from potential customers.

Conclusion

Recent increased sales activity in the mining sector indicates that the downturn in resource sector that impacted the Company's half year result may be behind us. The Company is seeing increased activity in all its market segments and is exploring new market opportunities.

The mining division remains an important part of the business as the Company commences sales into the global truck market. In the short term the cash being generated in mining is contributing to the investment required to launch the truck brake. In the medium term it is anticipated that truck brake sales will quickly exceed the revenue in mining.

The half year in review has seen a turning point in the Company activities in relation to the SIBS[®] Truck Brake. The Company is now in a position to focus on achieving a successful commercial launch of the SIBS[®] Truck Brakes and ensuring it is delivering tangible benefits to both customers and shareholders. Efforts in the current half will be directed to supporting customers taking supply of initial truck brake sets and the promotion of the SIBS[®] Truck Brake to waste operators and truck makers as the Company starts to build a forward order book for this new product. In addition there will be continued R&D across the product range to maximise the benefits to end user and a focus on ensuring the Company achieves the maximum return from the sale of the SIBS[®] Truck Brakes and its range of mining products.

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 5 for the half-year ended 31 December 2012.

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



Director: David Humann, Chairman

Dated this 26th day of February 2013

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

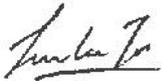
F +61 (0)8 9225 6181

www.moorestephens.com.au

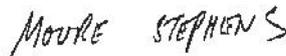
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ADVANCED BRAKING
TECHNOLOGY LIMITED**

As lead auditor for the review of Advanced Braking Technology Limited for the half-year ended 31 December 2012, 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.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 26th day of February 2013

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated Group	
		31.12.2012 \$'000	31.12.2011 \$'000
Revenue			
Revenue from trading activities		2,515	3,264
Revenue from other activities			
R&D Tax Incentive	9	550	250
Other		358	490
Total revenue	8	3,423	4,004
Cost of sales		(1,006)	(1,269)
Amortisation of IP		(99)	(99)
Bad and doubtful debts		-	60
Borrowing costs		(27)	(18)
Computer related expenses		(39)	(21)
Consulting and contract labour fees		(347)	(301)
Consumables and minor equipment		(181)	(116)
Depreciation expense		(134)	(104)
Directors' fees		(106)	(106)
Employee expenses		(2,082)	(1,700)
Insurance		(78)	(50)
Legal fees		(98)	(74)
Motor Vehicle Expenses		(40)	(37)
Patents		(56)	(18)
Property expenses		(186)	(160)
Share option costs		(5)	(11)
Telephone and other communication expenses		(24)	(17)
Travel and accommodation		(146)	(123)
Warranty provision		-	(90)
Other expenses		(135)	(169)
Expenses capitalised as development and pre-production activities		566	359
Loss before income tax		(800)	(60)
Income tax	9	-	-
Loss from continuing operations		(800)	(60)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Foreign Exchange translation		22	32
Items that may be reclassified subsequently to profit or loss			
		-	-
Total comprehensive loss for the period		(778)	(28)
Earnings per share			
From continuing operations:		cents	cents
Basic earnings / (loss) per share (cents)		(0.07)	(0.01)

A diluted earnings / (loss) per share has not been shown as it would dilute the actual loss per share attributable to existing shareholders.

The accompanying notes form part of this financial report.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	Consolidated Group	
		31.12.2012	30.06.2012
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		1,846	2,925
Trade and other receivables	3	703	797
Inventories		2,170	2,225
Other assets		712	839
Total current assets		5,431	6,786
NON-CURRENT ASSETS			
Trade and other receivables	3	31	31
Property, plant and equipment		1,367	1,162
Intangible assets		4,091	3,625
Total non-current assets		5,489	4,818
TOTAL ASSETS	8	10,920	11,604
CURRENT LIABILITIES			
Trade and other payables	4	793	848
Interest bearing liabilities		172	89
Provisions		204	223
Share application funds held in trust		-	294
Deferred Income		40	23
Total current liabilities		1,209	1,477
NON-CURRENT LIABILITIES			
Interest bearing liabilities		329	317
Provisions		62	74
Deferred Income		151	88
Total non-current liabilities		542	479
TOTAL LIABILITIES	8	1,751	1,956
NET ASSETS		9,169	9,648
EQUITY			
Issued capital	5	45,447	45,153
Foreign currency reserves	6	(216)	(238)
Other reserves	6	735	730
Accumulated losses	7	(36,797)	(35,997)
TOTAL EQUITY		9,169	9,648

The accompanying notes form part of this financial report.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Accumulated losses	Other reserves	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1.7.2012	45,153	(35,997)	492	9,648
Total net loss for the period		(800)		(800)
Subtotal	45,153	(36,797)	492	8,848
Foreign currency translation			22	22
Cost of share based payments			5	5
Issue of ordinary shares	294			294
Balance at 31.12.2012	45,447	(36,797)	519	9,169
Balance at 1.7.2011	43,115	(35,874)	456	7,697
Total net loss for the period		(60)		(60)
Subtotal	43,115	(35,934)	456	7,637
Foreign currency translation			32	32
Cost of share based payments			11	11
Balance at 31.12.2011	43,115	(35,934)	499	7,680

The accompanying notes form part of this financial report.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2012

	Consolidated Group	
	31.12.2012	31.12.2011
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,053	4,016
Payments to suppliers and employees	(4,327)	(4,204)
Interest received	29	59
Finance costs	(27)	(18)
Net cash used in operating activities	(272)	(147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	1	-
Purchase of property, plant and equipment	(339)	(448)
Payment for development and pre-production expenditure capitalised	(566)	(359)
Net cash used in investing activities	(904)	(807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	234	360
Repayment of borrowings	(138)	(110)
Net cash provided by financing activities	96	250
Net decrease in cash held	(1,080)	(704)
Cash and cash equivalents at beginning of period	2,925	2,737
Net foreign exchange difference	1	1
Cash and cash equivalents at end of period	1,846	2,034

The accompanying notes form part of this financial report.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 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 2012, 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.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

Presentation of Items of Other Comprehensive Income

The Group adopted AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011–9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:

- items that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific circumstances occur.

It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:

- items that will not be reclassified subsequently to profit or loss; and
- those that might be reclassified subsequently to profit or loss.

AASB 2011–9 also amends AASB 101 to change the title “income statement” to “statement of profit or loss” under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title “statement of profit or loss”.

The adoption of AASB 2011–9 only changed the presentation of the Group’s financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Group’s financial statements.

NOTE 2: DIVIDENDS

No dividends were provided for or paid during the half year to 31 December 2012 and no dividends were provided for or paid during the preceding half year to 31 December 2011.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	CONSOLIDATED GROUP	
	31.12.2012	30.6.2012
	\$'000	\$'000
NOTE 3: RECEIVABLES		
Current		
Trade debtors	722	816
Less provision for doubtful debts	(19)	(19)
Total	703	797
Non-current		
Other receivables	31	31
Total	31	31
NOTE 4: PAYABLES		
Trade creditors	649	742
Accrued expenses	144	106
	793	848
NOTE 5: ISSUED CAPITAL		
1,105,504,889 (June 2012: 1,088,204,889) ordinary shares, fully paid	45,447	45,153
Ordinary shares		
At the beginning of the financial period / year	45,153	43,115
1,189,314 shares issued under an employee share scheme 24 January 2012		21
125,700,000 shares issued for cash under a placement to sophisticated investors on 1 May 2012		2,137
17,300,000 shares issued for cash to Directors who participated in the above placement to sophisticated investors. Issued on 26 July 2012 following shareholder approval.	294	
	45,447	45,273
Transaction costs relating to share issues	-	(120)
Balance at end of financial period / year	45,447	45,153

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012
CONSOLIDATED GROUP

	31.12.2012	30.6.2012
	\$'000	\$'000
NOTE 6: RESERVES		
Option premium reserve	735	730
Foreign currency translation reserve	(216)	(238)
	519	492

NOTE 7: ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial period / year	(35,997)	(35,874)
Net loss attributable to members of the parent entity	(800)	(123)
Accumulated losses at the end of the financial period / year	(36,797)	(35,997)

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. Brakes

The 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.

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 in proportion to direct wages allocated to each segment.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8: SEGMENT REPORTING (continued)

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. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated.

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:

- Intangible assets re Wet Brake Technology. (Intangible assets re development and pre-production overheads capitalised are allocated to Engineering)
- Amortization of Wet Brake Technology intangible assets
- Finance costs
- Legal fees re court costs
- Income tax expense

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8: SEGMENT REPORTING (continued)

	Brakes	Engineering services	Total
	\$'000	\$'000	\$'000
Six months ended			
31.12.2012			
Revenue			
External sales	2,515	-	2,515
Other income-including R&D tax incentive	18	890	908
Total segment revenue and group revenue	2,533	890	3,423
Result			
Pre-tax segment result	282	(871)	(589)
<i>Reconciliation of segment revenue to group revenue</i>			
Amortisation			(99)
Interest			(27)
Legal fees re court cases			(85)
Net loss before tax			(800)
Six months ended			
31.12.2011			
Revenue			
External sales	3,264	-	3,264
Other income-including R&D tax incentive (Note 9)	37	703	740
Total segment revenue and group revenue	3,301	703	4,004
Result			
Pre-tax segment result	704	(580)	124
<i>Reconciliation of segment revenue to group revenue</i>			
Amortisation			(99)
Interest			(18)
Legal fees re court cases			(67)
Net loss before tax			(60)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8: SEGMENT REPORTING (continued)

	Brakes	Engineering services	Total
	\$'000	\$'000	\$'000
31.12.2012			
Segment assets	4,073	5,156	9,229
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets:			
-Intangible assets re Wet Brake Technology			1,691
Total group assets from continuing operations			<u>10,920</u>
30.6.2012			
Segment assets	4,123	5,691	9,814
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets:			
-Intangible assets re Wet Brake Technology			1,790
Total group assets from continuing operations			<u>11,604</u>
31.12.2012			
Segment liabilities	780	971	1,751
<i>Reconciliation of segment liabilities to group liabilities</i>			
Total liabilities from continuing operations			<u>1,751</u>
30.6.2012			
Segment liabilities	824	1132	1,956
<i>Reconciliation of segment liabilities to group liabilities</i>			
Total liabilities from continuing operations			<u>1,956</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8: SEGMENT REPORTING (continued)

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

	For the six months ended 31.12.2012	For the six months ended 31.12.2011
	\$'000	\$'000
Australia	1,815	2,763
Canada	286	199
New Zealand	4	27
Papua New Guinea	2	20
South Africa	326	158
Turkey	45	-
USA	37	97
Total revenue from trading activities	2,515	3,264

Assets by geographical region

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

	Balance as at 31.12.2012	Balance as at 30.6.2012
	\$'000	\$'000
Australia	9,317	10,093
South Africa	30	72
Thailand	1,573	1,439
Total Assets	10,920	11,604

Intangible assets are treated as located in Australia.

NOTE 9: COMPARATIVES

To conform to latest best practice, the R&D Tax Incentive has been recognised as Revenue from Other Activities in the Statement of Profit or Loss and Other Comprehensive Income. In the previous corresponding period, it was included as an Income Tax Benefit. This has been re-stated for comparative purposes as follows:

Statement of Profit or Loss & Other Comprehensive Income for Half Year ended 31 December 2011	Previous \$'000	Restated \$'000
Total revenue as reported in previous Half year Report	3,754	3,754
Revenue from other activities - R&D Tax Incentive	-	250
Total Revenue	3,754	4,004
Loss before income tax	(310)	(60)
Income tax (R & D Tax Incentive)	250	-
Loss from continuing operations	(60)	(60)

Advanced 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 6 to16 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 2012 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 26th day of February 2013

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited which comprises the consolidated condensed statement of financial position as at 31 December 2012, the consolidated condensed statement of profit or loss and other 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 information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Advanced Braking Technology Limited are responsible for the preparation 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 internal 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Advanced Braking Technology Limited's financial position as at 31 December 2012 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, 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 other 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.

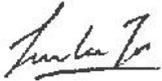
Independence

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, which has been given to the directors of Advanced Braking Technology Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

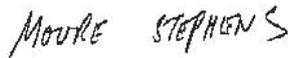
Conclusion

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 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 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 26th day of February 2013